

**FIFTY FOURTH DAY**

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**MORNING SESSION**

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Senate Chamber, Olympia  
Friday, March 4, 2022

The Senate was called to order at 10:00 o'clock a.m. by the President of the Senate, Lt. Governor Heck presiding. The Secretary called the roll and announced to the President that all Senators were present with the exception of Senator Robinson.

The Washington State Patrol Honor Guard presented the Colors.

Mr. Narayan Das and Mr. Niam Das, nephews of Senator Das, led the Senate in the Pledge of Allegiance.

The prayer was offered by Sheikh Adam Jamal, Imam, Muslim Association of Puget Sound, Redmond.

**MOTIONS**

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

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

**MESSAGES FROM THE HOUSE**

March 3, 2022

MR. PRESIDENT:

The House has passed:

- SENATE BILL NO. 5042,
- SENATE BILL NO. 5504,
- SENATE BILL NO. 5508,
- SENATE BILL NO. 5539,
- SENATE BILL NO. 5565,
- SUBSTITUTE SENATE BILL NO. 5589,
- ENGROSSED SUBSTITUTE SENATE BILL NO. 5593,
- SECOND SUBSTITUTE SENATE BILL NO. 5616,
- SENATE BILL NO. 5715,
- SECOND SUBSTITUTE SENATE BILL NO. 5736,
- SENATE BILL NO. 5750,
- SUBSTITUTE SENATE BILL NO. 5785,
- SUBSTITUTE SENATE BILL NO. 5814,
- SENATE BILL NO. 5895,
- SUBSTITUTE SENATE BILL NO. 5933,
- SENATE BILL NO. 5972,

and the same are herewith transmitted.

MELISSA PALMER, Deputy Chief Clerk

March 3, 2022

MR. PRESIDENT:

The House has passed:

- SUBSTITUTE SENATE BILL NO. 5558,
- SUBSTITUTE SENATE BILL NO. 5765,
- SUBSTITUTE SENATE BILL NO. 5791,
- SUBSTITUTE SENATE BILL NO. 5838,
- SENATE BILL NO. 5854,

and the same are herewith transmitted.

MELISSA PALMER, Deputy Chief Clerk

March 3, 2022

MR. PRESIDENT:

The Speaker has signed:

- SUBSTITUTE HOUSE BILL NO. 1717,

- SUBSTITUTE HOUSE BILL NO. 1747,
- ENGROSSED HOUSE BILL NO. 1752,
- ENGROSSED HOUSE BILL NO. 1784,
- HOUSE BILL NO. 1888,
- SUBSTITUTE HOUSE BILL NO. 1980,
- SUBSTITUTE HOUSE BILL NO. 1984,
- HOUSE BILL NO. 2074,

and the same are herewith transmitted.

MELISSA PALMER, Deputy Chief Clerk

March 3, 2022

MR. PRESIDENT:

The Speaker has signed:

- HOUSE BILL NO. 1051,
- HOUSE BILL NO. 1613,
- ENGROSSED SUBSTITUTE HOUSE BILL NO. 1795,
- SECOND SUBSTITUTE HOUSE BILL NO. 1818,
- HOUSE BILL NO. 1832,
- ENGROSSED SUBSTITUTE HOUSE BILL NO. 1930,
- SUBSTITUTE HOUSE BILL NO. 2019,
- ENGROSSED HOUSE BILL NO. 2096,

and the same are herewith transmitted.

MELISSA PALMER, Deputy Chief Clerk

March 3, 2022

MR. PRESIDENT:

The Speaker has signed:

- SUBSTITUTE HOUSE BILL NO. 1642,
- ENGROSSED SUBSTITUTE HOUSE BILL NO. 1716,
- SUBSTITUTE HOUSE BILL NO. 1724,
- HOUSE BILL NO. 1833,
- SUBSTITUTE HOUSE BILL NO. 1867,
- HOUSE BILL NO. 1934,
- SUBSTITUTE HOUSE BILL NO. 1941,
- HOUSE BILL NO. 1953,
- HOUSE BILL NO. 1974,
- HOUSE BILL NO. 2033,
- ENGROSSED SUBSTITUTE HOUSE BILL NO. 2064,

and the same are herewith transmitted.

MELISSA PALMER, Deputy Chief Clerk

March 3, 2022

MR. PRESIDENT:

The Speaker has signed:

- SENATE BILL NO. 5518,
- SENATE BILL NO. 5545,
- SUBSTITUTE SENATE BILL NO. 5575,
- SENATE BILL NO. 5602,
- SENATE BILL NO. 5617,
- SUBSTITUTE SENATE BILL NO. 5631,
- SENATE BILL NO. 5676,
- ENGROSSED SENATE BILL NO. 5800,
- ENGROSSED SUBSTITUTE SENATE BILL NO. 5815,
- ENGROSSED SUBSTITUTE SENATE BILL NO. 5853,
- SENATE BILL NO. 5866,
- SENATE BILL NO. 5875,
- SUBSTITUTE SENATE BILL NO. 5890,
- SENATE BILL NO. 5931,
- SENATE BILL NO. 5940,

and the same are herewith transmitted.

MELISSA PALMER, Deputy Chief Clerk

## MOTION

Pursuant to Emergency Senate Rule I and having provided the required notification earlier in the day, on motion of Senator Billig, the Committee on Rules was relieved of further consideration of the following measures:

ENGROSSED SUBSTITUTE HOUSE BILL NO. 1175,  
 SUBSTITUTE HOUSE BILL NO. 1620,  
 ENGROSSED SECOND SUBSTITUTE  
 HOUSE BILL NO. 1659,  
 HOUSE BILL NO. 1704,  
 ENGROSSED SECOND SUBSTITUTE  
 HOUSE BILL NO. 1723,  
 SUBSTITUTE HOUSE BILL NO. 1759,  
 SECOND SUBSTITUTE HOUSE BILL NO. 1827,  
 ENGROSSED HOUSE BILL NO. 1942,  
 SUBSTITUTE HOUSE BILL NO. 1958,

and SECOND SUBSTITUTE HOUSE BILL NO. 2078  
 and the measures were placed on the the day's second reading  
 calendar.

## MOTION

On motion of Senator Pedersen, the Senate advanced to the seventh order of business.

THIRD READING  
 CONFIRMATION OF GUBERNATORIAL APPOINTMENTS

## MOTION

Senator Carlyle moved that Ann E. Rendahl, Senate Gubernatorial Appointment No. 9245, be confirmed as a member of the Utilities and Transportation Commission.

Senators Carlyle, Short, Randall and Sheldon spoke in favor of passage of the motion.

## MOTIONS

On motion of Senator Wagoner, Senator Schoesler was excused.

On motion of Senator Randall, Senator Robinson was excused.

## APPOINTMENT OF ANN E. RENDAHL

The President declared the question before the Senate to be the confirmation of Ann E. Rendahl, Senate Gubernatorial Appointment No. 9245, as a member of the Utilities and Transportation Commission.

The Secretary called the roll on the confirmation of Ann E. Rendahl, Senate Gubernatorial Appointment No. 9245, as a member of the Utilities and Transportation Commission and the appointment was confirmed by the following vote: Yeas, 46; Nays, 0; Absent, 0; Excused, 3.

Voting yea: Senators Billig, Braun, Brown, Carlyle, Cleveland, Conway, Das, Dhingra, Dozier, Fortunato, Frockt, Gildon, Hasegawa, Holy, Honeyford, Hunt, Keiser, King, Kuderer, Lias, Lovelett, Lovick, McCune, Mullet, Muzzall, Nguyen, Nobles, Padden, Pedersen, Randall, Rivers, Rolfes, Saldaña, Salomon, Sefzik, Sheldon, Short, Stanford, Trudeau, Van De Wege, Wagoner, Warnick, Wellman, Wilson, C., Wilson, J. and Wilson, L.

Excused: Senators Hawkins, Robinson and Schoesler

Ann E. Rendahl, Senate Gubernatorial Appointment No. 9245, having received the constitutional majority was declared confirmed as a member of the Utilities and Transportation

Commission.

EDITOR'S NOTE: Due to operational issues encountered while recording the vote on Senate Gubernatorial Appointment No. 9245, Senator Hawkins was recorded as excused.

THIRD READING  
 CONFIRMATION OF GUBERNATORIAL APPOINTMENTS

## MOTION

Senator Das moved that Karen T. Lee, Senate Gubernatorial Appointment No. 9006, be confirmed as a member of the Western Washington University Board of Trustees.

Senators Das, Holy and Nobles spoke in favor of passage of the motion.

## APPOINTMENT OF KAREN T. LEE

The President declared the question before the Senate to be the confirmation of Karen T. Lee, Senate Gubernatorial Appointment No. 9006, as a member of the Western Washington University Board of Trustees.

The Secretary called the roll on the confirmation of Karen T. Lee, Senate Gubernatorial Appointment No. 9006, as a member of the Western Washington University Board of Trustees and the appointment was confirmed by the following vote: Yeas, 47; Nays, 0; Absent, 0; Excused, 2.

Voting yea: Senators Billig, Braun, Brown, Carlyle, Cleveland, Conway, Das, Dhingra, Dozier, Fortunato, Frockt, Gildon, Hasegawa, Hawkins, Holy, Honeyford, Hunt, Keiser, King, Kuderer, Lias, Lovelett, Lovick, McCune, Mullet, Muzzall, Nguyen, Nobles, Padden, Pedersen, Randall, Rivers, Rolfes, Saldaña, Salomon, Sefzik, Sheldon, Short, Stanford, Trudeau, Van De Wege, Wagoner, Warnick, Wellman, Wilson, C., Wilson, J. and Wilson, L.

Excused: Senators Robinson and Schoesler

Karen T. Lee, Senate Gubernatorial Appointment No. 9006, having received the constitutional majority was declared confirmed as a member of the Western Washington University Board of Trustees.

## PARLIAMENTARY INQUIRY

Senator Hawkins: "Thank you Mr. President. I just have a question I wanted to share with you about the voting system? Perhaps you're aware but the issues, at least I was having on my end – and I did upload a substantial update this morning just before we went on – and when we were voting on the gubernatorial appointment confirmations, they came up as an amendment, not a recorded vote. So I did not have the option to know whether I voted or not and, apparently, on the first gubernatorial appointee, it either shows me as absent or excused but I did vote sir. And I'm hopeful that, given the technological challenges, perhaps Senator Pedersen might consider a revote of the, at least the first gubernatorial appointee? It does sound like there are some challenges this morning with the system but that's what I wanted to point out, is that the roll call votes don't always display as roll calls. They were displaying as amendment votes."

President Heck: "Senator Hawkins, that's why every individual member's name is announced along with their vote and each is given an opportunity to change their vote."

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Senator Hawkins: "And I, I tried, sir, but I wasn't recognized. So ... That's fine, I don't, I guess I don't mind being excused but it wasn't my fault. I was here and I was actively trying to participate."

President Heck: "So noted."

MOTION

On motion of Senator Pederson, pursuant to Rule 18, Substitute House Bill No. 1616, relating to charity care, was made a special order of business of the day to be considered at 4:55 p.m.

MOTION

On motion of Senator Pedersen, the Senate reverted to the sixth order of business.

SECOND READING

SECOND SUBSTITUTE HOUSE BILL NO. 1905, by House Committee on Appropriations (originally sponsored by Senn, Macri, Berry, Leavitt, Taylor, Ryu, Santos, Simmons, Peterson, Chopp, Goodman, Ormsby, Johnson, J., Dolan, Eslick, Ramel, Kloba, Callan, Frame, Davis, Bateman, Harris-Talley, Valdez and Pollet)

Reducing homelessness for youth and young adults discharging from a publicly funded system of care.

The measure was read the second time.

MOTION

On motion of Senator Wilson, C., the rules were suspended, Second Substitute House Bill No. 1905 was advanced to third reading, the second reading considered the third and the bill was placed on final passage.

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

The President declared the question before the Senate to be the final passage of Second Substitute House Bill No. 1905.

ROLL CALL

The Secretary called the roll on the final passage of Second Substitute House Bill No. 1905 and the bill passed the Senate by the following vote: Yeas, 47; Nays, 0; Absent, 0; Excused, 2.

Voting yea: Senators Billig, Braun, Brown, Carlyle, Cleveland, Conway, Das, Dhingra, Dozier, Fortunato, Frockt, Gildon, Hasegawa, Hawkins, Holy, Honeyford, Hunt, Keiser, King, Kuderer, Liias, Lovelett, Lovick, McCune, Mullet, Muzzall, Nguyen, Nobles, Padden, Pedersen, Randall, Rivers, Rolfes, Saldaña, Salomon, Sefzik, Sheldon, Short, Stanford, Trudeau, Van De Wege, Wagoner, Warnick, Wellman, Wilson, C., Wilson, J. and Wilson, L.

Excused: Senators Robinson and Schoesler

SECOND SUBSTITUTE HOUSE BILL NO. 1905, having received the constitutional majority, was declared passed. There being no objection, the title of the bill was ordered to stand as the title of the act.

SECOND READING

ENGROSSED SUBSTITUTE HOUSE BILL NO. 1753, by House Committee on Environment & Energy (originally sponsored by Lekanoff, Fitzgibbon, Valdez, Bateman, Ramel, Sullivan, Simmons, Ormsby and Young)

Concerning tribal consultation regarding the use of certain funding authorized by the climate commitment act.

The measure was read the second time.

MOTION

On motion of Senator Carlyle, the rules were suspended, Engrossed Substitute House Bill No. 1753 was advanced to third reading, the second reading considered the third and the bill was placed on final passage.

Senators Carlyle and Short spoke in favor of passage of the bill.

The President declared the question before the Senate to be the final passage of Engrossed Substitute House Bill No. 1753.

ROLL CALL

The Secretary called the roll on the final passage of Engrossed Substitute House Bill No. 1753 and the bill passed the Senate by the following vote: Yeas, 48; Nays, 0; Absent, 0; Excused, 1.

Voting yea: Senators Billig, Braun, Brown, Carlyle, Cleveland, Conway, Das, Dhingra, Dozier, Fortunato, Frockt, Gildon, Hasegawa, Hawkins, Holy, Honeyford, Hunt, Keiser, King, Kuderer, Liias, Lovelett, Lovick, McCune, Mullet, Muzzall, Nguyen, Nobles, Padden, Pedersen, Randall, Rivers, Rolfes, Saldaña, Salomon, Schoesler, Sefzik, Sheldon, Short, Stanford, Trudeau, Van De Wege, Wagoner, Warnick, Wellman, Wilson, C., Wilson, J. and Wilson, L.

Excused: Senator Robinson

ENGROSSED SUBSTITUTE HOUSE BILL NO. 1753, having received the constitutional majority, was declared passed. There being no objection, the title of the bill was ordered to stand as the title of the act.

SECOND READING

SUBSTITUTE HOUSE BILL NO. 1571, by House Committee on Public Safety (originally sponsored by Mosbrucker, Dye, Boehnke, Ybarra, Jacobsen, Dent, Walen, Graham, Robertson, Maycumber, Barkis, Caldier, Goodman, Berry, Chambers, Wylie, Corry, Griffey, Walsh, Eslick, Chase, Sutherland and Ormsby)

Concerning protections and services for indigenous persons who are missing, murdered, or survivors of human trafficking.

The measure was read the second time.

MOTION

Senator Dhingra moved that the following amendment no. 1397 by Senator Dhingra be adopted:

On page 3, line 16, after "agencies," insert "federally recognized tribes,"

On page 4, line 8, after "agencies," insert "federally recognized tribes,"

Senators Dhingra and Padden spoke in favor of adoption of the amendment.

The President declared the question before the Senate to be the adoption of amendment no. 1397 by Senator Dhingra on page 3, line 16 to Substitute House Bill No. 1571.

The motion by Senator Dhingra carried and amendment no. 1397 was adopted by voice vote.

#### MOTION

On motion of Senator Padden, the rules were suspended, Substitute House Bill No. 1571 as amended by the Senate was advanced to third reading, the second reading considered the third and the bill was placed on final passage.

Senators Padden and Dhingra spoke in favor of passage of the bill.

The President declared the question before the Senate to be the final passage of Substitute House Bill No. 1571 as amended by the Senate.

#### ROLL CALL

The Secretary called the roll on the final passage of Substitute House Bill No. 1571 as amended by the Senate and the bill passed the Senate by the following vote: Yeas, 48; Nays, 0; Absent, 0; Excused, 1.

Voting yea: Senators Billig, Braun, Brown, Carlyle, Cleveland, Conway, Das, Dhingra, Dozier, Fortunato, Frockt, Gildon, Hasegawa, Hawkins, Holy, Honeyford, Hunt, Keiser, King, Kuderer, Liias, Lovelett, Lovick, McCune, Mullet, Muzzall, Nguyen, Nobles, Padden, Pedersen, Randall, Rivers, Rolfes, Saldaña, Salomon, Schoesler, Sefzik, Sheldon, Trudeau, Van De Wege, Wagoner, Warnick, Wellman, Wilson, C., Wilson, J. and Wilson, L.

Excused: Senator Robinson

SUBSTITUTE HOUSE BILL NO. 1571 as amended by the Senate, having received the constitutional majority, was declared passed. There being no objection, the title of the bill was ordered to stand as the title of the act.

#### SIGNED BY THE PRESIDENT

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

SUBSTITUTE HOUSE BILL NO. 1717,  
SUBSTITUTE HOUSE BILL NO. 1747,  
ENGROSSED HOUSE BILL NO. 1752,  
ENGROSSED HOUSE BILL NO. 1784,  
HOUSE BILL NO. 1888,  
SUBSTITUTE HOUSE BILL NO. 1980,  
SUBSTITUTE HOUSE BILL NO. 1984,  
and HOUSE BILL NO. 2074.

#### SECOND READING

SECOND SUBSTITUTE HOUSE BILL NO. 2008, by House Committee on Appropriations (originally sponsored by Taylor, Fitzgibbon, Peterson, Ramel, Santos, Sells, Shewmake, Valdez, Ryu, Macri, Berg, Bateman, Ormsby, Frame, Davis, Lekanoff and Pollet)

Eliminating the use of intelligence quotient scores in determining eligibility for programs and services for individuals with developmental disabilities.

The measure was read the second time.

#### MOTION

On motion of Senator Wilson, C., the rules were suspended, Second Substitute House Bill No. 2008 was advanced to third reading, the second reading considered the third and the bill was placed on final passage.

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

Senator Padden spoke on passage of the bill.

The President declared the question before the Senate to be the final passage of Second Substitute House Bill No. 2008.

#### ROLL CALL

The Secretary called the roll on the final passage of Second Substitute House Bill No. 2008 and the bill passed the Senate by the following vote: Yeas, 43; Nays, 5; Absent, 0; Excused, 1.

Voting yea: Senators Billig, Braun, Brown, Carlyle, Cleveland, Conway, Das, Dhingra, Dozier, Frockt, Gildon, Hasegawa, Hawkins, Holy, Hunt, Keiser, King, Kuderer, Liias, Lovelett, Lovick, Mullet, Muzzall, Nguyen, Nobles, Pedersen, Randall, Rivers, Rolfes, Saldaña, Salomon, Schoesler, Sefzik, Sheldon, Short, Stanford, Trudeau, Van De Wege, Wagoner, Wellman, Wilson, C., Wilson, J. and Wilson, L.

Voting nay: Senators Fortunato, Honeyford, McCune, Padden and Warnick

Excused: Senator Robinson

SECOND SUBSTITUTE HOUSE BILL NO. 2008, having received the constitutional majority, was declared passed. There being no objection, the title of the bill was ordered to stand as the title of the act.

#### REMARKS BY THE PRESIDENT

President Heck "Senator Muzzall. Senator Muzzall, did you not have a point of personal privilege that you wanted to express this day? This fairly special day?"

Senator Muzzall: "Well, I am just happy to have made it."

President Heck "Alright, be that way."

#### REMARKS BY SENATOR MUZZALL

Senator Muzzall: "I am just happy to have made it. I've buried way too many friends and relatives. When people complain about their birthdays, I just feel blessed to have made it to my fifty-ninth."

President Heck "Happy Birthday Senator."

Senator Muzzall: "Thank you Mr. President."

#### SECOND READING

ENGROSSED SUBSTITUTE HOUSE BILL NO. 1643, by House Committee on Finance (originally sponsored by Hackney, Stokesbary, Bateman, Ryu, Simmons, Leavitt, Robertson, Walen, Valdez, Paul, Callan, Gilday, Macri, Peterson, Ramos, Chopp, Bergquist and Kloba)

Exempting a sale or transfer of real property for affordable housing to a nonprofit entity, housing authority, public

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corporation, county, or municipal corporation from the real estate excise tax.

The measure was read the second time.

#### MOTION

Senator Kuderer moved that the following committee striking amendment by the Committee on Ways & Means be adopted:

Strike everything after the enacting clause and insert the following:

**"NEW SECTION. Sec. 1.** (1) The legislature finds that Washington state has one of the strongest economies in the country. However, despite the strong economy, our state has entered an affordable housing crisis where low-income and middle-income households have the fewest number of housing options. Furthermore, it is estimated that Washington state's housing gap is among the most severe in the nation, with only 29 affordable and available rental homes for every 100 extremely low-income households.

(2) The legislature concludes that in the spirit of one Washington, the health of all Washingtonians will benefit from a larger stock in affordable housing. Therefore, it is the intent of the legislature to incentivize real property transfers to nonprofit housing providers, public housing authorities, or local governments to increase the availability of affordable housing for low-income Washingtonians.

**NEW SECTION. Sec. 2.** (1) This section is the tax preference performance statement for the tax preferences in sections 3 and 4, chapter . . . , Laws of 2022 (sections 3 and 4 of this act). This performance statement is only intended to be used for subsequent evaluation of the tax preferences. It is not intended to create a private right of action by any party or be used to determine eligibility for preferential tax treatment.

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

(3) It is the legislature's specific public policy objective to encourage sales or transfers of real property to nonprofit entities, housing authorities, or public corporations that intend to use the transferred property for housing for low-income persons.

(4) If a review finds that the number of sales or transfers of real property to qualified entities has not increased, then the legislature intends to repeal the expiration date of the tax preference.

(5) In order to obtain the data necessary to perform the review in subsection (4) of this section, the joint legislative audit and review committee may refer to any available data source, including the transfer or sale of properties reported by county records.

**Sec. 3.** RCW 82.45.010 and 2019 c 424 s 3, 2019 c 390 s 10, and 2019 c 385 s 2 are each reenacted and amended to read as follows:

(1) As used in this chapter, the term "sale" has its ordinary meaning and includes any conveyance, grant, assignment, quitclaim, or transfer of the ownership of or title to real property, including standing timber, or any estate or interest therein for a valuable consideration, and any contract for such conveyance, grant, assignment, quitclaim, or transfer, and any lease with an option to purchase real property, including standing timber, or any estate or interest therein or other contract under which possession of the property is given to the purchaser, or any other person at the purchaser's direction, and title to the property is retained by the vendor as security for the payment of the purchase

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price. The term also includes the grant, assignment, quitclaim, sale, or transfer of improvements constructed upon leased land.

(2)(a) The term "sale" also includes the transfer or acquisition within any thirty-six month period of a controlling interest in any entity with an interest in real property located in this state for a valuable consideration.

(b) For the sole purpose of determining whether, pursuant to the exercise of an option, a controlling interest was transferred or acquired within a thirty-six month period, the date that the option agreement was executed is the date on which the transfer or acquisition of the controlling interest is deemed to occur. For all other purposes under this chapter, the date upon which the option is exercised is the date of the transfer or acquisition of the controlling interest.

(c) For purposes of this subsection, all acquisitions of persons acting in concert must be aggregated for purposes of determining whether a transfer or acquisition of a controlling interest has taken place. The department must adopt standards by rule to determine when persons are acting in concert. In adopting a rule for this purpose, the department must consider the following:

(i) Persons must be treated as acting in concert when they have a relationship with each other such that one person influences or controls the actions of another through common ownership; and

(ii) When persons are not commonly owned or controlled, they must be treated as acting in concert only when the unity with which the purchasers have negotiated and will consummate the transfer of ownership interests supports a finding that they are acting as a single entity. If the acquisitions are completely independent, with each purchaser buying without regard to the identity of the other purchasers, then the acquisitions are considered separate acquisitions.

(3) The term "sale" does not include:

(a) A transfer by gift, devise, or inheritance.

(b) A transfer by transfer on death deed, to the extent that it is not in satisfaction of a contractual obligation of the decedent owed to the recipient of the property.

(c) A transfer of any leasehold interest other than of the type mentioned above.

(d) A cancellation or forfeiture of a vendee's interest in a contract for the sale of real property, whether or not such contract contains a forfeiture clause, or deed in lieu of foreclosure of a mortgage.

(e) The partition of property by tenants in common by agreement or as the result of a court decree.

(f) The assignment of property or interest in property from one spouse or one domestic partner to the other spouse or other domestic partner in accordance with the terms of a decree of dissolution of marriage or state registered domestic partnership or in fulfillment of a property settlement agreement.

(g) The assignment or other transfer of a vendor's interest in a contract for the sale of real property, even though accompanied by a conveyance of the vendor's interest in the real property involved.

(h) Transfers by appropriation or decree in condemnation proceedings brought by the United States, the state or any political subdivision thereof, or a municipal corporation.

(i) A mortgage or other transfer of an interest in real property merely to secure a debt, or the assignment thereof.

(j) Any transfer or conveyance made pursuant to a deed of trust or an order of sale by the court in any mortgage, deed of trust, or lien foreclosure proceeding or upon execution of a judgment, or deed in lieu of foreclosure to satisfy a mortgage or deed of trust.

(k) A conveyance to the federal housing administration or veterans administration by an authorized mortgagee made pursuant to a contract of insurance or guaranty with the federal

housing administration or veterans administration.

(l) A transfer in compliance with the terms of any lease or contract upon which the tax as imposed by this chapter has been paid or where the lease or contract was entered into prior to the date this tax was first imposed.

(m) The sale of any grave or lot in an established cemetery.

(n) A sale by the United States, this state or any political subdivision thereof, or a municipal corporation of this state.

(o) A sale to a regional transit authority or public corporation under RCW 81.112.320 under a sale/leaseback agreement under RCW 81.112.300.

(p) A transfer of real property, however effected, if it consists of a mere change in identity or form of ownership of an entity where there is no change in the beneficial ownership. These include transfers to a corporation or partnership which is wholly owned by the transferor and/or the transferor's spouse or domestic partner or children of the transferor or the transferor's spouse or domestic partner. However, if thereafter such transferee corporation or partnership voluntarily transfers such real property, or such transferor, spouse or domestic partner, or children of the transferor or the transferor's spouse or domestic partner voluntarily transfer stock in the transferee corporation or interest in the transferee partnership capital, as the case may be, to other than (i) the transferor and/or the transferor's spouse or domestic partner or children of the transferor or the transferor's spouse or domestic partner, (ii) a trust having the transferor and/or the transferor's spouse or domestic partner or children of the transferor or the transferor's spouse or domestic partner as the only beneficiaries at the time of the transfer to the trust, or (iii) a corporation or partnership wholly owned by the original transferor and/or the transferor's spouse or domestic partner or children of the transferor or the transferor's spouse or domestic partner, within three years of the original transfer to which this exemption applies, and the tax on the subsequent transfer has not been paid within sixty days of becoming due, excise taxes become due and payable on the original transfer as otherwise provided by law.

(q)(i) A transfer that for federal income tax purposes does not involve the recognition of gain or loss for entity formation, liquidation or dissolution, and reorganization, including but not limited to nonrecognition of gain or loss because of application of 26 U.S.C. Sec. 332, 337, 351, 368(a)(1), 721, or 731 of the internal revenue code of 1986, as amended.

(ii) However, the transfer described in (q)(i) of this subsection cannot be preceded or followed within a thirty-six month period by another transfer or series of transfers, that, when combined with the otherwise exempt transfer or transfers described in (q)(i) of this subsection, results in the transfer of a controlling interest in the entity for valuable consideration, and in which one or more persons previously holding a controlling interest in the entity receive cash or property in exchange for any interest the person or persons acting in concert hold in the entity. This subsection (3)(q)(ii) does not apply to that part of the transfer involving property received that is the real property interest that the person or persons originally contributed to the entity or when one or more persons who did not contribute real property or belong to the entity at a time when real property was purchased receive cash or personal property in exchange for that person or persons' interest in the entity. The real estate excise tax under this subsection (3)(q)(ii) is imposed upon the person or persons who previously held a controlling interest in the entity.

(r) A qualified sale of a manufactured/mobile home community, as defined in RCW 59.20.030.

(s)(i) A transfer of a qualified low-income housing development or controlling interest in a qualified low-income housing development, unless, due to noncompliance with federal

statutory requirements, the seller is subject to recapture, in whole or in part, of its allocated federal low-income housing tax credits within the four years prior to the date of transfer.

(ii) For purposes of this subsection (3)(s), "qualified low-income housing development" means real property and improvements in respect to which the seller or, in the case of a transfer of a controlling interest, the owner or beneficial owner, was allocated federal low-income housing tax credits authorized under 26 U.S.C. Sec. 42 or successor statute, by the Washington state housing finance commission or successor state-authorized tax credit allocating agency.

(iii) This subsection (3)(s) does not apply to transfers of a qualified low-income housing development or controlling interest in a qualified low-income housing development occurring on or after July 1, 2035.

(iv) The Washington state housing finance commission, in consultation with the department, must gather data on: (A) The fiscal savings, if any, accruing to transferees as a result of the exemption provided in this subsection (3)(s); (B) the extent to which transferors of qualified low-income housing developments receive consideration, including any assumption of debt, as part of a transfer subject to the exemption provided in this subsection (3)(s); and (C) the continued use of the property for low-income housing. The Washington state housing finance commission must provide this information to the joint legislative audit and review committee. The committee must conduct a review of the tax preference created under this subsection (3)(s) in calendar year 2033, as required under chapter 43.136 RCW.

(t)(i) A qualified transfer of residential property by a legal representative of a person with developmental disabilities to a qualified entity subject to the following conditions:

(A) The adult child with developmental disabilities of the transferor of the residential property must be allowed to reside in the residence or successor property so long as the placement is safe and appropriate as determined by the department of social and health services;

(B) The title to the residential property is conveyed without the receipt of consideration by the legal representative of a person with developmental disabilities to a qualified entity;

(C) The residential property must have no more than four living units located on it; and

(D) The residential property transferred must remain in continued use for fifty years by the qualified entity as supported living for persons with developmental disabilities by the qualified entity or successor entity. If the qualified entity sells or otherwise conveys ownership of the residential property the proceeds of the sale or conveyance must be used to acquire similar residential property and such similar residential property must be considered the successor for continued use. The property will not be considered in continued use if the department of social and health services finds that the property has failed, after a reasonable time to remedy, to meet any health and safety statutory or regulatory requirements. If the department of social and health services determines that the property fails to meet the requirements for continued use, the department of social and health services must notify the department and the real estate excise tax based on the value of the property at the time of the transfer into use as residential property for persons with developmental disabilities becomes immediately due and payable by the qualified entity. The tax due is not subject to penalties, fees, or interest under this title.

(ii) For the purposes of this subsection (3)(t) the definitions in RCW 71A.10.020 apply.

(iii) A "qualified entity" is:

(A) A nonprofit organization under Title 26 U.S.C. Sec. 501(c)(3) of the federal internal revenue code of 1986, as

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amended, as of June 7, 2018, or a subsidiary under the same taxpayer identification number that provides residential supported living for persons with developmental disabilities; or

(B) A nonprofit adult family home, as defined in RCW 70.128.010, that exclusively serves persons with developmental disabilities.

(iv) In order to receive an exemption under this subsection (3)(t) an affidavit must be submitted by the transferor of the residential property and must include a copy of the transfer agreement and any other documentation as required by the department.

(u)(i) The sale by an affordable homeownership facilitator of self-help housing to a low-income household. ~~(The definitions in section 2 of this act apply to this subsection.)~~

(ii) The definitions in this subsection (3)(u) apply to this subsection (3)(u) unless the context clearly requires otherwise.

(A) "Affordable homeownership facilitator" means a nonprofit community or neighborhood-based organization that is exempt from income tax under Title 26 U.S.C. Sec. 501(c) of the internal revenue code of 1986, as amended, as of October 1, 2019, and that is the developer of self-help housing.

(B) "Low-income" means household income as defined by the department, provided that the definition may not exceed eighty percent of median household income, adjusted for household size, for the county in which the dwelling is located.

(C) "Self-help housing" means dwelling residences provided for ownership by low-income individuals and families whose ownership requirement includes labor participation. "Self-help housing" does not include residential rental housing provided on a commercial basis to the general public.

(v)(i) A sale or transfer of real property to a qualifying grantee that uses the property for housing for low-income persons and receives or otherwise qualifies the property for an exemption from real and personal property taxes under RCW 84.36.560, 84.36.049, 35.82.210, 35.21.755, or 84.36.010. For purposes of this subsection (3)(v), "qualifying grantee" means a nonprofit entity as defined in RCW 84.36.560, a nonprofit entity or qualified cooperative association as defined in RCW 84.36.049, a housing authority created under RCW 35.82.030 or 35.82.300, a public corporation established under RCW 35.21.660 or 35.21.730, or a county or municipal corporation. A qualifying grantee that is a county or municipal corporation must record a covenant at the time of transfer that prohibits using the property for any purpose other than for low-income housing for a period of at least 10 years. At a minimum, the covenant must address price restrictions and household income limits for the low-income housing. A qualifying grantee must comply with the requirements described in (v)(i)(A), (B), or (C) of this subsection and must also certify, by affidavit at the time of sale or transfer, that it intends to comply with those requirements.

(A) If the qualifying grantee intends to operate existing housing on the property, within one year of the sale or transfer:

(I) The qualifying grantee must receive or qualify the property for a tax exemption under RCW 84.36.560, 84.36.049, 35.82.210, 35.21.755, or 84.36.010; and

(II) The property must be used as housing for low-income persons.

(B) If the qualifying grantee intends to develop new housing on the site, within five years of the sale or transfer:

(I) The qualifying grantee must receive or qualify the property for a tax exemption under RCW 84.36.560, 84.36.049, 35.82.210, 35.21.755, or 84.36.010; and

(II) The property must be used as housing for low-income persons.

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(C) If the qualifying grantee intends to substantially rehabilitate the premises as defined in RCW 59.18.200, within three years:

(I) The qualifying grantee must receive or qualify the property for a tax exemption under RCW 84.36.560, 84.36.049, 35.82.210, 35.21.755, or 84.36.010; and

(II) The property must be used as housing for low-income persons.

(ii) If the qualifying grantee fails to satisfy the requirements described in (v)(i)(A), (B), or (C) of this subsection, within the timelines described in (v)(i)(A), (B), or (C) of this subsection, the qualifying grantee must pay the tax that would have otherwise been due at the time of initial transfer, plus interest calculated from the date of initial transfer pursuant to RCW 82.32.050.

(iii) If a qualifying grantee transfers the property to a different qualifying grantee within the original timelines described in (v)(i)(A), (B), or (C) of this subsection, neither the original qualifying grantee nor the new qualifying grantee is required to pay the tax, so long as the new qualifying grantee satisfies the requirements as described in (v)(i)(A), (B), or (C) of this subsection within the exemption period of the initial transfer. If the new qualifying grantee fails to satisfy the requirements described in (v)(i)(A), (B), or (C) of this subsection, only the new qualifying grantee is liable for the payment of taxes required by (v)(ii) of this subsection. There is no limit on the number of transfers between qualifying grantees within the original timelines.

(iv) Each affidavit must be filed with the department upon completion of the sale or transfer of property, including transfers from a qualifying grantee to a different qualifying grantee. The qualifying grantee must provide proof to the department as required by the department once the requirements as described in (v)(i)(A), (B), or (C) of this subsection have been satisfied.

(v) For the purposes of this subsection (3)(v), "low-income" has the same meaning as in (u) of this subsection.

**Sec. 4.** RCW 82.45.010 and 2019 c 424 s 3 are each amended to read as follows:

(1) As used in this chapter, the term "sale" has its ordinary meaning and includes any conveyance, grant, assignment, quitclaim, or transfer of the ownership of or title to real property, including standing timber, or any estate or interest therein for a valuable consideration, and any contract for such conveyance, grant, assignment, quitclaim, or transfer, and any lease with an option to purchase real property, including standing timber, or any estate or interest therein or other contract under which possession of the property is given to the purchaser, or any other person at the purchaser's direction, and title to the property is retained by the vendor as security for the payment of the purchase price. The term also includes the grant, assignment, quitclaim, sale, or transfer of improvements constructed upon leased land.

(2)(a) The term "sale" also includes the transfer or acquisition within any thirty-six month period of a controlling interest in any entity with an interest in real property located in this state for a valuable consideration.

(b) For the sole purpose of determining whether, pursuant to the exercise of an option, a controlling interest was transferred or acquired within a thirty-six month period, the date that the option agreement was executed is the date on which the transfer or acquisition of the controlling interest is deemed to occur. For all other purposes under this chapter, the date upon which the option is exercised is the date of the transfer or acquisition of the controlling interest.

(c) For purposes of this subsection, all acquisitions of persons acting in concert must be aggregated for purposes of determining whether a transfer or acquisition of a controlling interest has taken place. The department must adopt standards by rule to determine

when persons are acting in concert. In adopting a rule for this purpose, the department must consider the following:

(i) Persons must be treated as acting in concert when they have a relationship with each other such that one person influences or controls the actions of another through common ownership; and

(ii) When persons are not commonly owned or controlled, they must be treated as acting in concert only when the unity with which the purchasers have negotiated and will consummate the transfer of ownership interests supports a finding that they are acting as a single entity. If the acquisitions are completely independent, with each purchaser buying without regard to the identity of the other purchasers, then the acquisitions are considered separate acquisitions.

(3) The term "sale" does not include:

(a) A transfer by gift, devise, or inheritance.

(b) A transfer by transfer on death deed, to the extent that it is not in satisfaction of a contractual obligation of the decedent owed to the recipient of the property.

(c) A transfer of any leasehold interest other than of the type mentioned above.

(d) A cancellation or forfeiture of a vendee's interest in a contract for the sale of real property, whether or not such contract contains a forfeiture clause, or deed in lieu of foreclosure of a mortgage.

(e) The partition of property by tenants in common by agreement or as the result of a court decree.

(f) The assignment of property or interest in property from one spouse or one domestic partner to the other spouse or other domestic partner in accordance with the terms of a decree of dissolution of marriage or state registered domestic partnership or in fulfillment of a property settlement agreement.

(g) The assignment or other transfer of a vendor's interest in a contract for the sale of real property, even though accompanied by a conveyance of the vendor's interest in the real property involved.

(h) Transfers by appropriation or decree in condemnation proceedings brought by the United States, the state or any political subdivision thereof, or a municipal corporation.

(i) A mortgage or other transfer of an interest in real property merely to secure a debt, or the assignment thereof.

(j) Any transfer or conveyance made pursuant to a deed of trust or an order of sale by the court in any mortgage, deed of trust, or lien foreclosure proceeding or upon execution of a judgment, or deed in lieu of foreclosure to satisfy a mortgage or deed of trust.

(k) A conveyance to the federal housing administration or veterans administration by an authorized mortgagee made pursuant to a contract of insurance or guaranty with the federal housing administration or veterans administration.

(l) A transfer in compliance with the terms of any lease or contract upon which the tax as imposed by this chapter has been paid or where the lease or contract was entered into prior to the date this tax was first imposed.

(m) The sale of any grave or lot in an established cemetery.

(n) A sale by the United States, this state or any political subdivision thereof, or a municipal corporation of this state.

(o) A sale to a regional transit authority or public corporation under RCW 81.112.320 under a sale/leaseback agreement under RCW 81.112.300.

(p) A transfer of real property, however effected, if it consists of a mere change in identity or form of ownership of an entity where there is no change in the beneficial ownership. These include transfers to a corporation or partnership which is wholly owned by the transferor and/or the transferor's spouse or domestic partner or children of the transferor or the transferor's spouse or domestic partner. However, if thereafter such transferee corporation or partnership voluntarily transfers such real

property, or such transferor, spouse or domestic partner, or children of the transferor or the transferor's spouse or domestic partner voluntarily transfer stock in the transferee corporation or interest in the transferee partnership capital, as the case may be, to other than (i) the transferor and/or the transferor's spouse or domestic partner or children of the transferor or the transferor's spouse or domestic partner, (ii) a trust having the transferor and/or the transferor's spouse or domestic partner or children of the transferor or the transferor's spouse or domestic partner as the only beneficiaries at the time of the transfer to the trust, or (iii) a corporation or partnership wholly owned by the original transferor and/or the transferor's spouse or domestic partner or children of the transferor or the transferor's spouse or domestic partner, within three years of the original transfer to which this exemption applies, and the tax on the subsequent transfer has not been paid within sixty days of becoming due, excise taxes become due and payable on the original transfer as otherwise provided by law.

(q)(i) A transfer that for federal income tax purposes does not involve the recognition of gain or loss for entity formation, liquidation or dissolution, and reorganization, including but not limited to nonrecognition of gain or loss because of application of 26 U.S.C. Sec. 332, 337, 351, 368(a)(1), 721, or 731 of the internal revenue code of 1986, as amended.

(ii) However, the transfer described in (q)(i) of this subsection cannot be preceded or followed within a thirty-six month period by another transfer or series of transfers, that, when combined with the otherwise exempt transfer or transfers described in (q)(i) of this subsection, results in the transfer of a controlling interest in the entity for valuable consideration, and in which one or more persons previously holding a controlling interest in the entity receive cash or property in exchange for any interest the person or persons acting in concert hold in the entity. This subsection (3)(q)(ii) does not apply to that part of the transfer involving property received that is the real property interest that the person or persons originally contributed to the entity or when one or more persons who did not contribute real property or belong to the entity at a time when real property was purchased receive cash or personal property in exchange for that person or persons' interest in the entity. The real estate excise tax under this subsection (3)(q)(ii) is imposed upon the person or persons who previously held a controlling interest in the entity.

(r) A qualified sale of a manufactured/mobile home community, as defined in RCW 59.20.030, that takes place on or after June 12, 2008, but before December 31, 2018.

(s)(i) A transfer of a qualified low-income housing development or controlling interest in a qualified low-income housing development, unless, due to noncompliance with federal statutory requirements, the seller is subject to recapture, in whole or in part, of its allocated federal low-income housing tax credits within the four years prior to the date of transfer.

(ii) For purposes of this subsection (3)(s), "qualified low-income housing development" means real property and improvements in respect to which the seller or, in the case of a transfer of a controlling interest, the owner or beneficial owner, was allocated federal low-income housing tax credits authorized under 26 U.S.C. Sec. 42 or successor statute, by the Washington state housing finance commission or successor state-authorized tax credit allocating agency.

(iii) This subsection (3)(s) does not apply to transfers of a qualified low-income housing development or controlling interest in a qualified low-income housing development occurring on or after July 1, 2035.

(iv) The Washington state housing finance commission, in consultation with the department, must gather data on: (A) The fiscal savings, if any, accruing to transferees as a result of the



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exemption provided in this subsection (3)(s); (B) the extent to which transferors of qualified low-income housing developments receive consideration, including any assumption of debt, as part of a transfer subject to the exemption provided in this subsection (3)(s); and (C) the continued use of the property for low-income housing. The Washington state housing finance commission must provide this information to the joint legislative audit and review committee. The committee must conduct a review of the tax preference created under this subsection (3)(s) in calendar year 2033, as required under chapter 43.136 RCW.

(t)(i) A qualified transfer of residential property by a legal representative of a person with developmental disabilities to a qualified entity subject to the following conditions:

(A) The adult child with developmental disabilities of the transferor of the residential property must be allowed to reside in the residence or successor property so long as the placement is safe and appropriate as determined by the department of social and health services;

(B) The title to the residential property is conveyed without the receipt of consideration by the legal representative of a person with developmental disabilities to a qualified entity;

(C) The residential property must have no more than four living units located on it; and

(D) The residential property transferred must remain in continued use for fifty years by the qualified entity as supported living for persons with developmental disabilities by the qualified entity or successor entity. If the qualified entity sells or otherwise conveys ownership of the residential property the proceeds of the sale or conveyance must be used to acquire similar residential property and such similar residential property must be considered the successor for continued use. The property will not be considered in continued use if the department of social and health services finds that the property has failed, after a reasonable time to remedy, to meet any health and safety statutory or regulatory requirements. If the department of social and health services determines that the property fails to meet the requirements for continued use, the department of social and health services must notify the department and the real estate excise tax based on the value of the property at the time of the transfer into use as residential property for persons with developmental disabilities becomes immediately due and payable by the qualified entity. The tax due is not subject to penalties, fees, or interest under this title.

(ii) For the purposes of this subsection (3)(t) the definitions in RCW 71A.10.020 apply.

(iii) A "qualified entity" is:

(A) A nonprofit organization under Title 26 U.S.C. Sec. 501(c)(3) of the federal internal revenue code of 1986, as amended, as of June 7, 2018, or a subsidiary under the same taxpayer identification number that provides residential supported living for persons with developmental disabilities; or

(B) A nonprofit adult family home, as defined in RCW 70.128.010, that exclusively serves persons with developmental disabilities.

(iv) In order to receive an exemption under this subsection (3)(t) an affidavit must be submitted by the transferor of the residential property and must include a copy of the transfer agreement and any other documentation as required by the department.

(u)(i) A sale or transfer of real property to a qualifying grantee that uses the property for housing for low-income persons and receives or otherwise qualifies the property for an exemption from real and personal property taxes under RCW 84.36.560, 84.36.049, 35.82.210, 35.21.755, or 84.36.010. For purposes of this subsection (3)(u), "qualifying grantee" means a nonprofit

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entity as defined in RCW 84.36.560, a nonprofit entity or qualified cooperative association as defined in RCW 84.36.049, a housing authority created under RCW 35.82.030 or 35.82.300, a public corporation established under RCW 35.21.660 or 35.21.730, or a county or municipal corporation. A qualifying grantee that is a county or municipal corporation must record a covenant at the time of transfer that prohibits using the property for any purpose other than for low-income housing for a period of at least 10 years. At a minimum, the covenant must address price restrictions and household income limits for the low-income housing. A qualifying grantee must comply with the requirements described in (u)(i)(A), (B), or (C) of this subsection and must also certify, by affidavit at the time of sale or transfer, that it intends to comply with those requirements.

(A) If the qualifying grantee intends to operate existing housing on the property, within one year of the sale or transfer:

(I) The qualifying grantee must receive or qualify the property for a tax exemption under RCW 84.36.560, 84.36.049, 35.82.210, 35.21.755, or 84.36.010; and

(II) The property must be used as housing for low-income persons.

(B) If the qualifying grantee intends to develop new housing on the site, within five years of the sale or transfer:

(I) The qualifying grantee must receive or qualify the property for a tax exemption under RCW 84.36.560, 84.36.049, 35.82.210, 35.21.755, or 84.36.010; and

(II) The property must be used as housing for low-income persons.

(C) If the qualifying grantee intends to substantially rehabilitate the premises as defined in RCW 59.18.200, within three years:

(I) The qualifying grantee must receive or qualify the property for a tax exemption under RCW 84.36.560, 84.36.049, 35.82.210, 35.21.755, or 84.36.010; and

(II) The property must be used as housing for low-income persons.

(ii) If the qualifying grantee fails to satisfy the requirements described in (u)(i)(A), (B), or (C) of this subsection, within the timelines described in (u)(i)(A), (B), or (C) of this subsection, the qualifying grantee must pay the tax that would have otherwise been due at the time of initial transfer, plus interest calculated from the date of initial transfer pursuant to RCW 82.32.050.

(iii) If a qualifying grantee transfers the property to a different qualifying grantee within the original timelines described in (u)(i)(A), (B), or (C) of this subsection, neither the original qualifying grantee nor the new qualifying grantee is required to pay the tax, so long as the new qualifying grantee satisfies the requirements as described in (u)(i)(A), (B), or (C) of this subsection within the exemption period of the initial transfer. If the new qualifying grantee fails to satisfy the requirements described in (u)(i)(A), (B), or (C) of this subsection, only the new qualifying grantee is liable for the payment of taxes required by (u)(ii) of this subsection. There is no limit on the number of transfers between qualifying grantees within the original timelines.

(iv) Each affidavit must be filed with the department upon completion of the sale or transfer of property, including transfers from a qualifying grantee to a different qualifying grantee. The qualifying grantee must provide proof to the department as required by the department once the requirements as described in (u)(i)(A), (B), or (C) of this subsection have been satisfied.

(v) For the purposes of this subsection (3)(u), "low-income" means household income as defined by the department, provided that the definition may not exceed 80 percent of median household income, adjusted for household size, for the county in

which the dwelling is located.

**NEW SECTION. Sec. 5.** The expiration date provisions of RCW 82.32.805(1)(a) do not apply to the tax preferences in sections 3 and 4, chapter . . . , Laws of 2022 (sections 3 and 4 of this act).

**NEW SECTION. Sec. 6.** Section 3 of this act takes effect January 1, 2023.

**NEW SECTION. Sec. 7.** Section 3 of this act expires January 1, 2030.

**NEW SECTION. Sec. 8.** Section 4 of this act takes effect January 1, 2030."

On page 1, line 4 of the title, after "tax;" strike the remainder of the title and insert "amending RCW 82.45.010; reenacting and amending RCW 82.45.010; creating new sections; providing effective dates; and providing an expiration date."

The President declared the question before the Senate to be the adoption of the committee striking amendment by the Committee on Ways & Means to Engrossed Substitute House Bill No. 1643.

The motion by Senator Kuderer carried and the committee striking amendment was adopted by voice vote.

#### MOTION

On motion of Senator Kuderer, the rules were suspended, Engrossed Substitute House Bill No. 1643 as amended by the Senate was advanced to third reading, the second reading considered the third and the bill was placed on final passage.

Senators Kuderer and Fortunato spoke in favor of passage of the bill.

The President declared the question before the Senate to be the final passage of Engrossed Substitute House Bill No. 1643 as amended by the Senate.

#### ROLL CALL

The Secretary called the roll on the final passage of Engrossed Substitute House Bill No. 1643 as amended by the Senate and the bill passed the Senate by the following vote: Yeas, 47; Nays, 1; Absent, 0; Excused, 1.

Voting yea: Senators Billig, Braun, Brown, Carlyle, Cleveland, Conway, Das, Dhingra, Dozier, Fortunato, Frockt, Gildon, Hawkins, Holy, Honeyford, Hunt, Keiser, King, Kuderer, Liias, Lovelett, Lovick, McCune, Mullet, Muzzall, Nguyen, Nobles, Padden, Pedersen, Randall, Rivers, Rolfes, Saldaña, Salomon, Schoesler, Sefzik, Sheldon, Short, Stanford, Trudeau, Van De Wege, Wagoner, Warnick, Wellman, Wilson, C., Wilson, J. and Wilson, L.

Voting nay: Senator Hasegawa

Excused: Senator Robinson

ENGROSSED SUBSTITUTE HOUSE BILL NO. 1643 as amended by the Senate, having received the constitutional majority, was declared passed. There being no objection, the title of the bill was ordered to stand as the title of the act.

#### MOTION

At 10:57 a.m., on motion of Senator Pedersen, the Senate was declared to be at ease subject to the call of the President.

Senator Hasegawa announced a meeting of the Democratic Caucus.

Senator Warnick announced a meeting of the Republican Caucus.

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#### AFTERNOON SESSION

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The Senate was called to order at 1:06 p.m. by the Vice President Pro Tempore, Senator Lovick presiding.

#### SECOND READING

SECOND SUBSTITUTE HOUSE BILL NO. 1835, by House Committee on Appropriations (originally sponsored by Hansen, Leavitt, Santos, Simmons, Chopp, Slatter, Bergquist, Valdez, Pollet and Ormsby)

Creating outreach and completion initiatives to increase postsecondary enrollment.

The measure was read the second time.

#### MOTION

Senator Pedersen moved that the following committee striking amendment by the Committee on Ways & Means be not adopted:

Strike everything after the enacting clause and insert the following:

**NEW SECTION. Sec. 1.** The legislature recognizes that, in 2020, Washington ranked 49th nationally for completion of the free application for federal student aid among high school seniors. The free application for federal student aid is the form that prospective and current postsecondary education students use to receive federal and state financial aid, such as the federal Pell grant, the Washington college grant, the college bound scholarship, the opportunity scholarship, federal student loans, and many other financial resources for college. For students who cannot file a free application for federal student aid, the state has an alternative financial aid application called the Washington application for state financial aid. The free application for federal student aid is a strong indicator for college enrollment. Ninety-two percent of high school seniors who completed the free application for federal student aid enrolled in a postsecondary institution by the November following graduation versus 51 percent of students who did not complete a free application for federal student aid. In addition, the legislature recognizes that the pandemic has exacerbated equity gaps in college access as colleges and universities are experiencing decreases in enrollments among low-income students, despite having one of the largest and most generous need-based financial aid programs in the country. The legislature recognizes that the Washington college grant program established in chapter 28B.92 RCW, which education trust called "the most equity-focused free college program in the country" is a critical tool to address these equity gaps and help students enter college and apprenticeships. Therefore, it is the legislature's intent to establish an outreach initiative for the Washington college grant and an outreach and completion initiative for the free application for federal student aid and Washington application for state financial aid to help students succeed.

**NEW SECTION. Sec. 2.** A new section is added to chapter 28B.77 RCW to read as follows:

Subject to availability of amounts appropriated for this specific purpose, the student achievement council shall conduct a statewide marketing campaign to increase awareness of the Washington college grant program established in chapter 28B.92 RCW. The student achievement council shall issue a request for proposal for hiring a marketing firm that will produce high quality advertisements to promote the state's largest financial aid program. Advertisements should be marketed towards potential

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postsecondary students and their parents with the goal of increasing awareness of the Washington college grant program to further the state's educational attainment goals. The advertisements may include television commercials, billboards, advertisements on public transit, paid internet search advertisements, and social media marketing.

**NEW SECTION. Sec. 3.** A new section is added to chapter 28B.50 RCW to read as follows:

Subject to availability of amounts appropriated for this specific purpose, the college board shall administer a free application for federal student aid and Washington application for state financial aid outreach and completion initiative pilot program.

(1) The college board shall select community or technical colleges to participate in the pilot program. The colleges selected to participate must each be located within educational service districts that are in the bottom two for free application for federal student aid completion rates when combining their respective school districts' free application for federal student aid completion rates over the past three completed academic years prior to the effective date of this section. Colleges selected to participate shall employ outreach specialists to work directly with the high schools located in the corresponding educational service district. It is the legislature's intent that the outreach specialists be employed at a ratio of one to 600 high school seniors within the corresponding educational service district. The outreach specialists shall make significant contact with high school students and their families for the purpose of increasing free application for federal student aid and Washington application for state financial aid completion rates. The outreach specialists shall use the free application for federal student aid and Washington application for state financial aid data maintained by the student achievement council to conduct targeted outreach and free application for federal student aid and Washington application for state financial aid completion assistance to high school seniors. The outreach specialists shall also provide information on how to access private scholarships. The outreach specialists shall conduct other outreach as appropriate, including virtual or in-person presentations with students and families, announcements on school intercoms and social media channels, outreach to recent high school graduates as peer messengers, and events at school college or career fairs.

(2) The college board shall report annually to the appropriate committees of the legislature in accordance with RCW 43.01.036 beginning December 1, 2023, on the free application for federal student aid and Washington application for state financial aid outreach and completion initiative pilot program. The report must include details on how the colleges selected used the funding and how the initiatives worked to increase free application for federal student aid and Washington application for state financial aid completion rates. The report must also include before and after free application for federal student aid and Washington application for state financial aid completion data and specific details about the number of high school students assisted in completing the free application for federal student aid and Washington application for state financial aid.

**NEW SECTION. Sec. 4.** (1) Subject to availability of amounts appropriated for this specific purpose, the state library shall administer a grant pilot program with the purpose of increasing free application for federal student aid and Washington application for state financial aid completion rates.

(2) The state library shall administer grants to local public libraries located within educational service districts that are in the bottom two for free application for federal student aid completion rates when combining their respective school districts' free application for federal student aid completion rates over the past

three completed academic years prior to the effective date of this section. The state library shall, as a condition of the grant pilot program, require local public libraries to partner with community-based organizations including, where appropriate, organizations with proven track records of working with historically underrepresented populations, to increase free application for federal student aid and Washington application for state financial aid completion. The organization or organizations selected shall:

(a) Be embedded in their respective community and have a strong foundation of trust among members of the community; and  
(b) Be committed to working directly with individual members of their community to assist with one-on-one free application for federal student aid and Washington application for state financial aid completion and to provide information on how to access private scholarships.

(3) The state library shall report annually to the appropriate committees of the legislature in accordance with RCW 43.01.036 beginning December 1, 2023, on the progress of the library outreach pilot project to boost free application for federal student aid and Washington application for state financial aid completion rates. The report must include the specific number of students that were assisted through the grant pilot program.

**Sec. 5.** RCW 28B.92.200 and 2019 c 406 s 19 are each amended to read as follows:

(1) The Washington college grant program is created to provide a statewide free college program for eligible participants and greater access to postsecondary education for Washington residents. The Washington college grant program is intended to increase the number of high school graduates and adults that can attain a postsecondary credential and provide them with the qualifications needed to compete for job opportunities in Washington.

(2) The office shall implement and administer the Washington college grant program and is authorized to establish rules necessary for implementation of the program.

(3) The legislature shall appropriate funding for the Washington college grant program. Allocations must be made on the basis of estimated eligible participants enrolled in eligible institutions of higher education or apprenticeship programs. All eligible students are entitled to a Washington college grant beginning in academic year 2020-21.

(4) The office shall award Washington college grants to all eligible students beginning in academic year 2020-21.

(5) To be eligible for the Washington college grant, students must meet the following requirements:

- (a)(i) Demonstrate financial need under RCW 28B.92.205;
- (ii) Receive one of the following types of public assistance:
  - (A) Aged, blind, or disabled assistance benefits under chapter 74.62 RCW;
  - (B) Essential needs and housing support program benefits under RCW 43.185C.220; or
  - (C) Pregnant women assistance program financial grants under RCW 74.62.030; or
  - (iii) Be a Washington high school student in the 10th, 11th, or 12th grade whose parent or legal guardian is receiving one of the types of public assistance listed in (a)(ii) of this subsection and have received a certificate confirming eligibility from the office in accordance with section 6 of this act;

(b)(i) Be enrolled or accepted for enrollment for at least three quarter credits or the equivalent semester credits at an institution of higher education in Washington as defined in RCW 28B.92.030; or

(ii) Be enrolled in a registered apprenticeship program approved under chapter 49.04 RCW;

(c) Be a resident student as defined in RCW 28B.15.012(2) (a)

through (e);

(d) File an annual application for financial aid as approved by the office; and

(e) Must not have earned a baccalaureate degree or higher from a postsecondary institution.

(6) Washington college grant eligibility may not extend beyond five years or one hundred twenty-five percent of the published length of the program in which the student is enrolled or the credit or clock-hour equivalent.

(7) Institutional aid administrators shall determine whether a student eligible for the Washington college grant in a given academic year may remain eligible for the ensuing year if the student's family income increases by no more than three percent.

(8) Qualifications for receipt and renewal include maintaining satisfactory academic progress toward completion of an eligible program as determined by the office and established in rule.

(9) Should a recipient terminate his or her enrollment for any reason during the academic year, the unused portion of the grant shall be returned to the state educational grant fund by the institution of higher education according to the institution of higher education's policy for issuing refunds, except as provided in RCW 28B.92.070.

(10) An eligible student enrolled on a part-time basis shall receive a prorated portion of the Washington college grant for any academic period in which he or she is enrolled on a part-time basis.

(11) The Washington college grant is intended to be used to meet the costs of postsecondary education for students with financial need. The student shall be awarded all need-based financial aid for which the student qualifies as determined by the institution.

(12) Students and participating institutions of higher education shall comply with all the rules adopted by the council for the administration of this chapter.

**NEW SECTION. Sec. 6.** A new section is added to chapter 28B.92 RCW to read as follows:

(1) The office shall enter into a data-sharing agreement with the department of social and health services to facilitate the sharing of individual-level data. The department of social and health services shall send the office a list of all individuals receiving benefits under the public assistance programs listed under RCW 28B.92.200(5) on at least an annual basis. The office shall use the list to confirm students' eligibility for the Washington college grant program, without requiring the student to fill out a separate financial aid form. The office may also use the information to conduct outreach promoting the Washington college grant.

(2) For high school students in 10th, 11th, and 12th grades whose families are receiving benefits under one of the public assistance programs listed under RCW 28B.92.200(5), the office shall issue a certificate to the student that validates the student's financial need eligibility for the Washington college grant program. The certificate is good for one year after high school graduation and may be used upon enrollment in an eligible institution of higher education, provided the student meets the other Washington college grant eligibility requirements. The office shall track and maintain records of students who were issued certificates under this section in order to confirm a student's financial need eligibility with an institution of higher education. A student does not need to produce the certificate to receive the Washington college grant.

**NEW SECTION. Sec. 7.** A new section is added to chapter 28B.92 RCW to read as follows:

The office shall collaborate with the department of social and health services to facilitate individual-level outreach to individuals receiving benefits under the public assistance

programs listed under RCW 28B.92.200(5), temporary assistance for needy families under chapter 74.08 RCW, the state family assistance program provided for in rule, and the basic food program to inform these individuals of their eligibility for the Washington college grant program.

**Sec. 8.** RCW 74.04.060 and 2017 3rd sp.s. c 6 s 817 are each amended to read as follows:

(1)(a) For the protection of applicants and recipients, the department, the authority, and the county offices and their respective officers and employees are prohibited, except as hereinafter provided, from disclosing the contents of any records, files, papers and communications, except for purposes directly connected with the administration of the programs of this title. In any judicial proceeding, except such proceeding as is directly concerned with the administration of these programs, such records, files, papers and communications, and their contents, shall be deemed privileged communications and except for the right of any individual to inquire of the office whether a named individual is a recipient of welfare assistance and such person shall be entitled to an affirmative or negative answer.

(b) Unless prohibited by federal law, for the purpose of investigating and preventing child abuse and neglect and providing for the health care coordination and well-being of children in foster care, the department and the authority shall disclose to the department of children, youth, and families the following information: Developmental disabilities administration client records; home and community services client records; long-term care facility or certified community residential supports records; health care information; child support information; food assistance information; and public assistance information. Disclosure under this subsection (1)(b) is mandatory for the purposes of the federal health insurance portability and accountability act.

(c) Upon written request of a parent who has been awarded visitation rights in an action for divorce or separation or any parent with legal custody of the child, the department shall disclose to him or her the last known address and location of his or her natural or adopted children. The secretary shall adopt rules which establish procedures for disclosing the address of the children and providing, when appropriate, for prior notice to the custodian of the children. The notice shall state that a request for disclosure has been received and will be complied with by the department unless the department receives a copy of a court order which enjoins the disclosure of the information or restricts or limits the requesting party's right to contact or visit the other party or the child. Information supplied to a parent by the department shall be used only for purposes directly related to the enforcement of the visitation and custody provisions of the court order of separation or decree of divorce. No parent shall disclose such information to any other person except for the purpose of enforcing visitation provisions of the said order or decree.

(d) Unless prohibited by federal law, the department is permitted to release individual-level data of state-funded public assistance programs listed under RCW 28B.92.200 to the student achievement council under chapter 28B.77 RCW for the purposes of section 6 of this act.

(e) The department shall review methods to improve the protection and confidentiality of information for recipients of welfare assistance who have disclosed to the department that they are past or current victims of domestic violence or stalking.

(2) The county offices shall maintain monthly at their offices a report showing the names and addresses of all recipients in the county receiving public assistance under this title, together with the amount paid to each during the preceding month.

(3) The provisions of this section shall not apply to duly designated representatives of approved private welfare agencies,

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public officials, members of legislative interim committees and advisory committees when performing duties directly connected with the administration of this title, such as regulation and investigation directly connected therewith: PROVIDED, HOWEVER, That any information so obtained by such persons or groups shall be treated with such degree of confidentiality as is required by the federal social security law.

(4) It shall be unlawful, except as provided in this section, for any person, body, association, firm, corporation or other agency to solicit, publish, disclose, receive, make use of, or to authorize, knowingly permit, participate in or acquiesce in the use of any lists or names for commercial or political purposes of any nature. The violation of this section shall be a gross misdemeanor.

**NEW SECTION. Sec. 9.** A new section is added to chapter 28B.120 RCW to read as follows:

(1) The Washington career and college pathways innovation challenge program is established. The purpose of the program is to meet statewide educational attainment goals established in RCW 28B.77.020 by developing local and regional partnerships that foster innovations to:

(a) Increase postsecondary enrollment and completion for students enrolling directly from high school and adults returning to education; and

(b) Eliminate educational opportunity gaps for students of color, English language learners, students with disabilities, and foster and homeless youth.

(2)(a) The student achievement council shall administer the program and award grants, based on a competitive grant process, to local and regional partnerships that represent cross-sector collaborations among education and higher education agencies and institutions, local education agencies, local government, community-based organizations, employers, and other local entities. The student achievement council must consult, in both the design of the grant program as well as in the administration of the grant program, with representatives of:

- (i) The state board for community and technical colleges;
- (ii) An organization representing the presidents of the public four-year institutions of higher education;
- (iii) The workforce training and education coordinating board;
- (iv) The commission on African American affairs;
- (v) The commission on Hispanic affairs;
- (vi) The commission on Asian Pacific American affairs;
- (vii) The Washington state LGBTQ commissions;
- (viii) The governor's office of Indian affairs; and
- (ix) The Washington state women's commission.

(b) In awarding the grants, the student achievement council shall consider applications that:

- (i) Plan and pilot innovative initiatives to raise educational attainment and decrease opportunity gaps;
- (ii) Engage community-based organizations and resources;
- (iii) Expand the use of integrated work-based learning;
- (iv) Provide financial support to cover expenses beyond educational tuition and fees, and other services and supports for students to enroll and complete education and training; and
- (v) Include local matching funds.

(c) In administering the program the student achievement council may hire staff to support grant oversight and provide technical assistance to grantees.

(d) The student achievement council may solicit and receive such gifts, grants, and endowments from public or private sources as may be made from time to time, in trust or otherwise, for the use and benefit of the purposes of the program and may expend the same or any income therefrom according to the terms of the gifts, grants, or endowments.

(3) The student achievement council shall provide a report each

year beginning September 1, 2022, to the governor and the education and higher education committees of the legislature in accordance with RCW 43.01.036. The report shall:

(a) Describe grants awarded;

(b) Report the progress of each local and regional partnership by reporting on high school graduation, postsecondary enrollment, and completion for each of the regions that partnerships serve; and

(c) Disaggregate data by income, race, ethnicity, and other demographic characteristics.

**Sec. 10.** RCW 28B.120.040 and 2012 c 229 s 575 are each amended to read as follows:

The ~~((student achievement council fund for innovation and quality))~~ Washington career and college pathways innovation challenge program account is hereby established in the custody of the state treasurer. The student achievement council shall deposit in the fund all moneys received ~~((under RCW 28B.120.030))~~ for the Washington career and college pathways innovation challenge program. Moneys in the fund may be spent only for the purposes of ~~((RCW 28B.120.010 and 28B.120.020))~~ awarding grants under the Washington career and college pathways innovation challenge program. Disbursements from the fund shall be on the authorization of the student achievement council. The fund is subject to the allotment procedure provided under chapter 43.88 RCW, but ~~((no))~~ an appropriation is not required for disbursements.

**Sec. 11.** RCW 43.79A.040 and 2021 c 175 s 10 and 2021 c 108 s 5 are each reenacted and amended to read as follows:

(1) Money in the treasurer's trust fund may be deposited, invested, and reinvested by the state treasurer in accordance with RCW 43.84.080 in the same manner and to the same extent as if the money were in the state treasury, and may be commingled with moneys in the state treasury for cash management and cash balance purposes.

(2) All income received from investment of the treasurer's trust fund must be set aside in an account in the treasury trust fund to be known as the investment income account.

(3) The investment income account may be utilized for the payment of purchased banking services on behalf of treasurer's trust funds including, but not limited to, depository, safekeeping, and disbursement functions for the state treasurer or affected state agencies. The investment income account is subject in all respects to chapter 43.88 RCW, but no appropriation is required for payments to financial institutions. Payments must occur prior to distribution of earnings set forth in subsection (4) of this section.

(4)(a) Monthly, the state treasurer must distribute the earnings credited to the investment income account to the state general fund except under (b), (c), and (d) of this subsection.

(b) The following accounts and funds must receive their proportionate share of earnings based upon each account's or fund's average daily balance for the period: The 24/7 sobriety account, the Washington promise scholarship account, the Gina Grant Bull memorial legislative page scholarship account, the Rosa Franklin legislative internship program scholarship ~~((account))~~ account, the Washington advanced college tuition payment program account, the Washington college savings program account, the accessible communities account, the Washington achieving a better life experience program account, the Washington career and college pathways innovation challenge program account, the community and technical college innovation account, the agricultural local fund, the American Indian scholarship endowment fund, the foster care scholarship endowment fund, the foster care endowed scholarship trust fund, the contract harvesting revolving account, the Washington state combined fund drive account, the commemorative works

account, the county enhanced 911 excise tax account, the county road administration board emergency loan account, the toll collection account, the developmental disabilities endowment trust fund, the energy account, the fair fund, the family and medical leave insurance account, the fish and wildlife federal lands revolving account, the natural resources federal lands revolving account, the food animal veterinarian conditional scholarship account, the forest health revolving account, the fruit and vegetable inspection account, the educator conditional scholarship account, the game farm alternative account, the GET ready for math and science scholarship account, the Washington global health technologies and product development account, the grain inspection revolving fund, the Washington history day account, the industrial insurance rainy day fund, the juvenile accountability incentive account, the law enforcement officers' and firefighters' plan 2 expense fund, the local tourism promotion account, the low-income home rehabilitation revolving loan program account, the multiagency permitting team account, the northeast Washington wolf-livestock management account, the produce railcar pool account, the public use general aviation airport loan revolving account, the regional transportation investment district account, the rural rehabilitation account, the Washington sexual assault kit account, the stadium and exhibition center account, the youth athletic facility account, the self-insurance revolving fund, the children's trust fund, the Washington horse racing commission Washington bred owners' bonus fund and breeder awards account, the Washington horse racing commission class C purse fund account, the individual development account program account, the Washington horse racing commission operating account, the life sciences discovery fund, the Washington state library-archives building account, the reduced cigarette ignition propensity account, the center for deaf and hard of hearing youth account, the school for the blind account, the Millersylvania park trust fund, the public employees' and retirees' insurance reserve fund, the school employees' benefits board insurance reserve fund, the public employees' and retirees' insurance account, the school employees' insurance account, the long-term services and supports trust account, the radiation perpetual maintenance fund, the Indian health improvement reinvestment account, the department of licensing tuition recovery trust fund, the student achievement council tuition recovery trust fund, the tuition recovery trust fund, the industrial insurance premium refund account, the mobile home park relocation fund, the natural resources deposit fund, the Washington state health insurance pool account, the federal forest revolving account, and the library operations account.

(c) The following accounts and funds must receive eighty percent of their proportionate share of earnings based upon each account's or fund's average daily balance for the period: The advance right-of-way revolving fund, the advanced environmental mitigation revolving account, the federal narcotics asset forfeitures account, the high occupancy vehicle account, the local rail service assistance account, and the miscellaneous transportation programs account.

(d) Any state agency that has independent authority over accounts or funds not statutorily required to be held in the custody of the state treasurer that deposits funds into a fund or account in the custody of the state treasurer pursuant to an agreement with the office of the state treasurer shall receive its proportionate share of earnings based upon each account's or fund's average daily balance for the period.

(5) In conformance with Article II, section 37 of the state Constitution, no trust accounts or funds shall be allocated earnings without the specific affirmative directive of this section.

**NEW SECTION. Sec. 12.** The following acts or parts of acts are each repealed:

(1)RCW 28B.120.005 (Findings) and 2010 c 245 s 6, 1999 c 169 s 2, & 1991 c 98 s 1;

(2)RCW 28B.120.010 (Washington fund for innovation and quality in higher education program—Incentive grants) and 2012 c 229 s 571, 2010 c 245 s 7, 1999 c 169 s 5, 1996 c 41 s 1, & 1991 c 98 s 2;

(3)RCW 28B.120.020 (Program administration—Powers and duties of student achievement council) and 2012 c 229 s 572, 2011 1st sp.s. c 11 s 235, 2010 c 245 s 8, 1999 c 169 s 3, 1996 c 41 s 2, & 1991 c 98 s 3;

(4)RCW 28B.120.025 (Program administration—Powers and duties of state board for community and technical colleges) and 2012 c 229 s 573 & 1999 c 169 s 4;

(5)RCW 28B.120.030 (Receipt of gifts, grants, and endowments) and 2012 c 229 s 574, 1999 c 169 s 6, & 1991 c 98 s 4; and

(6)RCW 28B.120.900 (Intent—1999 c 169) and 1999 c 169 s 1.

**NEW SECTION. Sec. 13.** If specific funding for the purposes of this act, referencing this act by bill or chapter number, is not provided by June 30, 2022, in the omnibus appropriations act, this act is null and void."

On page 1, line 2 of the title, after "enrollment;" strike the remainder of the title and insert "amending RCW 28B.92.200, 74.04.060, and 28B.120.040; reenacting and amending RCW 43.79A.040; adding a new section to chapter 28B.77 RCW; adding a new section to chapter 28B.50 RCW; adding new sections to chapter 28B.92 RCW; adding a new section to chapter 28B.120 RCW; creating new sections; and repealing RCW 28B.120.005, 28B.120.010, 28B.120.020, 28B.120.025, 28B.120.030, and 28B.120.900."

The Vice President Pro Tempore declared the question before the Senate to be to not adopt the committee striking amendment by the Committee on Ways & Means to Second Substitute House Bill No. 1835.

The motion by Senator Pedersen carried and the committee striking amendment was not adopted by voice vote.

#### MOTION

Senator Randall moved that the following striking amendment no. 1415 by Senator Randall be adopted:

Strike everything after the enacting clause and insert the following:

**NEW SECTION. Sec. 1.** The legislature recognizes that, in 2020, Washington ranked 49th nationally for completion of the free application for federal student aid among high school seniors. The free application for federal student aid is the form that prospective and current postsecondary education students use to receive federal and state financial aid, such as the federal Pell grant, the Washington college grant, the college bound scholarship, the opportunity scholarship, federal student loans, and many other financial resources for college. For students who cannot file a free application for federal student aid, the state has an alternative financial aid application called the Washington application for state financial aid. The free application for federal student aid is a strong indicator for college enrollment. Ninety-two percent of high school seniors who completed the free application for federal student aid enrolled in a postsecondary institution by the November following graduation versus 51 percent of students who did not complete a free application for federal student aid. In addition, the legislature recognizes that the pandemic has exacerbated equity gaps in college access as colleges and universities are experiencing decreases in

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enrollments among low-income students, despite having one of the largest and most generous need-based financial aid programs in the country. The legislature recognizes that the Washington college grant program established in chapter 28B.92 RCW, which education trust called "the most equity-focused free college program in the country" is a critical tool to address these equity gaps and help students enter college and apprenticeships. Therefore, it is the legislature's intent to establish an outreach initiative for the Washington college grant and an outreach and completion initiative for the free application for federal student aid and Washington application for state financial aid to help students succeed.

**NEW SECTION. Sec. 2.** A new section is added to chapter 28B.77 RCW to read as follows:

Subject to availability of amounts appropriated for this specific purpose, the student achievement council shall conduct a statewide marketing campaign to increase awareness of the Washington college grant program established in chapter 28B.92 RCW. The student achievement council shall issue a request for proposal for hiring a marketing firm that will produce high quality advertisements to promote the state's largest financial aid program. Advertisements should be marketed towards potential postsecondary students and their parents with the goal of increasing awareness of the Washington college grant program to further the state's educational attainment goals. The advertisements may include television commercials, billboards, advertisements on public transit, paid internet search advertisements, and social media marketing.

**NEW SECTION. Sec. 3.** A new section is added to chapter 28B.50 RCW to read as follows:

Subject to availability of amounts appropriated for this specific purpose, the college board shall administer a free application for federal student aid and Washington application for state financial aid outreach and completion initiative pilot program.

(1) The college board shall select community or technical colleges to participate in the pilot program. The colleges selected to participate must each be located within educational service districts that are in the bottom two for free application for federal student aid completion rates when combining their respective school districts' free application for federal student aid completion rates over the past three completed academic years prior to the effective date of this section. Colleges selected to participate shall employ outreach specialists to work directly with the high schools located in the corresponding educational service district. It is the legislature's intent that the outreach specialists be employed at a ratio of one to 600 high school seniors within the corresponding educational service district. The outreach specialists shall make significant contact with high school students and their families for the purpose of increasing free application for federal student aid and Washington application for state financial aid completion rates. The outreach specialists shall use the free application for federal student aid and Washington application for state financial aid data maintained by the student achievement council to conduct targeted outreach and free application for federal student aid and Washington application for state financial aid completion assistance to high school seniors. The outreach specialists shall also provide information on how to access private scholarships. The outreach specialists shall conduct other outreach as appropriate, including virtual or in-person presentations with students and families, announcements on school intercoms and social media channels, outreach to recent high school graduates as peer messengers, and events at school college or career fairs.

(2) The college board shall report annually to the appropriate committees of the legislature in accordance with RCW 43.01.036

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beginning December 1, 2023, on the free application for federal student aid and Washington application for state financial aid outreach and completion initiative pilot program. The report must include details on how the colleges selected used the funding and how the initiatives worked to increase free application for federal student aid and Washington application for state financial aid completion rates. The report must also include before and after free application for federal student aid and Washington application for state financial aid completion data and specific details about the number of high school students assisted in completing the free application for federal student aid and Washington application for state financial aid.

**NEW SECTION. Sec. 4.** (1) Subject to availability of amounts appropriated for this specific purpose, the state library shall administer a grant pilot program with the purpose of increasing free application for federal student aid and Washington application for state financial aid completion rates.

(2) The state library shall administer grants to local public libraries located within educational service districts that are in the bottom two for free application for federal student aid completion rates when combining their respective school districts' free application for federal student aid completion rates over the past three completed academic years prior to the effective date of this section. The state library shall, as a condition of the grant pilot program, require local public libraries to partner with community-based organizations including, where appropriate, organizations with proven track records of working with historically underrepresented populations, to increase free application for federal student aid and Washington application for state financial aid completion. The organization or organizations selected shall:

(a) Be embedded in their respective community and have a strong foundation of trust among members of the community; and

(b) Be committed to working directly with individual members of their community to assist with one-on-one free application for federal student aid and Washington application for state financial aid completion and to provide information on how to access private scholarships.

(3) The state library shall report annually to the appropriate committees of the legislature in accordance with RCW 43.01.036 beginning December 1, 2023, on the progress of the library outreach pilot project to boost free application for federal student aid and Washington application for state financial aid completion rates. The report must include the specific number of students that were assisted through the grant pilot program.

**Sec. 5.** RCW 28B.92.200 and 2019 c 406 s 19 are each amended to read as follows:

(1) The Washington college grant program is created to provide a statewide free college program for eligible participants and greater access to postsecondary education for Washington residents. The Washington college grant program is intended to increase the number of high school graduates and adults that can attain a postsecondary credential and provide them with the qualifications needed to compete for job opportunities in Washington.

(2) The office shall implement and administer the Washington college grant program and is authorized to establish rules necessary for implementation of the program.

(3) The legislature shall appropriate funding for the Washington college grant program. Allocations must be made on the basis of estimated eligible participants enrolled in eligible institutions of higher education or apprenticeship programs. All eligible students are entitled to a Washington college grant beginning in academic year 2020-21.

(4) The office shall award Washington college grants to all eligible students beginning in academic year 2020-21.

(5) To be eligible for the Washington college grant, students must meet the following requirements:

- (a)(i) Demonstrate financial need under RCW 28B.92.205;
- (ii) Receive one of the following types of public assistance:
  - (A) Aged, blind, or disabled assistance benefits under chapter 74.62 RCW;
  - (B) Essential needs and housing support program benefits under RCW 43.185C.220; or
  - (C) Pregnant women assistance program financial grants under RCW 74.62.030; or
  - (iii) Be a Washington high school student in the 10th, 11th, or 12th grade whose parent or legal guardian is receiving one of the types of public assistance listed in (a)(ii) of this subsection and have received a certificate confirming eligibility from the office in accordance with section 6 of this act;
- (b)(i) Be enrolled or accepted for enrollment for at least three quarter credits or the equivalent semester credits at an institution of higher education in Washington as defined in RCW 28B.92.030; or
- (ii) Be enrolled in a registered apprenticeship program approved under chapter 49.04 RCW;
- (c) Be a resident student as defined in RCW 28B.15.012(2) (a) through (e);
- (d) File an annual application for financial aid as approved by the office; and
- (e) Must not have earned a baccalaureate degree or higher from a postsecondary institution.

(6) Washington college grant eligibility may not extend beyond five years or one hundred twenty-five percent of the published length of the program in which the student is enrolled or the credit or clock-hour equivalent.

(7) Institutional aid administrators shall determine whether a student eligible for the Washington college grant in a given academic year may remain eligible for the ensuing year if the student's family income increases by no more than three percent.

(8) Qualifications for receipt and renewal include maintaining satisfactory academic progress toward completion of an eligible program as determined by the office and established in rule.

(9) Should a recipient terminate his or her enrollment for any reason during the academic year, the unused portion of the grant shall be returned to the state educational grant fund by the institution of higher education according to the institution of higher education's policy for issuing refunds, except as provided in RCW 28B.92.070.

(10) An eligible student enrolled on a part-time basis shall receive a prorated portion of the Washington college grant for any academic period in which he or she is enrolled on a part-time basis.

(11) The Washington college grant is intended to be used to meet the costs of postsecondary education for students with financial need. The student shall be awarded all need-based financial aid for which the student qualifies as determined by the institution.

(12) Students and participating institutions of higher education shall comply with all the rules adopted by the council for the administration of this chapter.

**NEW SECTION. Sec. 6.** A new section is added to chapter 28B.92 RCW to read as follows:

(1) The office shall enter into a data-sharing agreement with the department of social and health services to facilitate the sharing of individual-level data. The department of social and health services shall send the office a list of all individuals receiving benefits under the public assistance programs listed under RCW 28B.92.200(5) on at least an annual basis. The office shall use the list to confirm students' eligibility for the Washington college grant program, without requiring the student

to fill out a separate financial aid form. The office may also use the information to conduct outreach promoting the Washington college grant.

(2) For high school students in 10th, 11th, and 12th grades whose families are receiving benefits under one of the public assistance programs listed under RCW 28B.92.200(5), the office shall issue a certificate to the student that validates the student's financial need eligibility for the Washington college grant program. The certificate is good for one year after high school graduation and may be used upon enrollment in an eligible institution of higher education, provided the student meets the other Washington college grant eligibility requirements. The office shall track and maintain records of students who were issued certificates under this section in order to confirm a student's financial need eligibility with an institution of higher education. A student does not need to produce the certificate to receive the Washington college grant.

**NEW SECTION. Sec. 7.** A new section is added to chapter 28B.92 RCW to read as follows:

The office shall collaborate with the department of social and health services to facilitate individual-level outreach to individuals receiving benefits under the public assistance programs listed under RCW 28B.92.200(5), temporary assistance for needy families under chapter 74.08 RCW, the state family assistance program provided for in rule, and the basic food program to inform these individuals of their eligibility for the Washington college grant program.

**Sec. 8.** RCW 74.04.060 and 2017 3rd sp. s. c 6 s 817 are each amended to read as follows:

(1)(a) For the protection of applicants and recipients, the department, the authority, and the county offices and their respective officers and employees are prohibited, except as hereinafter provided, from disclosing the contents of any records, files, papers and communications, except for purposes directly connected with the administration of the programs of this title. In any judicial proceeding, except such proceeding as is directly concerned with the administration of these programs, such records, files, papers and communications, and their contents, shall be deemed privileged communications and except for the right of any individual to inquire of the office whether a named individual is a recipient of welfare assistance and such person shall be entitled to an affirmative or negative answer.

(b) Unless prohibited by federal law, for the purpose of investigating and preventing child abuse and neglect and providing for the health care coordination and well-being of children in foster care, the department and the authority shall disclose to the department of children, youth, and families the following information: Developmental disabilities administration client records; home and community services client records; long-term care facility or certified community residential supports records; health care information; child support information; food assistance information; and public assistance information. Disclosure under this subsection (1)(b) is mandatory for the purposes of the federal health insurance portability and accountability act.

(c) Upon written request of a parent who has been awarded visitation rights in an action for divorce or separation or any parent with legal custody of the child, the department shall disclose to him or her the last known address and location of his or her natural or adopted children. The secretary shall adopt rules which establish procedures for disclosing the address of the children and providing, when appropriate, for prior notice to the custodian of the children. The notice shall state that a request for disclosure has been received and will be complied with by the department unless the department receives a copy of a court order which enjoins the disclosure of the information or restricts or



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limits the requesting party's right to contact or visit the other party or the child. Information supplied to a parent by the department shall be used only for purposes directly related to the enforcement of the visitation and custody provisions of the court order of separation or decree of divorce. No parent shall disclose such information to any other person except for the purpose of enforcing visitation provisions of the said order or decree.

(d) Unless prohibited by federal law, the department is permitted to release individual-level data of state-funded public assistance programs listed under RCW 28B.92.200 to the student achievement council under chapter 28B.77 RCW for the purposes of section 6 of this act.

(e) The department shall review methods to improve the protection and confidentiality of information for recipients of welfare assistance who have disclosed to the department that they are past or current victims of domestic violence or stalking.

(2) The county offices shall maintain monthly at their offices a report showing the names and addresses of all recipients in the county receiving public assistance under this title, together with the amount paid to each during the preceding month.

(3) The provisions of this section shall not apply to duly designated representatives of approved private welfare agencies, public officials, members of legislative interim committees and advisory committees when performing duties directly connected with the administration of this title, such as regulation and investigation directly connected therewith: PROVIDED, HOWEVER, That any information so obtained by such persons or groups shall be treated with such degree of confidentiality as is required by the federal social security law.

(4) It shall be unlawful, except as provided in this section, for any person, body, association, firm, corporation or other agency to solicit, publish, disclose, receive, make use of, or to authorize, knowingly permit, participate in or acquiesce in the use of any lists or names for commercial or political purposes of any nature. The violation of this section shall be a gross misdemeanor.

NEW SECTION. Sec. 9. If specific funding for the purposes of this act, referencing this act by bill or chapter number, is not provided by June 30, 2022, in the omnibus appropriations act, this act is null and void."

On page 1, line 2 of the title, after "enrollment;" strike the remainder of the title and insert "amending RCW 28B.92.200 and 74.04.060; adding a new section to chapter 28B.77 RCW; adding a new section to chapter 28B.50 RCW; adding new sections to chapter 28B.92 RCW; and creating new sections."

Senator Randall spoke in favor of adoption of the striking amendment.

The Vice President Pro Tempore declared the question before the Senate to be the adoption of striking amendment no. 1415 by Senator Randall to Second Substitute House Bill No. 1835.

The motion by Senator Randall carried and striking amendment no. 1415 was adopted by voice vote.

#### MOTION

On motion of Senator Randall, the rules were suspended, Second Substitute House Bill No. 1835 as amended by the Senate was advanced to third reading, the second reading considered the third and the bill was placed on final passage.

Senators Randall and Wilson, C. spoke in favor of passage of the bill.

Senators Holy and Braun spoke against passage of the bill.

The Vice President Pro Tempore declared the question before the Senate to be the final passage of Second Substitute House Bill

No. 1835 as amended by the Senate.

#### ROLL CALL

The Secretary called the roll on the final passage of Second Substitute House Bill No. 1835 as amended by the Senate and the bill passed the Senate by the following vote: Yeas, 27; Nays, 21; Absent, 0; Excused, 1.

Voting yea: Senators Billig, Carlyle, Cleveland, Conway, Das, Dhingra, Frockt, Hasegawa, Hunt, Keiser, Kuderer, Liias, Lovelett, Lovick, Mullet, Nguyen, Nobles, Pedersen, Randall, Rolfes, Saldaña, Salomon, Stanford, Trudeau, Van De Wege, Wellman and Wilson, C.

Voting nay: Senators Braun, Brown, Dozier, Fortunato, Gildon, Hawkins, Holy, Honeyford, King, McCune, Muzzall, Padden, Rivers, Schoesler, Sefzik, Sheldon, Short, Wagoner, Warnick, Wilson, J. and Wilson, L.

Excused: Senator Robinson

SECOND SUBSTITUTE HOUSE BILL NO. 1835 as amended by the Senate, having received the constitutional majority, was declared passed. There being no objection, the title of the bill was ordered to stand as the title of the act.

#### SECOND READING

ENGROSSED SECOND SUBSTITUTE HOUSE BILL NO. 1723, by House Committee on Appropriations (originally sponsored by Gregerson, Taylor, Ryu, Johnson, J., Berry, Valdez, Goodman, Macri, Peterson, Ramel, Simmons, Wylie, Slatter, Bergquist, Pollet, Ortiz-Self, Dolan, Stonier, Riccelli, Ormsby, Harris-Talley, Hackney, Kloba and Frame)

Closing the digital equity divide by increasing the accessibility and affordability of telecommunications services, devices, and training.

The measure was read the second time.

#### MOTION

Senator Wellman moved that the following committee striking amendment by the Committee on Ways & Means be adopted:

Strike everything after the enacting clause and insert the following:

#### "PART 1 INTRODUCTION

NEW SECTION. Sec. 101. This act may be known and cited as the digital equity act.

NEW SECTION. Sec. 102. (1) The legislature finds that:

(a) Access to the internet is essential to participating in modern day society including, but not limited to, attending school and work, accessing health care, paying for basic services, connecting with family and friends, civic participation, and economic survival.

(b) For too many people in both rural and urban areas, the cost of being online is unaffordable. The legislature recognizes that building the last mile of broadband to the home is prohibitively expensive and that urban areas that are home to people earning low incomes continue to face digital redlining. Across the state there is a lack of affordable plans, barriers to enrolling in appropriate broadband plans, and barriers to fully utilize the opportunities that broadband offers.

(c) The COVID-19 pandemic has further highlighted the need for affordable access, devices, and skills to use the internet.

(d) The need for more accessible and affordable internet is felt more acutely among specific sectors of the population, especially Washington residents in rural areas, people who are currently earning low incomes, seniors and others who lack the skills necessary to get online, people with first languages other than English, immigrant communities, and people with disabilities.

(e) The federal government is allocating considerable sums for investment in digital equity that the state broadband office will help to leverage for residents across Washington. Continued comprehensive efforts, including coordination with tribal partners, are needed to ensure truly equitable access. The legislature recognizes that there will be a need for ongoing development and maintenance of broadband infrastructure. The legislature also recognizes that there is a need for ongoing outreach by community-based partnerships to provide enrollment assistance to lower the cost of internet subscriptions and devices.

(2) Therefore, the legislature intends to broaden access to the internet, the appropriate devices, and the skills to operate online safely and effectively so that all people in Washington can fully participate in our society, democracy, and economy by expanding assistance and support programs offered in the state and establishing the governor's statewide broadband office as a central access point to such programs.

## PART 2

### STATE DIGITAL EQUITY PLAN

NEW SECTION. **Sec. 201.** A new section is added to chapter 43.330 RCW to read as follows:

(1) The office, in consultation with the digital equity forum, the utilities and transportation commission, and the department of social and health services, must develop a state digital equity plan.

(a) The office must seek any available federal funding for purposes of developing and implementing the state digital equity plan.

(b) The state digital equity plan must include such elements as the office determines are necessary to leverage federal funding.

(2) In developing the plan, the office must identify measurable objectives for documenting and promoting digital equity among underserved communities located in the state.

(3) By December 1, 2023, the office must submit a report to the governor and the appropriate committees of the legislature, including the following:

(a) The digital equity plan described in subsection (1) of this section and measurable objectives described in subsection (2) of this section;

(b) A description of how the office collaborated with the membership of the digital equity forum, state agencies, and key stakeholders to develop the plan including, but not limited to, the following:

- (i) Community anchor institutions;
  - (ii) Local governments;
  - (iii) Local educational agencies;
  - (iv) Entities that carry out workforce development programs;
- and

(v) Broadband service providers;

(c) A description of federal funding available to advance digital equity in the state, including any available information on the extent to which state residents have enrolled in the affordable connectivity program through an approved provider; and

(d) Recommendations of additional state law or policy that can be targeted to help improve broadband adoption and affordability for state residents. This may include recommendations of ongoing subsidies that the state can provide to low-income individuals and anchor institutions, as well as identification of revenue sources that other states or jurisdictions have developed to fund such subsidies or discounted rates.

(4) For the purpose of this section, "office" means the statewide broadband office established in RCW 43.330.532.

## PART 3

### DIGITAL EQUITY OPPORTUNITY PROGRAM

**Sec. 301.** RCW 43.330.530 and 2019 c 365 s 2 are each amended to read as follows:

The definitions in this section apply throughout this section and RCW 43.330.532 through 43.330.538, 43.330.412, and sections 305 and 306 of this act unless the context clearly requires otherwise.

(1) "Board" means the public works board established in RCW 43.155.030.

(2) "Broadband" or "broadband service" means any service providing advanced telecommunications capability and internet access with transmission speeds that, at a minimum, provide twenty-five megabits per second download and three megabits per second upload.

(3) "Broadband infrastructure" means networks of deployed telecommunications equipment and technologies necessary to provide high-speed internet access and other advanced telecommunications services to end users.

(4) "Department" means the department of commerce.

(5) "Last mile infrastructure" means broadband infrastructure that serves as the final connection from a broadband service provider's network to the end-use customer's on-premises telecommunications equipment.

(6) "Local government" includes cities, towns, counties, municipal corporations, public port districts, public utility districts, quasi-municipal corporations, special purpose districts, and multiparty entities comprised of public entity members.

(7) "Middle mile infrastructure" means broadband infrastructure that links a broadband service provider's core network infrastructure to last mile infrastructure.

(8) "Office" means the governor's statewide broadband office established in RCW 43.330.532.

(9) "Tribe" means any federally recognized Indian tribe whose traditional lands and territories included parts of Washington.

(10) "Unserved areas" means areas of Washington in which households and businesses lack access to broadband service, as defined by the office, except that the state's definition for broadband service may not be actual speeds less than twenty-five megabits per second download and three megabits per second upload.

(11)(a) "Advanced telecommunications capability" means, without regard to any transmission media or technology, high-speed, switched, broadband telecommunications capability that enables users to originate and receive high quality voice, data, graphics, and video telecommunications using any technology.

(b) "Advanced telecommunications capability" does not include access to a technology that delivers transmission speeds below the minimum download and upload speeds provided in the definition of broadband in this section.

(12) "Aging individual" means an individual 55 years of age or older.

(13) "Broadband adoption" means the process by which an individual obtains daily access to the internet:

(a) At a speed, quality, price, and capacity necessary for the individual to accomplish common tasks, such that the access qualifies as an advanced telecommunications capability;

(b) Providing individuals with the digital skills necessary to participate online;

(c) On a device connected to the internet and other advanced telecommunications services via a secure and convenient network, with associated end-user broadband infrastructure equipment such as wifi mesh router or repeaters to enable the

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device to adequately use the internet network; and

(d) With technical support and digital navigation assistance to enable continuity of service and equipment use and utilization.

(14) "Digital equity" means the condition in which individuals and communities in Washington have the information technology capacity that is needed for full participation in society and the economy.

(15)(a) "Digital inclusion" means the activities that are necessary to ensure that all individuals in Washington have access to, and the use of, affordable information and communication technologies including, but not limited to:

(i) Reliable broadband internet service;

(ii) Internet-enabled devices that meet the needs of the user;  
and

(iii) Applications and online content designed to enable and encourage self-sufficiency, participation, and collaboration.

(b) "Digital inclusion" also includes obtaining access to digital literacy training, the provision of quality technical support, and obtaining basic awareness of measures to ensure online privacy and cybersecurity.

(16) "Digital literacy" means the skills associated with using technology to enable users to use information and communications technologies to find, evaluate, organize, create, and communicate information.

(17) "Low-income" means households as defined by the department of social and health services, provided that the definition may not exceed the higher of 80 percent of area median household income or the self-sufficiency standard as determined by the University of Washington's self-sufficiency calculator.

(18) "Underserved population" means any of the following:

(a) Individuals who live in low-income households;

(b) Aging individuals;

(c) Incarcerated individuals;

(d) Veterans;

(e) Individuals with disabilities;

(f) Individuals with a language barrier, including individuals who are English learners or who have low levels of literacy;

(g) Individuals who are members of a racial or ethnic minority group;

(h) Individuals who primarily reside in a rural area;

(i) Children and youth in foster care; or

(j) Individuals experiencing housing instability.

**Sec. 302.** RCW 43.330.532 and 2021 c 258 s 2 are each amended to read as follows:

(1) The governor's statewide broadband office is established. The director of the office must be appointed by the governor. The office may employ staff necessary to carry out the office's duties as prescribed by chapter 365, Laws of 2019, subject to the availability of amounts appropriated for this specific purpose.

(2) The purpose of the office is to encourage, foster, develop, and improve affordable, quality broadband within the state in order to:

(a) Drive job creation, promote innovation, improve economic vitality, and expand markets for Washington businesses;

(b) Serve the ongoing and growing needs of Washington's education systems, health care systems, public safety systems, transportation systems, industries and business, governmental operations, and citizens; and

(c) Improve broadband accessibility and adoption for unserved and underserved communities and populations.

**Sec. 303.** RCW 43.330.534 and 2021 c 258 s 3 are each amended to read as follows:

(1) The office has the power and duty to:

(a) Serve as the central broadband planning body for the state of Washington;

(b) Coordinate with local governments, tribes, public and private entities, public housing agencies, nonprofit organizations, and consumer-owned and investor-owned utilities to develop strategies and plans promoting deployment of broadband infrastructure and greater broadband access, while protecting proprietary information;

(c) Review existing broadband initiatives, policies, and public and private investments;

(d) Develop, recommend, and implement a statewide plan to encourage cost-effective broadband access and to make recommendations for increased usage, particularly in rural and other unserved areas;

(e) Update the state's broadband goals and definitions for broadband service in unserved areas as technology advances, except that the state's definition for broadband service may not be actual speeds less than twenty-five megabits per second download and three megabits per second upload; and

(f) Encourage public-private partnerships to increase deployment and adoption of broadband services and applications.

(2) When developing plans or strategies for broadband deployment, the office must consider:

(a) Partnerships between communities, tribes, nonprofit organizations, local governments, consumer-owned and investor-owned utilities, and public and private entities;

(b) Funding opportunities that provide for the coordination of public, private, state, and federal funds for the purposes of making broadband infrastructure or broadband services available to rural and unserved areas of the state;

(c) Barriers to the deployment, adoption, and utilization of broadband service, including affordability of service and project coordination logistics; and

(d) Requiring minimum broadband service of twenty-five megabits per second download and three megabits per second upload speed, that is scalable to faster service.

(3) The office may assist applicants for the grant and loan program created in RCW 43.155.160, the digital equity opportunity program created in RCW 43.330.412, and the digital equity planning grant program created in section 305 of this act with seeking federal funding or matching grants and other grant opportunities for deploying or increasing adoption of broadband services.

(4) The office may take all appropriate steps to seek and apply for federal funds for which the office is eligible, and other grants, and accept donations, and must deposit these funds in the statewide broadband account created in RCW 43.155.165.

(5) The office shall coordinate an outreach effort to hard-to-reach communities and low-income communities across the state to provide information about broadband programs available to consumers of these communities. The outreach effort must include, but is not limited to, providing information to applicable communities about the federal lifeline program and other low-income broadband benefit programs. The outreach effort must be reviewed by the office of equity annually. The office may contract with other public or private entities to conduct outreach to communities as provided under this subsection.

(6) In carrying out its purpose, the office may collaborate with the utilities and transportation commission, the office of the chief information officer, the department of commerce, the community economic revitalization board, the department of transportation, the public works board, the state librarian, and all other relevant state agencies.

**Sec. 304.** RCW 43.330.412 and 2011 1st sp.s. c 43 s 607 are each amended to read as follows:

~~The ((community technology opportunity program is created to support the efforts of community technology programs~~

~~throughout the state. The community technology)) digital equity opportunity program is created to advance broadband adoption and digital equity and inclusion throughout the state. The digital equity opportunity program must be administered by the department. The department may contract for services in order to carry out the department's obligations under this section.~~

(1) In implementing the ~~((community technology))~~ digital equity opportunity program the director must, to the extent funds are appropriated for this purpose:

(a) ~~Provide organizational and capacity building support to ((community technology)) digital equity programs throughout the state((- and identify and facilitate the availability of other public and private sources of funds to enhance the purposes of the program and the work of community technology programs. No more than fifteen))~~ and additional support for the purpose of:

(i) Evaluating the impact and efficacy of activities supported by grants awarded under the covered programs; and

(ii) Developing, cataloging, disseminating, and promoting the exchange of best practices, with respect to and independent of the covered programs, in order to achieve digital equity. After July 1, 2024, no more than 15 percent of funds received by the director for the program may be expended on these functions;

(b) ~~Establish a competitive grant program and provide grants to community technology programs to ((provide training and skill building opportunities; access to hardware and software; internet connectivity; digital media literacy; assistance in the adoption of information and communication technologies in low-income and underserved areas of the state; and development of locally relevant content and delivery of vital services through))~~ advance digital equity and digital inclusion by providing:

(i) Training and skill-building opportunities;

(ii) Access to hardware and software, including online service costs such as application and software;

(iii) Internet connectivity;

(iv) Digital media literacy and cybersecurity training;

(v) Assistance in the adoption of information and communication technologies for low-income and underserved populations of the state;

(vi) Development of locally relevant content and delivery of vital services through technology; and

(vii) Technical support;

(c) Collaborate with broadband stakeholders, including broadband action teams across the state, in implementing the program as provided under this subsection; and

(d) For the purposes of this section, include wireless meshed network technology.

(2) Grant applicants must:

(a) Provide evidence that the applicant is a nonprofit entity or a public entity that is working in partnership with a nonprofit entity;

(b) Define the geographic area or population to be served;

(c) Include in the application the results of a needs assessment addressing, in the geographic area or among the population to be served: The impact of inadequacies in technology access or knowledge, barriers faced, and services needed;

(d) Explain in detail the strategy for addressing the needs identified and an implementation plan including objectives, tasks, and benchmarks for the applicant and the role that other organizations will play in assisting the applicant's efforts;

(e) ~~((Provide evidence of matching funds and resources, which are equivalent to at least one quarter of the grant amount committed to the applicant's strategy;~~

~~((f))~~ Provide evidence that funds applied for, if received, will be used to provide effective delivery of community technology services in alignment with the goals of this program and to increase the applicant's level of effort beyond the current level;

and

~~((g))~~ (f) Comply with such other requirements as the director establishes.

(3) ~~The digital equity forum shall review grant applications and provide input to the director regarding the prioritization of applications in awarding grants among eligible applicants under the program.~~

(4) In awarding grants under the digital equity opportunity program created in this section, the director must:

(a) Consider the input provided by the digital equity forum, as provided in subsection (3) of this section, in awarding grants; and

(b) Consider the extent to which the mix of grants awarded would increase in the number of prekindergarten through 12th grade students gaining access to greater levels of digital inclusion as a factor in awarding grants.

(5) The director may use no more than ~~((ten))~~ 10 percent of funds received for the ~~((community technology))~~ digital equity opportunity program to cover administrative expenses.

~~((4))~~ (6) The director must establish expected program outcomes for each grant recipient and must require grant recipients to provide an annual accounting of program outcomes.

NEW SECTION. Sec. 305. A new section is added to chapter 43.330 RCW to read as follows:

(1) Subject to the availability of funds appropriated for this specific purpose, the department shall establish a digital equity planning grant program.

(2)(a) This program must provide grants to local governments, institutions of higher education, workforce development councils, or other entities to fund the development of a digital equity plan for a discrete geographic region of the state. Only the director or the director's designee may authorize expenditures.

(b) Priority must be given for grant applications:

(i) Accompanied by express support from community or neighborhood-based nonprofit organizations, public development authorities, federally recognized Indian tribes in the state, or other community partners and partners from the categories of institutions identified in RCW 43.330.421; and

(ii) That intend to use community-based participatory action research methods as a part of the proposed plan.

(3) An applicant must submit an application to the department in order to be eligible for funding under this section.

(4) The digital equity forum shall review grant applications and provide input to the department regarding the prioritization of applications in awarding grants among eligible applicants under the program.

(5) The department must:

(a) Pursuant to subsection (2)(b) of this section, evaluate and rank applications using objective criteria such as the number of underserved populations served and subjective criteria such as the degree of support and engagement evidenced by the community who will be served;

(b) Consider the input provided by the forum, as provided in subsection (4) of this section, in awarding grants under the digital equity planning grant program; and

(c) ~~R~~Consider the extent to which the mix of grants awarded would increase in the number of prekindergarten through 12th grade students gaining access to greater levels of digital inclusion as a factor in awarding grants under the digital equity planning grant program.

(6) The department shall develop criteria for what the digital equity plans must include.

(7) The department may adopt rules to implement this section.

NEW SECTION. Sec. 306. A new section is added to chapter 43.330 RCW to read as follows:

(1) The Washington digital equity forum is established for the purpose of developing recommendations to advance digital

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connectivity in Washington state and advising the statewide broadband office on the digital equity opportunity program as provided under RCW 43.330.412 and the digital equity planning grant program as provided under section 305 of this act.

(2) In developing its recommendations to advance digital connectivity, the forum must:

(a) Develop goals that are consistent with the goals of the governor's statewide broadband office, as provided in RCW 43.330.536;

(b) Strengthen public-private partnerships;

(c) Solicit public input through public hearings or informational sessions;

(d) Work to increase collaboration and communication between local, state, and federal governments and agencies; and

(e) Recommend reforms to current universal service mechanisms.

(3) The directors of the governor's statewide broadband office and the Washington state office of equity are responsible for appointing participating members of the digital equity forum and no appointment may be made unless each director concurs in the appointment. In making appointments, the directors must prioritize appointees representing:

(a) Federally recognized tribes;

(b) State agencies involved in digital equity; and

(c) Underserved and unserved communities, including historically disadvantaged communities.

(4) A majority of the participating members appointed by the directors must appoint an administrative chair for the forum.

(5) In addition to members appointed by the directors, four legislators may serve on the digital equity forum in an ex officio capacity. Legislative participants must be appointed as follows:

(a) The speaker of the house of representatives must appoint one member from each of the two largest caucuses of the house of representatives; and

(b) The president of the senate must appoint one member from each of the two largest caucuses of the senate.

(6)(a) Funds appropriated to the forum may be used to compensate, for any work done in connection with the forum, additional persons who have lived experience navigating barriers to digital connectivity and digital equity.

(b) Each member of the digital equity forum shall serve without compensation but may be reimbursed for travel expenses as authorized in RCW 43.03.050 and 43.03.060.

(7) Staff for the digital equity forum must be provided by the governor's statewide broadband office and the Washington state office of equity. The governor's statewide broadband office and the Washington state office of equity are jointly responsible for transmitting the recommendations of the digital equity forum to the legislature, consistent with RCW 43.01.036, by October 28, 2025, and every odd-numbered year thereafter.

**PART 4**

**DIGITAL EQUITY ACCOUNT**

NEW SECTION. **Sec. 401.** A new section is added to chapter 80.36 RCW to read as follows:

(1) The digital equity account is created in the state treasury. Moneys in the account may be spent only after appropriation.

(2) Any amounts appropriated by the legislature to the account, private contributions, or any other source directed to the account, must be deposited into the account. Funds from sources outside the state, from private contributions, federal or other sources may be directed to the specific purposes of the digital equity opportunity program or digital equity planning grant program.

(3) The legislature may appropriate moneys in the account only for the purposes of:

(a) RCW 43.330.412, the digital equity opportunity program;

and

(b) Section 305 of this act, the digital equity planning grant program.

**PART 5**

**MISCELLANEOUS PROVISIONS**

NEW SECTION. **Sec. 501.** The director of the department of commerce or the director's designee, and the director of the statewide broadband office or the director's designee, may take any actions necessary to ensure that the provisions of this act are implemented on the date identified in section 502 of this act.

NEW SECTION. **Sec. 502.** Sections 101, 102, 301 through 305, and 401 of this act take effect July 1, 2023.

NEW SECTION. **Sec. 503.** If any provision of this act or its application to any person or circumstance is held invalid, the remainder of the act or the application of the provision to other persons or circumstances is not affected.

NEW SECTION. **Sec. 504.** If specific funding for the purposes of this act, referencing this act by bill or chapter number, is not provided by June 30, 2022, in the omnibus appropriations act, this act is null and void."

On page 1, line 3 of the title, after "training;" strike the remainder of the title and insert "amending RCW 43.330.530, 43.330.532, 43.330.534, and 43.330.412; adding new sections to chapter 43.330 RCW; adding a new section to chapter 80.36 RCW; creating new sections; and providing an effective date."

**MOTION**

Senator Hasegawa moved that the following amendment no. 1467 by Senator Hasegawa be adopted:

On page 5, line 10, after "(14)" insert "\"Commissions\" means the Washington state commission on African American affairs established in chapter 43.113 RCW, the Washington state LGBTQ commission established in chapter 43.114 RCW, the Washington state commission on Hispanic affairs established in chapter 43.115 RCW, the Washington state commission on Asian Pacific American affairs established in chapter 43.117 RCW, the Washington state women's commission established in chapter 43.119 RCW, and the governor's office of Indian affairs.

(15)"

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

On page 7, line 36, after "office" insert ", in consultation with the commissions."

On page 8, line 3, after "equity" insert "and the commissions"

On page 12, line 4, after "office" insert ", the commissions,"

Senator Hasegawa spoke in favor of adoption of the amendment to the committee striking amendment.

Senator Wellman spoke against adoption of the amendment to the committee striking amendment.

The Vice President Pro Tempore declared the question before the Senate to be the adoption of amendment no. 1467 by Senator Hasegawa on page 5, line 10 to the committee striking amendment.

The motion by Senator Hasegawa did not carry and amendment no. 1467 was not adopted by voice vote.

**WITHDRAWAL OF AMENDMENT**

On motion of Senator Short and without objection, amendment no. 1473 by Senator Short on page 7, line 4 to the committee striking amendment was withdrawn.

## MOTION

Senator Short moved that the following amendment no. 1469 by Senator Short be adopted:

On page 12, beginning on line 36, after "28," strike all material through "thereafter" on line 37 and insert "2023"

On page 12, after line 37, insert the following:  
"(8) This section expires December 1, 2023."

On page 14, line 5, after "sections;" strike "and providing an effective date" and insert "providing an effective date; and providing an expiration date"

Senators Short and Rivers spoke in favor of adoption of the amendment to the committee striking amendment.

Senator Wellman spoke against adoption of the amendment to the committee striking amendment.

The Vice President Pro Tempore declared the question before the Senate to be the adoption of amendment no. 1469 by Senator Short on page 12, line 36 to the committee striking amendment.

The motion by Senator Short did not carry and amendment no. 1469 was not adopted by voice vote.

The Vice President Pro Tempore declared the question before the Senate to be the adoption of the committee striking amendment by the Committee on Ways & Means to Engrossed Second Substitute House Bill No. 1723.

The motion by Senator Wellman carried and the committee striking amendment was adopted by voice vote.

## MOTION

On motion of Senator Randall, Senator Nguyen was excused.

## MOTION

On motion of Senator Wellman, the rules were suspended, Engrossed Second Substitute House Bill No. 1723 as amended by the Senate was advanced to third reading, the second reading considered the third and the bill was placed on final passage.

Senators Wellman and Hasegawa spoke in favor of passage of the bill.

Senator Short spoke against passage of the bill.

The Vice President Pro Tempore declared the question before the Senate to be the final passage of Engrossed Second Substitute House Bill No. 1723 as amended by the Senate.

## ROLL CALL

The Secretary called the roll on the final passage of Engrossed Second Substitute House Bill No. 1723 as amended by the Senate and the bill passed the Senate by the following vote: Yeas, 27; Nays, 20; Absent, 0; Excused, 2.

Voting yea: Senators Billig, Carlyle, Cleveland, Conway, Das, Dhingra, Frockt, Hasegawa, Hunt, Keiser, Kuderer, Liias, Lovelett, Lovick, Mullet, Nobles, Pedersen, Randall, Rolfes, Saldaña, Salomon, Sheldon, Stanford, Trudeau, Van De Wege, Wellman and Wilson, C.

Voting nay: Senators Braun, Brown, Dozier, Fortunato, Gildon, Hawkins, Holy, Honeyford, King, McCune, Muzzall, Padden, Rivers, Schoesler, Sefzik, Short, Wagoner, Warnick, Wilson, J. and Wilson, L.

Excused: Senators Nguyen and Robinson

ENGROSSED SECOND SUBSTITUTE HOUSE BILL NO.

1723 as amended by the Senate, having received the constitutional majority, was declared passed. There being no objection, the title of the bill was ordered to stand as the title of the act.

## MOTION TO LIMIT DEBATE

Pursuant to Rule 29, on motion of Senator Pedersen and without objection, senators were limited to speaking but once and for no more than two minutes on each question under debate for the remainder of the day by voice vote.

## SECOND READING

HOUSE BILL NO. 2007, by Representatives Slatter, Cody, Bergquist, Goodman, Leavitt, Peterson, Ramel, Ryu, Santos, Senn, Tharinger, Chopp, Macri, Bateman, Ormsby, Riccelli, Lekanoff and Pollet

Establishing a nurse educator loan repayment program under the Washington health corps.

The measure was read the second time.

## MOTION

On motion of Senator Randall, the rules were suspended, House Bill No. 2007 was advanced to third reading, the second reading considered the third and the bill was placed on final passage.

Senators Randall, Holy and Fortunato spoke in favor of passage of the bill.

The Vice President Pro Tempore declared the question before the Senate to be the final passage of House Bill No. 2007.

## ROLL CALL

The Secretary called the roll on the final passage of House Bill No. 2007 and the bill passed the Senate by the following vote: Yeas, 47; Nays, 0; Absent, 0; Excused, 2.

Voting yea: Senators Billig, Braun, Brown, Carlyle, Cleveland, Conway, Das, Dhingra, Dozier, Fortunato, Frockt, Gildon, Hasegawa, Hawkins, Holy, Honeyford, Hunt, Keiser, King, Kuderer, Liias, Lovelett, Lovick, McCune, Mullet, Muzzall, Nobles, Padden, Pedersen, Randall, Rivers, Rolfes, Saldaña, Salomon, Schoesler, Sefzik, Sheldon, Short, Stanford, Trudeau, Van De Wege, Wagoner, Warnick, Wellman, Wilson, C., Wilson, J. and Wilson, L.

Excused: Senators Nguyen and Robinson

HOUSE BILL NO. 2007, having received the constitutional majority, was declared passed. There being no objection, the title of the bill was ordered to stand as the title of the act.

## SECOND READING

SECOND SUBSTITUTE HOUSE BILL NO. 2078, by House Committee on Appropriations (originally sponsored by Rule, Barkis, Ryu, Fitzgibbon, Simmons, Shewmake, Berry, Leavitt, Berg, Senn, Callan, Dent, Johnson, J., Kloba, Bergquist, Chambers, Wicks, Orwall, Tharinger, Taylor, Klippert and Pollet)

Establishing the outdoor school for all program. Revised for 2nd Substitute: Establishing the outdoor learning grant program.

The measure was read the second time.

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## MOTION

Senator Van De Wege moved that the following committee striking amendment by the Committee on Ways & Means be adopted:

Strike everything after the enacting clause and insert the following:

**"NEW SECTION. Sec. 1.** (1) The legislature finds that time outdoors helps children thrive physically, emotionally, and academically, yet over the past few generations, childhood has moved indoors. On average, today's kids spend up to 44 hours per week in front of a screen, and less than 10 minutes a day doing activities outdoors. For too many kids, access to the outdoors is determined by race, income, ability, and zip code. All children deserve equitable access to outdoor spaces where they can learn, play, and grow, but current access to outdoor educational opportunities is inequitable.

(2) From stress reduction to improved focus and engagement, and better academic performance, outdoor-based learning helps kids thrive. Research shows participants in outdoor educational activities have higher graduation rates, improved behavior in school and relationships with peers, higher academic achievement, critical thinking skills, direct experience of scientific concepts in the field, leadership and collaboration skills, and a deeper engagement with learning, place, and community. Outdoor educational programs also offer new opportunities for work-integrated learning in science, natural resources, education, land management, agriculture, outdoor recreation, and other employment sectors. Outdoor-based learning activities can also be a key element in the larger system of regular outdoor instructional time and outdoor experiences that includes STEM fields, after-school programs, summer camps, 4-H, scouting, and related programs which can spark a lifelong appreciation for the natural world.

(3) The legislature further finds that accessibility is a major obstacle to universal outdoor education. Most sites lack accommodation for children with disabilities and support staff for children who need social and emotional support. In addition, some youth may experience cultural barriers to outdoor learning experiences.

(4) Therefore, the legislature intends to establish a statewide grant program and corresponding outdoor education experiences program to address these needs and to ensure that all students have a chance to benefit from outdoor education.

**NEW SECTION. Sec. 2.** A new section is added to chapter 28A.300 RCW to read as follows:

(1) Subject to the availability of amounts appropriated for this specific purpose, or within funding made available, the outdoor learning grant program is established. The purpose of the grant program is to develop and support educational experiences for students in Washington public schools.

(2) The office of the superintendent of public instruction shall administer the grant program in accordance with this section.

(3) Within existing resources, the Washington state parks and recreation commission, the department of natural resources, the Washington department of fish and wildlife, the Washington department of agriculture, and the Washington conservation commission may partner with the office of the superintendent of public instruction to provide relevant expertise on land management and work-integrated learning experiences and opportunities.

(4) Beginning in the 2022-23 school year, the office of the superintendent of public instruction shall award grants to eligible

school districts, federally recognized tribes, and outdoor education program providers. The office may consult with the Washington recreation and conservation office in awarding grants under this section.

(5)(a) The grant program must consist of two types of grants, including:

(i) Allocation-based grants for school districts to develop or support educational experiences; and

(ii) Competitive grants for federally recognized tribes and outdoor education providers to support existing capacity and to increase future capacity for outdoor learning experiences.

(b) In implementing student educational experiences under this section, school districts and outdoor education providers should ensure equitable access for students in all geographic regions, and high levels of accessibility for students with disabilities.

(6) Beginning in 2024, the office of the superintendent of public instruction, in accordance with RCW 43.01.036, must submit an annual report to the appropriate committees of the legislature with an evaluation of the program established by this section. The report may include information on other outdoor education and instructional time efforts and how they compare with programs funded through the outdoor learning grant program.

(7) For the purposes of this section, "school districts" includes state-tribal education compact schools established under chapter 28A.715 RCW.

**NEW SECTION. Sec. 3.** A new section is added to chapter 28A.300 RCW to read as follows:

(1) Subject to the availability of amounts appropriated for this specific purpose, the outdoor education experiences program is established as a program within the outdoor learning grant program established in section 2 of this act. The purpose of the outdoor education experiences program is to develop and support outdoor learning opportunities for 5th and 6th grade students in Washington public schools, with related opportunities for high school students to volunteer as counselors. The program will consist of hands-on learning experiences that: Are three to five days in duration and up to four nights; are overnight or consecutive day programs when overnight programs are impractical due to health or cultural considerations; and have a focus on environmental education aligned with the Washington state learning standards and the development of social and emotional learning skills.

(2) The office of the superintendent of public instruction may work with a statewide nonprofit organization representing school principals to create guidelines for the program established by this section.

(3) In implementing the program established by this section, the priority focus of the office of the superintendent of public instruction must be given to schools that have been identified for improvement through the Washington school improvement framework and communities historically underserved by science education. These communities can include, but are not limited to, federally recognized tribes, including state-tribal education compact schools, migrant students, schools with high free and reduced-price lunch populations, rural and remote schools, students in alternative learning environments, students of color, English language learner students, and students receiving special education services.

**Sec. 4.** RCW 28A.300.790 and 2018 c 266 s 410 are each amended to read as follows:

(1) The superintendent of public instruction, subject to conformity with application or other requirements adopted by rule, shall approve requests by public schools as provided in RCW 28A.320.173 to consider student participation in seasonal

or nonseasonal outdoor-based activities, including programs established in accordance with section 2 of this act, and the outdoor education experiences program established in section 3 of this act, as instructional days for the purposes of basic education requirements established in RCW 28A.150.220(5).

(2) The superintendent of public instruction shall adopt rules to implement this section."

On page 1, line 2 of the title, after "program;" strike the remainder of the title and insert "amending RCW 28A.300.790; adding new sections to chapter 28A.300 RCW; and creating a new section."

#### MOTION

Senator Hunt moved that the following amendment no. 1464 by Senator Hunt be adopted:

On page 3, line 22, after "or" strike "consecutive"

On page 3, line 23, after "health" strike "or cultural" and insert ", cultural, or capacity"

Senator Hunt spoke in favor of adoption of the amendment to the committee striking amendment.

The Vice President Pro Tempore declared the question before the Senate to be the adoption of amendment no. 1464 by Senator Hunt on page 3, line 22 to the committee striking amendment.

The motion by Senator Hunt carried and amendment no. 1464 was adopted by voice vote.

Senators Van De Wege and Wellman spoke in favor of adoption of the committee striking amendment as amended.

The Vice President Pro Tempore declared the question before the Senate to be the adoption of the committee striking amendment by the Committee on Ways & Means as amended to Second Substitute House Bill No. 2078.

The motion by Senator Van De Wege carried and the committee striking amendment as amended was adopted by voice vote.

#### MOTION

On motion of Senator Van De Wege, the rules were suspended, Second Substitute House Bill No. 2078 as amended by the Senate was advanced to third reading, the second reading considered the third and the bill was placed on final passage.

Senators Van De Wege, Wilson, L., Wellman, Hawkins and Rivers spoke in favor of passage of the bill.

The Vice President Pro Tempore declared the question before the Senate to be the final passage of Second Substitute House Bill No. 2078 as amended by the Senate.

#### ROLL CALL

The Secretary called the roll on the final passage of Second Substitute House Bill No. 2078 as amended by the Senate and the bill passed the Senate by the following vote: Yeas, 44; Nays, 3; Absent, 0; Excused, 2.

Voting yea: Senators Billig, Braun, Brown, Carlyle, Cleveland, Conway, Das, Dhingra, Dozier, Fortunato, Frockt, Gildon, Hasegawa, Hawkins, Holy, Hunt, Keiser, King, Kuderer, Lias, Lovelett, Lovick, McCune, Mullet, Muzzall, Nobles, Pedersen, Randall, Rivers, Rolfes, Saldaña, Salomon, Sefzik, Sheldon, Short, Stanford, Trudeau, Van De Wege, Wagoner, Warnick, Wellman, Wilson, C., Wilson, J. and Wilson, L.

Voting nay: Senators Honeyford, Padden and Schoesler

Excused: Senators Nguyen and Robinson

SECOND SUBSTITUTE HOUSE BILL NO. 2078 as amended by the Senate, having received the constitutional majority, was declared passed. There being no objection, the title of the bill was ordered to stand as the title of the act.

#### SECOND READING

HOUSE BILL NO. 1859, by Representatives Kloba, Chambers, Wylie and Wicks

Concerning quality standards for laboratories conducting cannabis analysis.

The measure was read the second time.

#### MOTIONS

Senator Keiser moved that the committee striking amendment by the Committee on Labor, Commerce & Tribal Affairs be not adopted.

Senator Keiser moved that the floor striking amendment be adopted.

#### REMARKS BY THE VICE PRESIDENT PRO TEMPORE

Senator Lovick: "Senator Keiser, we have an amendment to the floor striking amendment but no striker."

#### PARLIAMENTARY INQUIRY

Senator Keiser: "May I move adoption of the floor amendment?"

#### MOTION

On motion of Senator Pedersen and without objection, further consideration of House Bill No. 1859 was deferred, and the bill held its place on the second reading calendar.

#### SECOND READING

ENGROSSED SUBSTITUTE HOUSE BILL NO. 2037, by House Committee on Public Safety (originally sponsored by Goodman and Sutherland)

Modifying the standard for use of force by peace officers.

The measure was read the second time.

#### MOTION

Senator Dhingra moved that the following committee striking amendment by the Committee on Law & Justice be not adopted:

Strike everything after the enacting clause and insert the following:

"NEW SECTION. **Sec. 1.** (1) In 2021, the legislature passed Engrossed Second Substitute House Bill No. 1310, codified as chapter 10.120 RCW, with the goal of establishing a uniform statewide standard for use of force by peace officers. Since these provisions were enacted, the complexities and nuances of police practices and applicable laws, both in statute and common law, have posed implementation challenges for some police agencies. For that reason, the legislature hereby



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intends to provide clarification and guidance to police agencies and the public with the passage of chapter . . . (House Bill No. 1735), Laws of 2022, focusing on behavioral health and other related issues, and the additional changes in this legislation, focusing on enforcement practices as well as clarifying definitions.

(2) The legislature did not enact RCW 10.120.020 with the purpose of preventing or prohibiting peace officers from protecting citizens from danger. To the contrary, the legislature recognizes the importance of enforcing criminal laws and providing safety for all. Therefore, the legislature intends to provide clear authority for peace officers to use physical force to prevent persons from fleeing lawful temporary investigative detentions, also known as *Terry* stops, and to take persons into custody when authorized or directed by state law. Yet this authority is not without limits. Peace officers must exercise reasonable care when determining whether to use physical force and when using any physical force against another person. Peace officers must, when possible and appropriate, use de-escalation tactics before using physical force. Peace officers may only use force to the extent necessary and reasonable under the totality of the circumstances. This high standard of safety reflects national best practices developed and supported by police leaders across the nation. Most importantly, it strikes the appropriate balance between two important interests: The safety of the public and the peace officers who serve to protect us, and the right of the people to be secure in their persons against unreasonable searches and seizures.

**Sec. 2.** RCW 10.120.010 and 2021 c 324 s 2 are each amended to read as follows:

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

(1) "Deadly force" has the same meaning as provided in RCW 9A.16.010.

(2) "Law enforcement agency" includes any "general authority Washington law enforcement agency" and any "limited authority Washington law enforcement agency" as those terms are defined in RCW 10.93.020.

(~~(2))~~ (3) "Less lethal alternatives" include, but are not limited to, verbal warnings, de-escalation tactics, conducted energy weapons, devices that deploy oleoresin capsicum, batons, and beanbag rounds.

(~~(3))~~ (4) "Necessary" means that, under the totality of the circumstances, a reasonably effective alternative to the use of physical force or deadly force does not appear to exist, and the type and amount of physical force or deadly force used is a reasonable and proportional response to effect the legal purpose intended or to protect against the threat posed to the officer or others.

(5) "Peace officer" includes any "general authority Washington peace officer," "limited authority Washington peace officer," and "specially commissioned Washington peace officer" as those terms are defined in RCW 10.93.020; however, "peace officer" does not include any corrections officer or other employee of a jail, correctional, or detention facility, but does include any community corrections officer.

(6) "Physical force" means any act reasonably likely to cause physical pain or injury or any other act exerted upon a person's body to compel, control, constrain, or restrain the person's movement. "Physical force" does not include pat-downs, incidental touching, verbal commands, or compliant handcuffing where there is no physical pain or injury.

(7) "Totality of the circumstances" means all facts known to the peace officer leading up to, and at the time of, the use of force, and includes the actions of the person against whom the peace

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officer uses such force, and the actions of the peace officer.

**Sec. 3.** RCW 10.120.020 and 2021 c 324 s 3 are each amended to read as follows:

(1)(~~(a))~~) PHYSICAL FORCE. Except as otherwise provided under this section, a peace officer may use physical force against a person (~~when~~) to the extent necessary to:

(a) Protect against (~~criminal conduct where there is probable cause to make an arrest; effect~~) a criminal offense when there is probable cause that the person has committed, is committing, or is about to commit the offense;

(b) Effect an arrest; (~~prevent~~)

(c) Prevent an escape as defined under chapter 9A.76 RCW; (~~or protect~~)

(d) Prevent a person from intentionally fleeing or stop a person who is intentionally and actively fleeing a lawful temporary investigative detention for a criminal offense, provided that the person has been given notice that he or she is being detained and is not free to leave;

(e) Take a person into custody when authorized or directed by statute; or

(f) Protect against an imminent threat of bodily injury to the peace officer, another person, or the person against whom force is being used.

(~~(b) A~~) (2) DEADLY FORCE. Except as otherwise provided under this section, a peace officer may use deadly force against another person only when necessary to protect against an (~~imminent~~) immediate threat of serious physical injury or death to the officer or another person. For purposes of this subsection (~~(1)(b))~~):

(~~(i)~~) "Imminent" "Immediate threat of serious physical injury or death" means that, based on the totality of the circumstances, it is objectively reasonable to believe that a person has the present and apparent ability, opportunity, and intent to immediately cause death or serious bodily injury to the peace officer or another person.

(~~(ii)~~) "Necessary" means that, under the totality of the circumstances, a reasonably effective alternative to the use of deadly force does not exist, and that the amount of force used was a reasonable and proportional response to the threat posed to the officer and others.

(~~(iii)~~) "Totality of the circumstances" means all facts known to the peace officer leading up to and at the time of the use of force, and includes the actions of the person against whom the peace officer uses such force, and the actions of the peace officer.

(~~2))~~ (3) REASONABLE CARE. A peace officer shall use reasonable care when determining whether to use physical force and when using any physical force against another person. To that end, a peace officer shall:

(a) When possible, exhaust available and appropriate de-escalation tactics prior to using any physical force, such as: Creating physical distance by employing tactical repositioning and repositioning as often as necessary to maintain the benefit of time, distance, and cover; when there are multiple officers, designating one officer to communicate in order to avoid competing commands; calling for additional resources such as a crisis intervention team or mental health professional when possible; calling for back-up officers when encountering resistance; taking as much time as necessary, without using physical force or weapons; and leaving the area if there is no threat of imminent harm and no crime has been committed, is being committed, or is about to be committed;

(b) When using physical force, use the least amount of physical force necessary to overcome resistance under the circumstances. This includes a consideration of the characteristics and conditions of a person for the purposes of determining whether to use force

against that person and, if force is necessary, determining the appropriate and least amount of force possible to effect a lawful purpose. Such characteristics and conditions may include, for example, whether the person: Is visibly pregnant, or states that they are pregnant; is known to be a minor, objectively appears to be a minor, or states that they are a minor; is known to be a vulnerable adult, or objectively appears to be a vulnerable adult as defined in RCW 74.34.020; displays signs of mental, behavioral, or physical impairments or disabilities; is experiencing perceptual or cognitive impairments typically related to the use of alcohol, narcotics, hallucinogens, or other drugs; is suicidal; has limited English proficiency; or is in the presence of children;

(c) Terminate the use of physical force as soon as the necessity for such force ends;

(d) When possible, use available and appropriate less lethal alternatives before using deadly force; and

(e) Make less lethal alternatives issued to the officer reasonably available for their use.

~~((3))~~ (4) A peace officer may not use any force tactics prohibited by applicable departmental policy, this chapter, or otherwise by law, except to protect his or her life or the life of another person from an imminent threat.

~~((4))~~ (5) Nothing in this section ~~(prevents)~~;

(a) Permits a peace officer to use physical force or deadly force in a manner or under such circumstances that would violate the United States Constitution or state Constitution; or

(b) Prevents a law enforcement agency or political subdivision of this state from adopting policies or standards with additional requirements for de-escalation and greater restrictions on the use of physical and deadly force than provided in this section.

NEW SECTION. Sec. 4. This act is necessary for the immediate preservation of the public peace, health, or safety, or support of the state government and its existing public institutions, and takes effect immediately."

On page 1, line 13 of the title, after "circumstances;" strike the remainder of the title and insert "amending RCW 10.120.010 and 10.120.020; creating a new section; and declaring an emergency."

The Vice President Pro Tempore declared the question before the Senate to be to not adopt the committee striking amendment by the Committee on Law & Justice to Engrossed Substitute House Bill No. 2037.

The motion by Senator Dhingra carried and the committee striking amendment was not adopted by voice vote.

#### MOTION

On motion of Senator Dhingra, the rules were suspended, Engrossed Substitute House Bill No. 2037 was advanced to third reading, the second reading considered the third and the bill was placed on final passage.

Senator Dhingra spoke on passage of the bill.

Senator Padden spoke in favor of passage of the bill.

Senator Frockt spoke against passage of the bill.

The Vice President Pro Tempore declared the question before the Senate to be the final passage of Engrossed Substitute House Bill No. 2037.

#### ROLL CALL

The Secretary called the roll on the final passage of Engrossed Substitute House Bill No. 2037 and the bill passed the Senate by the following vote: Yeas, 32; Nays, 16; Absent, 0; Excused, 1.

Voting yea: Senators Billig, Braun, Brown, Carlyle, Cleveland,

Conway, Dozier, Fortunato, Gildon, Hawkins, Holy, Honeyford, Keiser, King, Lovick, McCune, Mullet, Muzzall, Padden, Randall, Rivers, Rolfes, Salomon, Schoesler, Sefzik, Sheldon, Short, Van De Wege, Wagoner, Warnick, Wilson, J. and Wilson, L.

Voting nay: Senators Das, Dhingra, Frockt, Hasegawa, Hunt, Kuderer, Liias, Lovelett, Nguyen, Nobles, Pedersen, Saldaña, Stanford, Trudeau, Wellman and Wilson, C.

Excused: Senator Robinson

ENGROSSED SUBSTITUTE HOUSE BILL NO. 2037, having received the constitutional majority, was declared passed. There being no objection, the title of the bill was ordered to stand as the title of the act.

The President of the Senate assumed the chair, Lt. Governor Heck presiding.

#### SECOND READING

SECOND SUBSTITUTE HOUSE BILL NO. 1173, by House Committee on Capital Budget (originally sponsored by Berry, Frame, Dolan and Lekanoff)

Concerning state lands development authorities.

The measure was read the second time.

#### MOTION

Senator Mullet moved that the following committee striking amendment by the Committee on Ways & Means be adopted:

Strike everything after the enacting clause and insert the following:

"NEW SECTION. Sec. 1. (1) State lands development authorities are hereby authorized to oversee and manage the development or redevelopment of state-owned property that is within or adjacent to manufacturing industrial centers. Any property owned or managed by the department of natural resources is exempt from the provisions of this chapter.

(2) The legislative delegation from a district containing state-owned land that is included within, or is adjacent to, a manufacturing industrial center may propose the formation of a state lands development authority. The proposal must be presented in writing to the relevant legislative committees in both the house of representatives and the senate. The proposal must contain:

(a) The proposed general geographic boundaries of the state lands development authority; and

(b) Legislative findings relating to formation of the state lands development authority which find that:

(i) The state owns property within the boundaries of the proposed state lands development authority;

(ii) The state-owned land is located within or adjacent to a manufacturing industrial center;

(iii) The state agency with custodial responsibility for the property has completed an assessment regarding the current use, future use, and a projected date or conditions when the land is vacant, excess, or surplus to the mission of the state agency;

(iv) The legislature intends that the state lands development authority be appropriately funded and staffed; and

(v) The formation of a state lands development authority to oversee and manage the development or redevelopment of the state-owned land will be useful and beneficial to the community within and adjacent to the boundaries of the state lands

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development authority.

(3) Formation of a state lands development authority is subject to legislative authorization by statute.

(4) A state lands development authority may only be formed in a county with a population of 2,000,000 or greater.

(5) For the purposes of this chapter, all state lands development authorities are a public body corporate and politic and instrumentality of the state of Washington.

**NEW SECTION. Sec. 2.** (1) The affairs of a state lands development authority shall be managed by a board of directors.

(2) The initial board of directors of a state lands development authority must be appointed by the governor upon recommendation from the state legislative delegation from the district in which the boundaries of the state lands development authority are contained.

(3) The number of persons on the board of directors must be included in the proposal to establish a state lands development authority under section 1 of this act.

(4) Members of the board of directors must include:

(a) At least one member representing each of the following:

(i) The governing body of each city included in the boundaries of the state lands development authority;

(ii) The mayor's office of each city included in the boundaries of the state lands development authority;

(iii) The governing body of each county included in the boundaries of the state lands development authority; and

(iv) The governing body of each port district included in the boundaries of the state lands development authority;

(b) Additional members if required by the proposal to establish a state lands development authority under section 1 of this act; and

(c) Ex officio, nonvoting members if required by the proposal to establish a state lands development authority under section 1 of this act.

(5) In addition to other applicable provisions of law pertaining to conflicts of interest of public officials, no state lands development authority board member, appointed or otherwise, may participate in any decision on any board contract in which the board member has any interests, direct or indirect, with any firm, partnership, corporation, or association that would be the recipient of any gain or benefit resulting from transactions with the state lands development authority. In any instance where the participation occurs, the board shall void the transaction, and the involved member shall be subject to whatever sanctions may be provided by law. The board shall frame and adopt a code of ethics for its members, which must be designed to protect the state and its citizens from any unethical conduct by the board.

**NEW SECTION. Sec. 3.** (1) State lands development authorities have the power to:

(a) Accept gifts, grants, loans, or other aid from public and private entities;

(b) Employ and appoint such agents, attorneys, officers, and employees as may be necessary to implement its purposes and duties;

(c) Contract and enter into partnerships with individuals, associations, corporations, and local, state, and federal governments;

(d) Buy, own, and lease real and personal property;

(e) Sell real and personal property, subject to any rules and restrictions contained in the proposal to establish a state lands development authority under section 1 of this act;

(f) Hold in trust, improve, and develop land;

(g) Invest, deposit, and reinvest its funds;

(h) Incur debt in furtherance of its mission: Provided, however, that state lands development authorities are expressly prohibited

from incurring debt on behalf of the state of Washington as defined in Article VIII, section 1 of the state Constitution. A state lands development authority obligation to repay borrowed money does not constitute an obligation, either general, special, or moral, of the state of Washington. State lands development authorities are expressly prohibited from using, either directly or indirectly, "general state revenues" as defined in Article VIII, section 1 of the state Constitution to satisfy any state lands development authority obligation to repay borrowed money;

(i) Lend or grant its funds for any lawful purposes. For purposes of this section, "lawful purposes" includes without limitation, any use of funds, including loans thereof to public or private parties, authorized by agreements with the United States or any department or agency thereof under which federal or private funds are obtained, or authorized under federal laws and regulations pertinent to such agreements; and

(j) Exercise such additional powers as may be authorized by law.

(2) A state lands development authority that accepts public funds under subsection (1)(a) of this section:

(a) Is subject in all respects to Article VIII, section 5 or 7, as appropriate, of the state Constitution, and RCW 42.17A.550; and

(b) May not use such funds to support or oppose a candidate, ballot proposition, political party, or political committee.

(3) State lands development authorities do not have any authority to levy taxes or assessments.

**NEW SECTION. Sec. 4.** A state lands development authority has the duty to:

(1) Adopt bylaws for the authority that will govern how the authority will generally conduct its affairs;

(2) Establish specific geographic boundaries for the authority with its bylaws based on the general geographic boundaries established in the proposal approved by the legislature;

(3) Assume responsibility for the development or redevelopment of the state-owned property within the boundaries of the authority;

(4) Create a strategic plan for the development or redevelopment of the state-owned property that includes, but is not limited to, the following elements:

(a) An examination of the existing uses of the property and an assessment of whether such should change in the future in order for the use of the property to achieve maximum public benefit;

(b) An examination of options for development or redevelopment that include industrial uses only, mixed-use commercial and residential development, and mixed-use light industrial and residential development, as well as the incorporation of community-oriented facilities, and an evaluation of which options would achieve maximum public benefit;

(c) A plan for extensive public engagement throughout the development or redevelopment process, which must include a regular schedule of public meetings and opportunities for public comment; and

(d) A financial plan for the authority that identifies funding sources necessary to carry out the authority's strategic plan;

(5) Use gifts, grants, loans, and other aid from public or private entities to further the development and redevelopment projects identified in the authority's strategic plan; and

(6) Submit a written report to the relevant committees of the legislature by December 1st of each even-numbered year that summarizes the authority's strategic plan and details the progress of the authority in meeting its strategic goals related to development and redevelopment, public engagement, and financial planning.

**NEW SECTION. Sec. 5.** The state lands development authority operating account is hereby created in the state treasury.

Moneys in the account may be spent only after appropriation. Expenditures from the account may be used only for operating expenses under this chapter.

**NEW SECTION. Sec. 6.** The state lands development authority capital account is hereby created in the state treasury. Moneys in the account may be spent only after appropriation. Expenditures from the account may be used only for capital projects under this chapter.

**NEW SECTION. Sec. 7.** (1) The legislature finds:

(a) The state of Washington owns a property of approximately 25 acres in size located at 1601 West Armory Way within Seattle's Ballard-Interbay northend manufacturing industrial center and Interbay neighborhood, known as the Interbay property. The Interbay property was transferred to the state of Washington in 1971 with deed limitations which limit use of the property for national guard purposes only. The national guard currently uses the Interbay property for the Seattle readiness center, built in 1974. The national guard has determined that it must relocate from the Interbay property to another site, and an assessment has been completed pursuant to section 1(2)(b) of this act. Once the national guard facilities are funded and constructed and the national guard is relocated in a new, fully operational readiness center, and the department of defense has released its use restrictions on the property, the Interbay property will be available for redevelopment.

(b) The formation of a state lands development authority to oversee and manage the redevelopment of the Interbay property will be useful and beneficial to the community within and adjacent to the Interbay neighborhood in the city of Seattle. The legislature intends that the authority be appropriately funded and staffed.

(2)(a) The legislature authorizes the establishment of the Ballard-Interbay state lands development authority, which boundaries are coextensive with the boundaries of the Interbay property.

(b) The Ballard-Interbay state lands development authority is a public body corporate and politic and instrumentality of the state of Washington.

(3) The Ballard-Interbay state lands development authority may exercise its authority in furtherance of projects that are located only within the boundaries of the Interbay property.

(4) The Ballard-Interbay state lands development authority does not have site control or access until after the national guard relocation and may not sell the Interbay property or portions of the Interbay property to another entity.

(5) The affairs of the Ballard-Interbay state lands development authority shall be managed by a board of directors, consisting of the following members:

(a) One member with experience developing workforce or affordable housing;

(b) One member with knowledge of project financing options for public-private partnerships related to housing;

(c) Two members with architectural design and development experience related to industrial and mixed-use zoning;

(d) One member representing the port of Seattle;

(e) One member representing the governor's office;

(f) One member representing the King county council;

(g) One member representing the city of Seattle mayor's office;

(h) One member representing the Seattle city council; and

(i) The director of the department of commerce or the director's designee as an ex officio, nonvoting member.

(6) No member of the board of directors may hold office for more than four years. Board positions must be numbered one through 11 and the terms staggered as follows:

(a) Board members appointed to positions one through five shall serve two-year terms, and if reappointed, may serve no more

than one additional two-year term.

(b) Board members initially appointed to positions six through 11 shall serve a three-year term only.

(c) Board members appointed to positions six through 11 after the initial three-year term shall serve two-year terms, and if reappointed, may serve no more than one additional two-year term.

(7) The initial board of directors of the Ballard-Interbay state lands development authority must be appointed by the governor upon recommendation from the legislative delegation from the district in which the boundaries of the authority are contained, as required by section 2(2) of this act. With respect to the appointment of subsequent boards of directors, the existing board members must develop a list of candidates for each position and deliver the recommendations to the members of the legislative delegation for the district in which the authority is located. The legislative delegation must present the list of candidates for recommendation to the governor for appointment to the board of directors. In developing the list of candidates, the board of directors must consider racial, gender, and geographic diversity so that the board may reflect the diversity of the community.

(8) In addition to other applicable provisions of law pertaining to conflicts of interest of public officials, no Ballard-Interbay state lands development authority board member, appointive or otherwise, may participate in any decision on any board contract in which the board member has any interests, direct or indirect, with any firm, partnership, corporation, or association that would be the recipient of any gain or benefit resulting from transactions with the state lands development authority. In any instance where the participation occurs, the board shall void the transaction, and the involved member must be subject to whatever sanctions may be provided by law. The board shall frame and adopt a code of ethics for its members, which must be designed to protect the state and its citizens from any unethical conduct by the board.

(9) For purposes of this section, "Interbay property" means a state-owned property with deed limitations indicating it may be used for national guard purposes only located at 1601 West Armory Way, consisting of approximately 25 acres of land within Seattle's Ballard-Interbay northend manufacturing industrial center and Interbay neighborhood.

**NEW SECTION. Sec. 8.** Sections 1 through 7 of this act constitute a new chapter in Title 43 RCW."

On page 1, line 1 of the title, after "authorities;" strike the remainder of the title and insert "and adding a new chapter to Title 43 RCW."

The President declared the question before the Senate to be the adoption of the committee striking amendment by the Committee on Ways & Means to Second Substitute House Bill No. 1173.

The motion by Senator Mullet carried and the committee striking amendment was adopted by voice vote.

#### MOTION

On motion of Senator Mullet, the rules were suspended, Second Substitute House Bill No. 1173 as amended by the Senate was advanced to third reading, the second reading considered the third and the bill was placed on final passage.

Senators Mullet, Dozier, Frockt, and Braun spoke in favor of passage of the bill.

#### MOTION

On motion of Senator Randall, Senator Nguyen was excused.

The President declared the question before the Senate to be the

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final passage of Second Substitute House Bill No. 1173 as amended by the Senate.

ENGROSSED SUBSTITUTE HOUSE BILL NO. 1629, having received the constitutional majority, was declared passed. There being no objection, the title of the bill was ordered to stand as the title of the act.

ROLL CALL

The Secretary called the roll on the final passage of Second Substitute House Bill No. 1173 as amended by the Senate and the bill passed the Senate by the following vote: Yeas, 46; Nays, 1; Absent, 0; Excused, 2.

Voting yea: Senators Billig, Braun, Brown, Carlyle, Cleveland, Conway, Das, Dhingra, Dozier, Fortunato, Frockt, Gildon, Hawkins, Holy, Honeyford, Hunt, Keiser, King, Kuderer, Lias, Lovelett, Lovick, McCune, Mullet, Muzzall, Nobles, Padden, Pedersen, Randall, Rivers, Rolfes, Saldaña, Salomon, Schoesler, Sefzik, Sheldon, Short, Stanford, Trudeau, Van De Wege, Wagoner, Warnick, Wellman, Wilson, C., Wilson, J. and Wilson, L.

Voting nay: Senator Hasegawa  
Excused: Senators Nguyen and Robinson

SECOND SUBSTITUTE HOUSE BILL NO. 1173 as amended by the Senate, having received the constitutional majority, was declared passed. There being no objection, the title of the bill was ordered to stand as the title of the act.

SECOND READING

ENGROSSED SUBSTITUTE HOUSE BILL NO. 1629, by House Committee on Community & Economic Development (originally sponsored by Dolan, Wylie, Shewmake, Duerr, Walen and Chase)

Concerning a comprehensive study of aerial imaging technology uses for state agencies, special purpose districts, and local and tribal governments.

The measure was read the second time.

MOTION

On motion of Senator Hunt, the rules were suspended, Engrossed Substitute House Bill No. 1629 was advanced to third reading, the second reading considered the third and the bill was placed on final passage.

Senators Hunt and Wilson, J. spoke in favor of passage of the bill.

The President declared the question before the Senate to be the final passage of Engrossed Substitute House Bill No. 1629.

ROLL CALL

The Secretary called the roll on the final passage of Engrossed Substitute House Bill No. 1629 and the bill passed the Senate by the following vote: Yeas, 40; Nays, 8; Absent, 0; Excused, 1.

Voting yea: Senators Billig, Braun, Brown, Carlyle, Cleveland, Conway, Das, Dhingra, Dozier, Fortunato, Frockt, Gildon, Hasegawa, Hawkins, Holy, Hunt, Keiser, King, Kuderer, Lias, Lovelett, Lovick, Mullet, Nguyen, Nobles, Pedersen, Randall, Rivers, Rolfes, Saldaña, Salomon, Short, Stanford, Trudeau, Van De Wege, Warnick, Wellman, Wilson, C., Wilson, J. and Wilson, L.

Voting nay: Senators Honeyford, McCune, Muzzall, Padden, Schoesler, Sefzik, Sheldon and Wagoner  
Excused: Senator Robinson

SECOND READING

SUBSTITUTE HOUSE BILL NO. 1967, by House Committee on Appropriations (originally sponsored by Steele, Riccelli, Berry, Lekanoff, Santos and Duerr)

Concerning property tax exemptions for nonprofits.

The measure was read the second time.

MOTION

Senator Mullet moved that the following committee striking amendment by the Committee on Business, Financial Services & Trade be adopted:

Strike everything after the enacting clause and insert the following:

"Sec. 1. RCW 84.36.020 and 2014 c 99 s 3 are each amended to read as follows:

The following real and personal property shall be exempt from taxation:

(1) All lands, buildings, and personal property required for necessary administration and maintenance, used, or to the extent used, exclusively for public burying grounds or cemeteries without discrimination as to race, color, national origin or ancestry;

(2)(a) All churches, personal property, and the ground, not exceeding five acres in area, upon which a church of any nonprofit recognized religious denomination is or must be built, together with a parsonage, convent, and buildings and improvements required for the maintenance and safeguarding of such property. The area exempted must in any case include all ground covered by the church, parsonage, convent, and buildings and improvements required for the maintenance and safeguarding of such property and the structures and ground necessary for street access, parking, light, and ventilation, but the area of unoccupied ground exempted in such cases, in connection with church, parsonage, convent, and buildings and improvements required for the maintenance and safeguarding of such property, shall not exceed the equivalent of one hundred twenty by one hundred twenty feet except where additional unoccupied land may be required to conform with state or local codes, zoning, or licensing requirements. The parsonage and convent need not be on land contiguous to the church property. Except as otherwise provided in this subsection, to be exempt the property must be wholly used for church purposes.

(b) If the rental income or donations, if applicable, are reasonable and do not exceed the maintenance and operation expenses attributable to the portion of the property loaned or rented, the exemption provided by this subsection (2) is not nullified by:

(i) The loan or rental of property otherwise exempt under this subsection (2) to a nonprofit organization, association, or corporation, or school to conduct an eleemosynary activity or activities related to a farmers market. However, activities related to a farmers market may not occur on the property more than 53 days each assessment year. For the purposes of this section, "farmers market" has the same meaning as "qualifying farmers market" as defined in RCW 66.24.170;

(ii) The rental or use of the property by any individual, group,

or entity, where such rental or use is not otherwise authorized by this subsection (2), for not more than fifty days in each calendar year, and the property is not used for pecuniary gain or to promote business activities for more than fifteen of the fifty days in each calendar year. The fifty and fifteen-day limitations provided in this subsection (2)(b)(ii) do not include days during which setup and takedown activities take place immediately preceding or following a meeting or other event by an individual, group, or entity using the property as provided in this subsection (2)(b)(ii); or

(iii) An inadvertent use of the property in a manner inconsistent with the purpose for which exemption is granted, if the inadvertent use is not part of a pattern of use. A pattern of use is presumed when an inadvertent use is repeated in the same assessment year or in two or more successive assessment years.

**Sec. 2.** RCW 84.36.037 and 2014 c 99 s 8 are each amended to read as follows:

(1) Real or personal property owned by a nonprofit organization, association, or corporation in connection with the operation of a public assembly hall or meeting place is exempt from taxation. The area exempt under this section includes the building or buildings, the land under the buildings, and an additional area necessary for parking, not exceeding a total of one acre. When property for which exemption is sought is essentially unimproved except for restroom facilities and structures and this property has been used primarily for annual community celebration events for at least ten years, the exempt property shall not exceed twenty-nine acres.

(2) To qualify for this exemption the property must be used exclusively for public gatherings and must be available to all organizations or persons desiring to use the property, but the owner may impose conditions and restrictions which are necessary for the safekeeping of the property and promote the purposes of this exemption. Membership shall not be a prerequisite for the use of the property.

(3) The use of the property for pecuniary gain or for business activities, except as provided in this section and RCW 84.36.805, nullifies the exemption otherwise available for the property for the assessment year. If all income received from rental or use of the exempt property is used for capital improvements to the exempt property, maintenance and operation of the exempt property, or exempt purposes, the exemption is not nullified as provided by RCW 84.36.805 or by ~~((the))~~;

(a) The use of the property to conduct a qualifying farmers market, as defined in RCW 66.24.170, for not more than 53 days each assessment year, if the rental income or donations, if any, are reasonable and do not exceed the maintenance and operation expenses attributable to the portion of the property loaned or rented; or

(b) The use of the property, in a county with a population of less than twenty thousand, to promote the following business activities, if the rental income or donations, if any, are reasonable and do not exceed the maintenance and operation expenses attributable to the portion of the property loaned or rented: Dance lessons, art classes, or music lessons.

(4) The department of revenue must narrowly construe this exemption.

**NEW SECTION. Sec. 3.** This act applies both retroactively and prospectively to taxes levied for collection in 2021 and thereafter.

**NEW SECTION. Sec. 4.** RCW 82.32.805 and 82.32.808 do not apply to this act."

On page 1, line 1 of the title, after "nonprofits;" strike the remainder of the title and insert "amending RCW 84.36.020 and 84.36.037; and creating new sections."

The President declared the question before the Senate to be the adoption of the committee striking amendment by the Committee on Business, Financial Services & Trade to Substitute House Bill No. 1967.

The motion by Senator Mullet carried and the committee striking amendment was adopted by voice vote.

#### MOTION

On motion of Senator Mullet, the rules were suspended, Substitute House Bill No. 1967 as amended by the Senate was advanced to third reading, the second reading considered the third and the bill was placed on final passage.

Senator Mullet spoke in favor of passage of the bill.

The President declared the question before the Senate to be the final passage of Substitute House Bill No. 1967 as amended by the Senate.

#### ROLL CALL

The Secretary called the roll on the final passage of Substitute House Bill No. 1967 as amended by the Senate and the bill passed the Senate by the following vote: Yeas, 48; Nays, 0; Absent, 0; Excused, 1.

Voting yea: Senators Billig, Braun, Brown, Carlyle, Cleveland, Conway, Das, Dhingra, Dozier, Fortunato, Frockt, Gildon, Hasegawa, Hawkins, Holy, Honeyford, Hunt, Keiser, King, Kuderer, Liias, Lovelett, Lovick, McCune, Mullet, Muzzall, Nguyen, Nobles, Padden, Pedersen, Randall, Rivers, Rolfes, Saldaña, Salomon, Schoesler, Sefzik, Sheldon, Short, Stanford, Trudeau, Van De Wege, Wagoner, Warnick, Wellman, Wilson, C., Wilson, J. and Wilson, L.

Excused: Senator Robinson

SUBSTITUTE HOUSE BILL NO. 1967 as amended by the Senate, having received the constitutional majority, was declared passed. There being no objection, the title of the bill was ordered to stand as the title of the act.

The Senate resumed consideration of House Bill No. 1859 which had been deferred earlier in the day.

#### SECOND READING

HOUSE BILL NO. 1859, by Representatives Kloba, Chambers, Wylie and Wicks

Concerning quality standards for laboratories conducting cannabis analysis.

#### MOTION

Senator Keiser moved that the following committee striking amendment by the Committee on Labor, Commerce & Tribal Affairs be adopted:

Strike everything after the enacting clause and insert the following:

**"NEW SECTION. Sec. 1.** The purpose of this act is to create an interagency coordination team responsible for the program that establishes and maintains quality standards for laboratories conducting analysis of recreational and medicinal cannabis with THC levels greater than 0.3 percent. The interagency team includes the department of agriculture, the liquor and cannabis board, and the department of health. The

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standards must be adopted by rule by the department of agriculture, and changes to standards may require reference in liquor and cannabis board and department of health rules. This authority to establish these rules transfers from the liquor and cannabis board to the department of agriculture. This act implements the recommendations of the cannabis science task force established in RCW 43.21A.735.

According to the task force's recommendations: "Laboratory quality standards are the elements used in the evaluation of a product's compliance with established product standards. They consist of approved methods, method validation protocols, and performance measures and criteria applied to the testing of the product. Establishing appropriate and well-defined laboratory quality standards is essential to communicate to the testing laboratories what standardized practices and procedures are appropriate.

Laboratory quality standards help ensure the data that laboratories generate are credible and can be used to provide consumer protections. They should represent sound scientific protocols, and detail practical and specific guidance for the testing subject matter. Together, well-established product standards, laboratory quality standards, and accreditation standards should function to garner confidence for consumers and the industry they support."

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

(1) "Cannabis lab" means a laboratory that tests cannabis for compliance with product standards established by rule by the state liquor and cannabis board.

(2) "Team" means the interagency coordination team for cannabis laboratory quality standards created in this chapter.

**NEW SECTION. Sec. 3.** (1) The interagency coordination team for cannabis laboratory quality standards is created. The team consists of the department, the liquor and cannabis board, and the department of health. The department is designated lead agency for the team and must provide the team with all necessary administrative support.

(2) The agencies that make up the team must each dedicate administrative, policy, scientific, or other staff necessary to successfully accomplish the duties assigned to the team.

(3) The team must:

(a) Coordinate among all participating agencies on agency policies, actions, and regulatory activities that relate to marijuana testing laboratory quality standards; and

(b) Advise the department on implementation and maintenance of marijuana testing laboratory quality standards topics including, but not limited to, analytical methods, validation protocols, quality assurance and quality control practices, project planning and sampling guides, and other topics as necessary to fulfill the purposes of the team and this act. In making its recommendations, the team must take into account the cannabis science task force recommendations.

**NEW SECTION. Sec. 4.** (1) The department must establish and maintain marijuana testing laboratory quality standards by rule in accordance with chapter 34.05 RCW.

(2) Marijuana testing laboratory quality standards must include, but are not limited to, approved methods for testing marijuana for compliance with product standards established by rule by the state liquor and cannabis board or the department of health, method validation protocol, and performance measures and criteria applied to testing of marijuana products.

(3) The department must take into account the recommendations of the team created in section 3 of this act.

(4) Standards created under this chapter must be provided to

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the state department of ecology for use in the lab accreditation process described in RCW 69.50.348.

**Sec. 5.** RCW 69.50.348 and 2019 c 277 s 1 are each amended to read as follows:

(1) On a schedule determined by the state liquor and cannabis board, every licensed marijuana producer and processor must submit representative samples of marijuana, useable marijuana, or marijuana-infused products produced or processed by the licensee to an independent, third-party testing laboratory ~~((meeting the accreditation requirements established by the state liquor and cannabis board, for inspection and testing))~~. The purpose of testing representative samples is to certify compliance with quality assurance and product standards adopted by the state liquor and cannabis board under RCW 69.50.342 or the department of health under RCW 69.50.375. In conducting tests of marijuana product samples, testing laboratories must adhere to laboratory quality standards adopted by the state department of agriculture under chapter 15.--- RCW (the new chapter created in section 9 of this act). Any sample remaining after testing shall be destroyed by the laboratory or returned to the licensee submitting the sample.

(2) Independent, third-party testing laboratories performing marijuana product testing under subsection (1) of this section must obtain and maintain accreditation.

(3) Licensees must submit the results of inspection and testing for quality assurance and product standards required under subsection (1) of this section to the state liquor and cannabis board on a form developed by the state liquor and cannabis board.

~~((3))~~ (4) If a representative sample inspected and tested under this section does not meet the applicable quality assurance and product standards established by the state liquor and cannabis board, the entire lot from which the sample was taken must be destroyed.

~~((4))~~ (5) The state liquor and cannabis board may adopt rules necessary to implement this section. The state liquor and cannabis board may adopt rules necessary to implement subsection (2) of this section until a successor state agency or agencies assume responsibility for establishing and administering laboratory standards and accreditation.

**Sec. 6.** RCW 69.50.348 and 2019 c 277 s 2 are each amended to read as follows:

(1) On a schedule determined by the state liquor and cannabis board, every licensed marijuana producer and processor must submit representative samples of marijuana, useable marijuana, or marijuana-infused products produced or processed by the licensee to an independent, third-party testing laboratory meeting the accreditation requirements established by the state department of ecology ~~((for inspection and testing))~~. The purpose of testing representative samples is to certify compliance with quality assurance and product standards adopted by the state liquor and cannabis board under RCW 69.50.342 or the department of health under RCW 69.50.375. In conducting tests of marijuana product samples, testing laboratories must adhere to laboratory quality standards adopted by the state department of agriculture under chapter 15.--- RCW (the new chapter created in section 9 of this act). Any sample remaining after testing shall be destroyed by the laboratory or returned to the licensee submitting the sample.

(2) Independent, third-party testing laboratories performing marijuana product testing under subsection (1) of this section must obtain and maintain accreditation.

(3) Licensees must submit the results of inspection and testing for quality assurance and product standards required under RCW 69.50.342 to the state liquor and cannabis board on a form developed by the state liquor and cannabis board.

~~((3))~~ (4) If a representative sample inspected and tested under

this section does not meet the applicable quality assurance and product standards established by the state liquor and cannabis board, the entire lot from which the sample was taken must be destroyed.

((4)) (5)(a) The department of ecology may determine, assess, and collect annual fees sufficient to cover the direct and indirect costs of implementing a state marijuana product testing laboratory accreditation program, except for the initial program development costs. The department of ecology must develop a fee schedule allocating the costs of the accreditation program among its accredited marijuana product testing laboratories. The department of ecology may establish a payment schedule requiring periodic installments of the annual fee. The fee schedule must be established in amounts to fully cover, but not exceed, the administrative and oversight costs. The department of ecology must review and update its fee schedule biennially. The costs of marijuana product testing laboratory accreditation are those incurred by the department of ecology in administering and enforcing the accreditation program. The costs may include, but are not limited to, the costs incurred in undertaking the following accreditation functions:

- (i) Evaluating the protocols and procedures used by a laboratory;
- (ii) Performing on-site audits;
- (iii) Evaluating participation and successful completion of proficiency testing;
- (iv) Determining the capability of a laboratory to produce accurate and reliable test results; and
- (v) Such other accreditation activities as the department of ecology deems appropriate.

(b) The state marijuana product testing laboratory accreditation program initial development costs must be fully paid from the dedicated marijuana account created in RCW 69.50.530.

((5)) (6) The department of ecology and the ~~((liquor and cannabis board))~~ interagency coordination team created in section 3 of this act must act cooperatively to ensure effective implementation and administration of this section.

((6)) (7) All fees collected under this section must be deposited in the dedicated marijuana account created in RCW 69.50.530.

NEW SECTION. Sec. 7. Section 5 of this act expires July 1, 2024.

NEW SECTION. Sec. 8. Section 6 of this act takes effect July 1, 2024.

NEW SECTION. Sec. 9. Sections 2 through 4 of this act constitute a new chapter in Title 15 RCW."

On page 1, line 2 of the title, after "analysis;" strike the remainder of the title and insert "amending RCW 69.50.348 and 69.50.348; adding a new chapter to Title 15 RCW; creating a new section; providing an effective date; and providing an expiration date."

#### MOTION

Senator Keiser moved that the following amendment no. 1465 by Senator Keiser be adopted:

On page 2, line 19, after "relate to" strike "marijuana" and insert "cannabis"

On page 2, at the beginning of line 22, strike "marijuana" and insert "cannabis"

On page 2, line 30, after "maintain" strike "marijuana" and insert "cannabis"

On page 2, line 32, after "(2)" strike "Marijuana" and insert "Cannabis"

On page 2, line 33, after "testing" strike "marijuana" and insert "cannabis"

On page 2, line 37, after "of" strike "marijuana" and insert "cannabis"

On page 3, line 18, after "of" strike "marijuana" and insert "cannabis"

On page 3, at the beginning of line 25, strike "marijuana" and insert "cannabis"

On page 4, line 15, after "of" strike "marijuana" and insert "cannabis"

On page 4, at the beginning of line 22, strike "marijuana" and insert "cannabis"

Senators Keiser and King spoke in favor of adoption of the amendment to the committee striking amendment.

The President declared the question before the Senate to be the adoption of amendment no. 1465 by Senator Keiser on page 2, line 19 to the committee striking amendment.

The motion by Senator Keiser carried and amendment no. 1465 was adopted by voice vote.

The President declared the question before the Senate to be the adoption of the committee striking amendment by the Committee on Labor, Commerce & Tribal Affairs as amended to House Bill No. 1859.

The motion by Senator Keiser carried and the committee striking amendment as amended was adopted by voice vote.

#### MOTION

On motion of Senator Keiser, the rules were suspended, House Bill No. 1859 as amended by the Senate was advanced to third reading, the second reading considered the third and the bill was placed on final passage.

Senator Keiser spoke in favor of passage of the bill.

The President declared the question before the Senate to be the final passage of House Bill No. 1859 as amended by the Senate.

#### ROLL CALL

The Secretary called the roll on the final passage of House Bill No. 1859 as amended by the Senate and the bill passed the Senate by the following vote: Yeas, 46; Nays, 2; Absent, 0; Excused, 1.

Voting yea: Senators Billig, Braun, Brown, Carlyle, Cleveland, Conway, Das, Dhingra, Dozier, Fortunato, Frockt, Gildon, Hasegawa, Hawkins, Holy, Hunt, Keiser, King, Kuderer, Lias, Lovelett, Lovick, Mullet, Muzzall, Nguyen, Nobles, Padden, Pedersen, Randall, Rivers, Rolfes, Saldaña, Salomon, Schoesler, Sefzik, Sheldon, Short, Stanford, Trudeau, Van De Wege, Wagoner, Warnick, Wellman, Wilson, C., Wilson, J. and Wilson, L.

Voting nay: Senators Honeyford and McCune  
Excused: Senator Robinson

HOUSE BILL NO. 1859 as amended by the Senate, having received the constitutional majority, was declared passed. There being no objection, the title of the bill was ordered to stand as the title of the act.

#### SECOND READING

ENGROSSED SUBSTITUTE HOUSE BILL NO. 1689, by House Committee on Health Care & Wellness (originally sponsored by Walen, Harris, Leavitt, Graham, Duerr, Davis, Slatter and Tharinger)



Exempting biomarker testing from prior authorization for patients with late stage cancer.

The measure was read the second time.

MOTION

Senator Cleveland moved that the following committee striking amendment by the Committee on Health & Long Term Care be adopted:

Strike everything after the enacting clause and insert the following:

**"NEW SECTION. Sec. 1.** A new section is added to chapter 48.43 RCW to read as follows:

(1) Health plans issued or renewed on or after January 1, 2023, shall exempt an enrollee from prior authorization requirements for coverage of biomarker testing for either of the following:

- (a) Stage 3 or 4 cancer; or
- (b) Recurrent, relapsed, refractory, or metastatic cancer.
- (2) For purposes of this section, "biomarker test" means a single or multigene diagnostic test of the cancer patient's biospecimen, such as tissue, blood, or other bodily fluids, for DNA, RNA, or protein alterations, including phenotypic characteristics of a malignancy, to identify an individual with a subtype of cancer, in order to guide patient treatment.

(3) For purposes of this section, biomarker testing must be:

- (a) Recommended in the latest version of nationally recognized guidelines or biomarker compendia, such as those published by the national comprehensive cancer network;
- (b) Approved by the United States food and drug administration or a validated clinical laboratory test performed in a clinical laboratory certified under the clinical laboratory improvement amendments or in an alternative laboratory program approved by the centers for medicare and medicaid services;
- (c) A covered service; and
- (d) Prescribed by an in-network provider.
- (4) This section does not limit, prohibit, or modify an enrollee's rights to biomarker testing as part of an approved clinical trial under chapter 69.77 RCW.

(5) Nothing in this section may be construed to mandate coverage of a health care service.

(6) Nothing in this section prohibits a health plan from requiring a biomarker test prior to approving a drug or treatment.

(7) This section does not limit an enrollee's rights to access individual gene tests."

On page 1, line 2 of the title, after "cancer;" strike the remainder of the title and insert "and adding a new section to chapter 48.43 RCW."

Senator Cleveland spoke in favor of adoption of the committee striking amendment.

The President declared the question before the Senate to be the adoption of the committee striking amendment by the Committee on Health & Long Term Care to Engrossed Substitute House Bill No. 1689.

The motion by Senator Cleveland carried and the committee striking amendment was adopted by voice vote.

MOTION

On motion of Senator Cleveland, the rules were suspended, Engrossed Substitute House Bill No. 1689 as amended by the Senate was advanced to third reading, the second reading considered the third and the bill was placed on final passage.

Senators Cleveland, Mullet and Wilson, L. spoke in favor of passage of the bill.

The President declared the question before the Senate to be the final passage of Engrossed Substitute House Bill No. 1689 as amended by the Senate.

ROLL CALL

The Secretary called the roll on the final passage of Engrossed Substitute House Bill No. 1689 as amended by the Senate and the bill passed the Senate by the following vote: Yeas, 48; Nays, 0; Absent, 0; Excused, 1.

Voting yea: Senators Billig, Braun, Brown, Carlyle, Cleveland, Conway, Das, Dhingra, Dozier, Fortunato, Frockt, Gildon, Hasegawa, Hawkins, Holy, Honeyford, Hunt, Keiser, King, Kuderer, Lias, Lovelett, Lovick, McCune, Mullet, Muzzall, Nguyen, Nobles, Padden, Pedersen, Randall, Rivers, Rolfes, Saldaña, Salomon, Schoesler, Sefzik, Sheldon, Short, Stanford, Trudeau, Van De Wege, Wagoner, Warnick, Wellman, Wilson, C., Wilson, J. and Wilson, L.

Excused: Senator Robinson

ENGROSSED SUBSTITUTE HOUSE BILL NO. 1689 as amended by the Senate, having received the constitutional majority, was declared passed. There being no objection, the title of the bill was ordered to stand as the title of the act.

SECOND READING

HOUSE BILL NO. 1700, by Representatives Paul, Griffey, Fitzgibbon, Ryu, Ramel, Leavitt, Wicks, Shewmake, Duerr, Bateman, Bronoske, Peterson, Rule, Simmons and Tharinger

Concerning sustainable funding for the derelict vessel removal account using the vessel watercraft excise tax.

The measure was read the second time.

MOTION

On motion of Senator Lovelett, the rules were suspended, House Bill No. 1700 was advanced to third reading, the second reading considered the third and the bill was placed on final passage.

Senators Lovelett, Muzzall and Sheldon spoke in favor of passage of the bill.

The President declared the question before the Senate to be the final passage of House Bill No. 1700.

ROLL CALL

The Secretary called the roll on the final passage of House Bill No. 1700 and the bill passed the Senate by the following vote: Yeas, 45; Nays, 3; Absent, 0; Excused, 1.

Voting yea: Senators Billig, Braun, Brown, Carlyle, Cleveland, Conway, Das, Dhingra, Fortunato, Frockt, Gildon, Hasegawa, Hawkins, Holy, Hunt, Keiser, King, Kuderer, Lias, Lovelett, Lovick, McCune, Mullet, Muzzall, Nguyen, Nobles, Padden, Pedersen, Randall, Rivers, Rolfes, Saldaña, Salomon, Sefzik, Sheldon, Short, Stanford, Trudeau, Van De Wege, Wagoner, Warnick, Wellman, Wilson, C., Wilson, J. and Wilson, L.

Voting nay: Senators Dozier, Honeyford and Schoesler  
Excused: Senator Robinson

HOUSE BILL NO. 1700, having received the constitutional majority, was declared passed. There being no objection, the title of the bill was ordered to stand as the title of the act.

#### SECOND READING

HOUSE BILL NO. 1765, by Representatives Chopp, Cody, Macri, Ryu, Simmons, Wylie, Tharinger, Valdez, Pollet, Fitzgibbon, Chapman, Ortiz-Self, Stonier, Goodman, Riccelli, Davis, Taylor and Kloba

Ensuring the ongoing sustainability and vitality of the Washington health benefit exchange by eliminating the expiration date of its business and occupation tax exemption.

The measure was read the second time.

#### MOTION

On motion of Senator Pedersen, the rules were suspended, House Bill No. 1765 was advanced to third reading, the second reading considered the third and the bill was placed on final passage.

Senators Rolfes and Wilson, L. spoke in favor of passage of the bill.

The President declared the question before the Senate to be the final passage of House Bill No. 1765.

#### ROLL CALL

The Secretary called the roll on the final passage of House Bill No. 1765 and the bill passed the Senate by the following vote: Yeas, 48; Nays, 0; Absent, 0; Excused, 1.

Voting yea: Senators Billig, Braun, Brown, Carlyle, Cleveland, Conway, Das, Dhingra, Dozier, Fortunato, Frockt, Gildon, Hasegawa, Hawkins, Holy, Honeyford, Hunt, Keiser, King, Kuderer, Liias, Lovelett, Lovick, McCune, Mullet, Muzzall, Nguyen, Nobles, Padden, Pedersen, Randall, Rivers, Rolfes, Saldaña, Salomon, Schoesler, Sefzik, Sheldon, Short, Stanford, Trudeau, Van De Wege, Wagoner, Warnick, Wellman, Wilson, C., Wilson, J. and Wilson, L.

Excused: Senator Robinson

HOUSE BILL NO. 1765, having received the constitutional majority, was declared passed. There being no objection, the title of the bill was ordered to stand as the title of the act.

#### SECOND READING

SUBSTITUTE HOUSE BILL NO. 1790, by House Committee on Transportation (originally sponsored by Ramos, Robertson, Fitzgibbon, Ryu, Callan, Fey, Ramel, Donaghy and Riccelli)

Addressing the creation, display, and material durability of temporary license plates.

The measure was read the second time.

#### MOTION

On motion of Senator Liias, the rules were suspended, Substitute House Bill No. 1790 was advanced to third reading, the second reading considered the third and the bill was placed on final passage.

Senators Liias and King spoke in favor of passage of the bill.

The President declared the question before the Senate to be the final passage of Substitute House Bill No. 1790.

#### ROLL CALL

The Secretary called the roll on the final passage of Substitute House Bill No. 1790 and the bill passed the Senate by the following vote: Yeas, 47; Nays, 1; Absent, 0; Excused, 1.

Voting yea: Senators Billig, Braun, Brown, Carlyle, Cleveland, Conway, Das, Dhingra, Dozier, Fortunato, Frockt, Gildon, Hasegawa, Hawkins, Holy, Honeyford, Hunt, Keiser, King, Kuderer, Liias, Lovelett, Lovick, McCune, Mullet, Muzzall, Nguyen, Nobles, Padden, Pedersen, Randall, Rivers, Rolfes, Saldaña, Salomon, Sefzik, Sheldon, Short, Stanford, Trudeau, Van De Wege, Wagoner, Warnick, Wellman, Wilson, C., Wilson, J. and Wilson, L.

Voting nay: Senator Schoesler

Excused: Senator Robinson

SUBSTITUTE HOUSE BILL NO. 1790, having received the constitutional majority, was declared passed. There being no objection, the title of the bill was ordered to stand as the title of the act.

#### SECOND READING

SUBSTITUTE HOUSE BILL NO. 1902, by House Committee on Labor & Workplace Standards (originally sponsored by Schmick and Pollet)

Providing an exception to the process for reopening a workers' compensation claim when the claimant submits a reopening application in a timely manner.

The measure was read the second time.

#### MOTION

Senator Keiser moved that the following committee striking amendment by the Committee on Labor, Commerce & Tribal Affairs be adopted:

Strike everything after the enacting clause and insert the following:

"**Sec. 1.** RCW 51.28.040 and 1977 ex.s. c 199 s 1 are each amended to read as follows:

(1)(a) If change of circumstances warrants an increase or rearrangement of compensation, like application shall be made therefor. Where the application has been granted, compensation and other benefits if in order shall be allowed for periods of time up to ((sixty)) 60 days prior to the receipt of such application, except as provided in (b) of this subsection.

(b) Compensation and other benefits under (a) of this subsection shall be allowed for periods of time beyond 60 days, up to and including the time period covering the change of circumstances warranting an increase or rearrangement of compensation or other benefits, subject to a maximum of 120 days prior to the receipt of the application, where:

(i) The application was not received by the department or self-insurer within 60 days of the provision of medical services made necessary by the change in circumstances, due to a failure of the treating provider to timely complete or submit the provider information section of the application; and

(ii) The worker demonstrates that the worker information section of the application was completed and submitted via

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certified mail or electronic verification of receipt to the department, self-insurer, or the treating provider within 30 days of the provision of medical services made necessary by the change in circumstances.

(2) Any forms provided by the department or self-insurer as the application to reopen a claim under subsection (1)(a) of this section, must:

(a) Encourage the worker to submit the form to the treating provider within 30 days of the provision of any medical services made necessary by the change in circumstances; and

(b) Provide notice to both the worker and the medical provider that the application must be received by the department or self-insurer within 60 days of the provision of any medical services made necessary by the change in circumstances."

On page 1, line 3 of the title, after "manner;" strike the remainder of the title and insert "and amending RCW 51.28.040."

The President declared the question before the Senate to be the adoption of the committee striking amendment by the Committee on Labor, Commerce & Tribal Affairs to Substitute House Bill No. 1902.

The motion by Senator Keiser carried and the committee striking amendment was adopted by voice vote.

#### MOTION

On motion of Senator Keiser, the rules were suspended, Substitute House Bill No. 1902 as amended by the Senate was advanced to third reading, the second reading considered the third and the bill was placed on final passage.

Senators Keiser and King spoke in favor of passage of the bill.

The President declared the question before the Senate to be the final passage of Substitute House Bill No. 1902 as amended by the Senate.

#### ROLL CALL

The Secretary called the roll on the final passage of Substitute House Bill No. 1902 as amended by the Senate and the bill passed the Senate by the following vote: Yeas, 48; Nays, 0; Absent, 0; Excused, 1.

Voting yea: Senators Billig, Braun, Brown, Carlyle, Cleveland, Conway, Das, Dhingra, Dozier, Fortunato, Frockt, Gildon, Hasegawa, Hawkins, Holy, Honeyford, Hunt, Keiser, King, Kuderer, Liias, Lovelett, Lovick, McCune, Mullet, Muzzall, Nguyen, Nobles, Padden, Pedersen, Randall, Rivers, Rolfes, Saldaña, Salomon, Schoesler, Sefzik, Sheldon, Short, Stanford, Trudeau, Van De Wege, Wagoner, Warnick, Wellman, Wilson, C., Wilson, J. and Wilson, L.

Excused: Senator Robinson

SUBSTITUTE HOUSE BILL NO. 1902 as amended by the Senate, having received the constitutional majority, was declared passed. There being no objection, the title of the bill was ordered to stand as the title of the act.

#### SECOND READING

ENGROSSED HOUSE BILL NO. 1931, by Representative Fey

Sustaining hydropower license fees.

The measure was read the second time.

#### MOTION

On motion of Senator Carlyle, the rules were suspended, Engrossed House Bill No. 1931 was advanced to third reading, the second reading considered the third and the bill was placed on final passage.

Senators Carlyle and Wilson, L. spoke in favor of passage of the bill.

The President declared the question before the Senate to be the final passage of Engrossed House Bill No. 1931.

#### ROLL CALL

The Secretary called the roll on the final passage of Engrossed House Bill No. 1931 and the bill passed the Senate by the following vote: Yeas, 48; Nays, 0; Absent, 0; Excused, 1.

Voting yea: Senators Billig, Braun, Brown, Carlyle, Cleveland, Conway, Das, Dhingra, Dozier, Fortunato, Frockt, Gildon, Hasegawa, Hawkins, Holy, Honeyford, Hunt, Keiser, King, Kuderer, Liias, Lovelett, Lovick, McCune, Mullet, Muzzall, Nguyen, Nobles, Padden, Pedersen, Randall, Rivers, Rolfes, Saldaña, Salomon, Schoesler, Sefzik, Sheldon, Short, Stanford, Trudeau, Van De Wege, Wagoner, Warnick, Wellman, Wilson, C., Wilson, J. and Wilson, L.

Excused: Senator Robinson

ENGROSSED HOUSE BILL NO. 1931, having received the constitutional majority, was declared passed. There being no objection, the title of the bill was ordered to stand as the title of the act.

#### SECOND READING

ENGROSSED SUBSTITUTE HOUSE BILL NO. 2076, by House Committee on Labor & Workplace Standards (originally sponsored by Berry, Simmons, Kloba, Bergquist, Pollet, Kirby, Bronoske, Fitzgibbon, Ryu and Macri)

Concerning rights and obligations of transportation network company drivers and transportation network companies.

The measure was read the second time.

#### MOTION

Senator Saldaña moved that the following committee striking amendment by the Committee on Transportation be not adopted:

Strike everything after the enacting clause and insert the following:

#### "PART I

#### COMPENSATION, DEACTIVATION, AND DRIVER RESOURCE CENTER

NEW SECTION. **Sec. 1.** A new section is added to chapter 49.46 RCW to read as follows:

(1) The definitions in this subsection apply throughout this section and sections 2 through 5 and 7 of this act unless the context clearly requires otherwise.

(a) "Account deactivation" means one or more of the following actions with respect to an individual driver or group of drivers that is implemented by a transportation network company and lasts for more than three consecutive days:

(i) Blocking access to the transportation network company driver platform;

(ii) Changing a driver's status from eligible to provide

transportation network company services to ineligible; or

(iii) Any other material restriction in access to the transportation network company's driver platform.

(b) "Compensation" means payment owed to a driver by reason of providing network services including, but not limited to, the minimum payment for passenger platform time and mileage, incentives, and tips.

(c) "Department" means the department of labor and industries.

(d) "Digital network" means any online-enabled application, website, or system offered or used by a transportation network company that enables the prearrangement of rides between drivers and passengers.

(e) "Director" means the director of the department of labor and industries.

(f) "Dispatch location" means the location of the driver at the time the driver accepts a trip request through the driver platform.

(g) "Dispatch platform time" means the time a driver spends traveling from a dispatch location to a passenger pick-up location. Dispatch platform time ends when a passenger cancels a trip or the driver begins the trip through the driver platform. A driver cannot simultaneously be engaged in dispatch platform time and passenger platform time for the same transportation network company. For shared rides, dispatch platform time means the time a driver spends traveling from the first dispatch location to the first passenger pick-up location.

(h) "Dispatched trip" means the provision of transportation by a driver for a passenger through the use of a transportation network company's application dispatch system.

(i) "Driver" has the same meaning as "commercial transportation services provider driver" in RCW 48.177.005. Except as otherwise specified in this act, for purposes of this title and Titles 48, 50A, 50B, and 51 RCW, and any orders, regulations, administrative policies, or opinions of any state or local agency, board, division, or commission, pursuant to those titles, a driver is not an employee or agent of a transportation network company if the following factors are met:

(i) The transportation network company does not unilaterally prescribe specific dates, times of day, or a minimum number of hours during which the driver must be logged into the transportation network company's online-enabled application or platform;

(ii) The transportation network company may not terminate the contract of the driver for not accepting a specific transportation service request;

(iii) The transportation network company does not contractually prohibit the driver from performing services through other transportation network companies except while performing services through the transportation network company's online-enabled application or platform during dispatch platform time and passenger platform time; and

(iv) The transportation network company does not contractually prohibit the driver from working in any other lawful occupation or business.

Notwithstanding any state or local law to the contrary, any party seeking to establish that the factors in this subsection (1)(i) are not met bears the burden of proof. A driver for purposes of this section shall not include any person ultimately and finally determined to be an "employee" within the meaning of section 2(3) of the national labor relations act, 29 U.S.C. Sec. 152(3).

(j) "Driver platform" means the driver-facing application dispatch system software or any online-enabled application service, website, or system, used by a driver, or which enables services to be delivered to a driver that enables the prearrangement of passenger trips for compensation.

(k) "Driver resource center" or "center" means a nonprofit organization that provides services to drivers. The nonprofit

organization must be registered with the Washington secretary of state, have organizational bylaws giving drivers right to membership in the organization, and have demonstrated experience: (i) Providing services to gig economy drivers in Washington state, including representing drivers in deactivation appeals proceedings; and (ii) providing culturally competent driver representation services, outreach, and education. The administration and formation of the driver resource center may not be funded, excessively influenced, or controlled by a transportation network company.

(l) "Driver resource center fund" or "fund" means the dedicated fund created in section 2 of this act, the sole purpose of which is to administer funds collected from transportation network companies to provide services, support, and benefits to drivers.

(m) "Network services" means services related to the transportation of passengers through the driver platform that are provided by a driver while logged in to the driver platform, including services provided during available platform time, dispatch platform time, and passenger platform time.

(n) "Passenger" has the same meaning as "commercial transportation services provider passenger" in RCW 48.177.005.

(o) "Passenger drop-off location" means the location of a driver's vehicle when the passenger leaves the vehicle.

(p) "Passenger pick-up location" means the location of the driver's vehicle at the time the driver starts the trip in the driver platform.

(q) "Passenger platform miles" means all miles driven during passenger platform time as recorded in a transportation network company's driver platform.

(r) "Passenger platform time" means the period of time when the driver is transporting one or more passengers on a trip. For shared rides, passenger platform time means the period of time commencing when the first passenger enters the driver's vehicle until the time when the last passenger exits the driver's vehicle.

(s) "Personal vehicle" has the same meaning as "personal vehicle" in RCW 48.177.005.

(t) "Shared ride" means a dispatched trip which, prior to its commencement, a passenger requests through the transportation network company's digital network to share the dispatched trip with one or more passengers and each passenger is charged a fare that is calculated, in whole or in part, based on the passenger's request to share all or a part of the dispatched trip with one or more passengers, regardless of whether the passenger actually shares all or a part of the dispatched trip.

(u) "Tips" means a verifiable sum to be presented by a passenger as a gift or gratuity in recognition of service performed for the passenger by the driver receiving the tip.

(v) "Transportation network company" has the same meaning as defined in RCW 46.04.652. A transportation network company does not provide for hire transportation service.

(2) A driver is only covered by this section to the extent that the driver provides network services within the state of Washington.

(3)(a) A transportation network company is covered by this section if it provides a driver platform within the state of Washington.

(b) Separate entities that form an integrated enterprise are considered a single transportation network company under this section. Separate entities will be considered an integrated enterprise and a single transportation network company where a separate entity controls the operation of another entity. Factors to consider include, but are not limited to, the degree of interrelation between the operations of multiple entities; the degree to which the entities share common management; the centralized control of labor relations; the degree of common ownership or financial control over the entities; and the use of a common brand, trade,

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business, or operating name.

(4)(a) Beginning December 31, 2022, a transportation network company shall ensure that a driver's total compensation is not less than the standard set forth in (a)(i), (ii), or (iii) of this subsection (4).

(i) For all dispatched trips originating in cities with a population of more than 600,000, on a per trip basis the greater of:

(A) \$0.59 per passenger platform minute for all passenger platform time for that trip, and \$1.38 per passenger platform mile for all passenger platform miles driven on that trip; or

(B) A minimum of \$5.17 per dispatched trip.

(ii) For all other dispatched trips, the greater of:

(A) \$0.34 per passenger platform minute and \$1.17 per passenger platform mile; or

(B) A minimum of \$3.00 per dispatched trip.

(iii) For all trips originating elsewhere and terminating in cities with a population of more than 600,000:

(A) For all passenger platform time spent within the city on that trip and for all passenger platform miles driven in the city on that trip the compensation standard under (a)(i) of this subsection applies.

(B) For all passenger platform time spent outside the city on that trip and for all passenger platform miles driven outside the city on that trip the compensation standard under (a)(ii) of this subsection applies.

(b) Beginning September 30, 2022, and on each following September 30th, the department shall calculate adjusted per mile and per minute amounts and per trip minimums by increasing the current year's per mile and per minute amounts and per trip minimums by the rate of increase of the state minimum wage, calculated to the nearest cent. The adjusted amount calculated under this section takes effect on the following January 1st.

(c) For shared rides, the per trip minimums in (a)(i) and (ii) of this subsection shall apply only to the entirety of the shared ride, and not on the basis of the individual passenger's trip within the shared ride.

(5)(a) For the purposes of this section, a dispatched trip includes:

(i) A dispatched trip in which the driver transports the passenger to the passenger drop-off location;

(ii) A dispatched trip canceled after two minutes by a passenger or the transportation network company unless cancellation is due to driver conduct, or no cancellation fee is charged to the passenger;

(iii) A dispatched trip that is canceled by the driver for good cause consistent with company policy; and

(iv) A dispatched trip where the passenger does not appear at the passenger pick-up location within five minutes.

(b) A transportation network company may exclude time and miles if doing so is reasonably necessary to remedy or prevent fraudulent use of the transportation network company's online-enabled application or platform.

(6)(a) A transportation network company shall remit to drivers all tips. Tips paid to a driver are in addition to, and may not count towards, the driver's minimum compensation under this section.

(b) Amounts charged to a passenger and remitted to the driver for tolls, fees, or surcharges incurred by a driver during a trip must not be included in calculating compensation for purposes of subsection (4) of this section.

(c)(i) Beginning January 1, 2023, except as required by law, a transportation network company may only deduct compensation when the driver expressly authorizes the deduction in writing and does so in advance for a lawful purpose. Any authorization by a driver must be voluntary and knowing.

(ii) Nothing in this section shall prohibit a transportation network company from deducting compensation as required by state or federal law or as directed by a court order.

(iii) Neither the transportation network company nor any person acting in the interest of the transportation network company may derive any financial profit or benefit from any of the deductions under this section. For the purposes of this section:

(A) Reasonable interest charged by the transportation network company or any person acting in the interest of a transportation network company, for a loan or credit extended to the driver, is not considered to be of financial benefit to the transportation network company or person acting in the interest of a transportation network company; and

(B) A deduction will be considered for financial profit or benefit only if it results in a gain over and above the fair market value of the goods or services for which the deduction was made.

(7)(a) Beginning January 1, 2023, a transportation network company shall provide each driver with a written notice of rights established by this section in a form and manner sufficient to inform drivers of their rights under this section. The notice of rights shall provide information on:

(i) The right to the applicable per minute rate and per mile rate or per trip rate guaranteed by this section;

(ii) The right to be protected from retaliation for exercising in good faith the rights protected by this section; and

(iii) The right to seek legal action or file a complaint with the department for violation of the requirements of this section, including a transportation network company's failure to pay the minimum per minute rate or per mile rate or per trip rate, or a transportation network company's retaliation against a driver or other person for engaging in an activity protected by this section.

(b) A transportation network company shall provide the notice of rights required by this section in an electronic format that is readily accessible to the driver. The notice of rights shall be made available to the driver via smartphone application or online web portal, in English and the five most common foreign languages spoken in this state.

(8) Beginning December 31, 2022, within 24 hours of completion of each dispatched trip, a transportation network company must transmit an electronic receipt to the driver that contains the following information for each unique trip, or portion of a unique trip, covered by this section:

(a) The total amount of passenger platform time;

(b) The total mileage driven during passenger platform time;

(c) Rate or rates of pay, including but not limited to the rate per minute, rate per mile, percentage of passenger fare, and any applicable price multiplier or variable pricing policy in effect for the trip;

(d) Tip compensation;

(e) Gross payment;

(f) Net payment after deductions, fees, tolls, surcharges, lease fees, or other charges; and

(g) Itemized deductions or fees, including any toll, surcharge, commission, lease fees, and other charges.

(9) Beginning January 1, 2023, a transportation network company shall make driver per trip receipts available in a downloadable format, such as a comma-separated values file or PDF file, via smartphone application or online web portal for a period of two years from the date the transportation network company provided the receipt to the driver.

(10) Beginning January 1, 2023, on a weekly basis, the transportation network company shall provide written notice to the driver that contains the following information for trips, or a portion of a trip, that is covered by this section and which occurred in the prior week:

- (a) The driver's total passenger platform time;
- (b) Total mileage driven by the driver during passenger platform time;
- (c) The driver's total tip compensation;
- (d) The driver's gross payment, itemized by: (i) Rate per minute; (ii) rate per mile; and (iii) any other method used to calculate pay including, but not limited to, base pay, percentage of passenger fare, or any applicable price multiplier or variable pricing policy in effect for the trip;
- (e) The driver's net payment after deductions, fees, tolls, surcharges, lease fees, or other charges; and
- (f) Itemized deductions or fees, including all tolls, surcharges, commissions, lease fees, and other charges, from the driver's payment.

(11) Beginning January 1, 2023, within 24 hours of a trip's completion, a transportation network company must transmit an electronic receipt to the passenger, for on trip time, on behalf of the driver that lists:

- (a) The date and time of the trip;
- (b) The passenger pick-up and passenger drop-off locations for the trip. In describing the passenger pick-up location and passenger drop-off location, the transportation network company shall describe the location by indicating the specific block (e.g. "the 300 block of Pine Street") in which the passenger pick-up and passenger drop-off occurred. A transportation network company is authorized to indicate the location with greater specificity, such as with a street address or intersection, at its discretion;
- (c) The total duration and distance of the trip;
- (d) The driver's first name;
- (e) The total fare paid, itemizing all charges and fees; and
- (f) The total passenger-paid tips.

(12)(a) Beginning July 1, 2024, transportation network companies shall collect and remit a \$0.15 per trip fee to the driver resource center fund, created in section 2 of this act, for the driver resource center to support the driver community. The remittance under this subsection is a pass-through of passenger fares and shall not be considered a transportation network company's funding of the driver resource center. Passenger fares paid include each individual trip portion on shared trips. The remittances to the fund must be made on a quarterly basis.

(b) Beginning September 30, 2024, and on each following September 30th, the department shall calculate an adjusted per trip fee by adjusting the current amount by the rate of inflation. The adjusted amounts must be calculated to the nearest cent using the consumer price index for urban wage earners and clerical workers, CPI-W, or a successor index, for the 12 months prior to each September 1st as calculated by the United States department of labor. Each adjusted amount calculated under this subsection takes effect on the following January 1st.

(13) No later than one year after the effective date of this section, transportation network companies shall provide an opportunity for drivers to make voluntary per trip earnings deduction contributions to the driver resource center, provided that 100 or more drivers working for transportation network companies covered under this section have authorized such a deduction to the driver resource center, and subject to the following:

- (a) A driver must expressly authorize the deduction in writing. Written authorization must include, at a minimum, sufficient information to identify the driver and the driver's desired per trip deduction amount. These deductions may reduce the driver's per trip earnings below the minimums set forth in this section.
- (b) The transportation network company may require written authorization to be submitted in electronic format from the driver resource center.

(c) The transportation network company shall make the first deductions within 30 days of receiving a written authorization of the driver, and shall remit deductions to the driver resource center each month, with remittance due not later than 28 days following the end of the month.

(d) A driver's authorization remains in effect until the driver resource center provides an express revocation to the transportation network company.

(e) A transportation network company shall rely on information provided by the driver resource center regarding the authorization and revocation of deductions.

(f) Upon request by a transportation network company, the driver resource center shall reimburse the transportation network company for the costs associated with deduction and remittance. The department shall adopt rules to calculate the reimbursable costs.

(14) Each transportation network company shall submit to the fund, with its remittance under subsection (12) of this section, a report detailing the number of trips in the previous quarter and the total amount of the surcharge charged to customers. The first payment and accounting is due on the 30th day of the quarter following the imposition of the surcharge. Failure to remit payments by the deadlines is deemed a delinquency and the transportation network company is subject to penalties and interest provided in section 4 of this act.

(15)(a) The state expressly intends to displace competition with regulation allowing a transportation network company, at its own volition, to enter into an agreement with the driver resource center regarding a driver account deactivation appeals process for eligible account deactivations. It is the policy of the state to promote a fair appeals process related to eligible account deactivations that supports the rights of drivers and transportation network companies and provides fair processes related to eligible account deactivations. The state intends that any agreement under this section is immune from all federal and state antitrust laws.

(i) "Eligible account deactivation" means one or more of the following actions with respect to an individual driver that is implemented by a transportation network company:

- (A) Blocking or restricting access to the transportation network company driver platform for three or more consecutive days; or
- (B) Changing a driver's account status from eligible to provide transportation network company services to ineligible for three or more consecutive days.

(ii) An eligible account deactivation does not include any change in a driver's access or account status that is:

- (A) Related to an allegation of discrimination, harassment, including sexual harassment or harassment due to someone's membership in a protected class, or physical or sexual assault, or willful or knowing commitment of fraud;
- (B) Related to an allegation that the driver was under the influence of drugs or alcohol while a related active investigation that takes no longer than 10 business days is under way; or

(C) Any other categories the transportation network company and the driver resource center may agree to as part of the agreement under this subsection.

(iii) A transportation network company shall enter into an agreement with the driver resource center regarding the driver account deactivation appeals process for eligible account deactivations. Any agreement must be approved by the department. The department may approve an agreement only if the agreement contains the provisions in (a)(iv) of this subsection.

(iv) The agreement must provide an appeals process for drivers whose account has been subject to an eligible account deactivation. The appeals process must include the following protections:

- (A) Opportunity for a driver representative to support a driver,

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upon the driver's request, throughout the account deactivation appeals process for eligible account deactivations;

(B) Notification, as required by (d) of this subsection, to drivers of their right to representation by the driver resource center at the time of the eligible account deactivation;

(C) Within 30 calendar days of a request, furnishing to the driver resource center an explanation and information the transportation network company may have relied upon in making the deactivation decision, excluding confidential, proprietary, or otherwise privileged communications, provided that personal identifying information and confidential information is redacted to address reasonable privacy and confidentiality concerns;

(D) A good faith, informal resolution process that is committed to efficient resolution of conflicts regarding eligible account deactivations within 30 days of the transportation network company being notified that the driver contests the explanation offered by the company;

(E) A formal process that includes a just cause standard, with deadlines for adjudication of an appeal of an eligible account deactivation by a panel that includes a mutually agreed-upon neutral third party with experience in dispute resolution. The panel has the authority to make binding decisions within the confines of the law and make-whole monetary awards, including back pay, based on an agreed-upon formula for cases not resolved during the informal process;

(F) Agreement by the transportation network company to use the process set forth in this subsection to resolve disputes over eligible account deactivation appeals as an alternative to private arbitration with regard to such a dispute, should the driver and transportation network company so choose; and

(G) Agreement by the transportation network company that, for eligible account deactivations in which the driver or transportation network company elect private arbitration in lieu of the formal process outlined in (a)(iv)(E) of this subsection (15), the transportation network company shall offer the driver the opportunity to have the eligible deactivation adjudicated under the just cause standard outlined in (a)(iv)(E) of this subsection.

(b) A transportation network company that enters into an agreement with the driver resource center shall reach agreement through the following steps:

(i)(A) For a transportation network company operating a digital network in the state of Washington as of the effective date of this section, the driver resource center and transportation network company must make good faith efforts to reach an agreement within 120 days of an organization being selected as the driver resource center under section 2 of this act.

(B) For a transportation network company who begins operating a digital network in the state of Washington after an organization has been selected as the driver resource center under section 2 of this act, the driver resource center and transportation network company must make good faith efforts to reach an agreement within 120 days of the transportation network company beginning operation of a digital network in the state of Washington.

(ii) If the driver resource center and transportation network company cannot reach an agreement, then they are required to submit issues of dispute before a jointly agreed-upon mediator.

(iii) After mediation lasting no more than two months has been exhausted and no resolution has been reached, then the parties will proceed to binding arbitration before a panel of arbitrators consisting of one arbitrator selected by the driver resource center, one arbitrator selected by the transportation network company, and a third arbitrator selected by the other two. If the two selected arbitrators cannot agree to the third arbitrator within 10 days, then the third arbitrator shall be determined from a list of seven

arbitrators with experience in labor disputes or interest arbitration designated by the American arbitration association. A coin toss shall determine which side strikes the first name. Thereafter the other side shall strike a name. The process will continue until only one name remains, who shall be the third arbitrator. Alternatively, the driver resource center and the transportation network company may agree to a single arbitrator.

(iv) The arbitrators must submit their decision, based on majority rule, within 60 days of the panel or arbitrator being chosen.

(v) The decision of the majority of arbitrators is final and binding and will then be submitted to the director of the department for final approval.

(c) In reviewing any agreement between a transportation network company and the driver resource center, under (a) of this subsection, the department shall review the agreement to ensure that its content is consistent with this subsection and the public policy goals set forth in this subsection. The department shall consider in its review both qualitative and quantitative effects of the agreement and how the agreement comports with the state policies set forth in this section. In conducting a review, the record shall not be limited to the submissions of the parties nor to the terms of the proposed agreement and the department shall have the right to conduct public hearings and request additional information from the parties, provided that such information: (i) Is relevant for determining whether the agreement complies with this subsection; and (ii) does not contain either parties' confidential, proprietary, or privileged information, or any individual's personal identifying information from the parties. The department may approve or reject a proposed agreement, and may require the parties to submit a revised proposal on all or particular parts of the proposed agreement. If the department rejects an agreement, it shall set forth its reasoning in writing and shall suggest ways the parties may remedy the failures. Absent good cause, the department shall issue a written determination regarding its approval or rejection within 60 days of submission of the agreement.

(d)(i) For any account deactivation, the transportation network company shall provide notification to the driver, at the time of deactivation, that the driver may have the right to representation by the driver resource center to appeal the account deactivation.

(ii) A transportation network company must provide any driver whose account is subject to an account deactivation between the effective date of this section and the effective date of the agreement the contact information of the driver resource center and notification that the driver may have the right to appeal the account deactivation with representation by the driver resource center.

(16) The department may adopt rules to implement this section.  
**NEW SECTION. Sec. 2.** A new section is added to chapter 49.46 RCW to read as follows:

(1) The legislature recognizes that providing education and outreach to drivers regarding their rights and obligations furthers the state's interest in having a vibrant knowledgeable work force and safe and satisfied consumers. The legislature therefore intends to create a way of providing education, outreach, and support to workers who, because of the nature of their work, do not have access to such support through traditional avenues.

(2) The driver resource center fund is created in the custody of the state treasurer. All moneys received from the remittance in section 1(12) of this act must be deposited into the fund.

(3) Only the director of the department of labor and industries or the director's designee may authorize expenditures from the fund. The fund is subject to allotment procedures under chapter 43.88 RCW, but an appropriation is not required for expenditures.

(4) The department may make expenditures from the fund for the following purposes:

(a) Services provided by the driver resource center, as defined in section 1 of this act, to drivers and administrative costs of providing such support. The department must distribute funding received by the account, exclusive of the department's administrative costs deducted under (b) of this subsection, to the center on a quarterly basis; and

(b) The department's costs of administering the fund and its duties under section 1 of this act, not to exceed 10 percent of revenues to the fund.

(5) Within four months of the effective date of this section, the director of the department or the director's designee shall, through a competitive process, select and contract with a qualified nonprofit organization to be the driver resource center.

**NEW SECTION. Sec. 3.** A new section is added to chapter 49.46 RCW to read as follows:

(1)(a) If a driver files a complaint with the department alleging that a transportation network company failed to provide any compensation amounts due to the driver under section 1 of this act, the department shall investigate the complaint under this section. Unless otherwise resolved, the department shall issue either a citation and notice of assessment or a determination of compliance no later than 60 days after the date on which the department received the compensation-related complaint. The department may extend the time period by providing advance written notice to the driver and the transportation network company setting forth good cause for an extension of the time period and specifying the duration of the extension.

(b) The department may not investigate any alleged compensation-related violation that occurred more than three years before the date that the driver filed the compensation-related complaint.

(c) The department shall send the citation and notice of assessment or the determination of compliance to both the transportation network company and the driver by service of process or using a method by which the mailing can be tracked or the delivery can be confirmed to their last known addresses. A transportation network company may designate a mailing address of record for service, and additionally may provide an email address to which the department shall direct electronic courtesy copies of mailed correspondence, if such email address is provided.

(2) If the department determines that a transportation network company has violated a compensation requirement in section 1 of this act and issues to the transportation network company a citation and notice of assessment, the department may order the transportation network company to pay drivers all compensation owed, including interest of one percent per month on all compensation owed, to the driver. The compensation and interest owed must be calculated from the first date compensation was owed to the driver, except that the department may not order the transportation network company to pay any compensation and interest that were owed more than three years before the date the complaint was filed with the department.

(3) If the department determines that the compensation-related violation was a willful violation, and the transportation network company fails to take corrective action, the department also may order the transportation network company to pay the department a civil penalty as specified in (a) of this subsection.

(a) A civil penalty for a willful violation shall be not less than \$1,000 or an amount equal to 10 percent of the total amount of unpaid compensation per claimant, whichever is greater. The maximum civil penalty for a willful violation of requirements in section 1 of this act shall be \$20,000 per claimant.

(b) The department may not assess a civil penalty if the

transportation network company reasonably relied on: (i) A rule related to any requirements in this section; (ii) a written order, ruling, approval, opinion, advice, determination, or interpretation of the director; or (iii) an interpretive or administrative policy issued by the department and filed with the office of the code reviser. In accordance with the department's retention schedule obligations under chapter 40.14 RCW, the department shall maintain a complete and accurate record of all written orders, rulings, approvals, opinions, advice, determinations, and interpretations for purposes of determining whether a transportation network company is immune from civil penalties under this subsection (3)(b).

(c) The department shall waive any civil penalty assessed against a transportation network company under this section if the transportation network company is not a repeat willful violator, and the director determines that the transportation network company has provided payment to the driver of all compensation that the department determined that the transportation network company owed to the driver, including interest, within 30 days of the transportation network company's receipt of the citation and notice of assessment from the department.

(d) The department may waive or reduce at any time a civil penalty assessed under this section if the director determines that the transportation network company paid all compensation and interest owed to a driver.

(e) The department shall deposit civil penalties paid under this section in the supplemental pension fund established under RCW 51.44.033.

(4) Upon payment by a transportation network company, and acceptance by a driver, of all compensation and interest assessed by the department in a citation and notice of assessment issued to the transportation network company, the fact of such payment by the transportation network company, and of such acceptance by the driver, shall: (a) Constitute a full and complete satisfaction by the transportation network company of all specific requirements of section 1 of this act addressed in the citation and notice of assessment; and (b) bar the driver from initiating or pursuing any court action or other judicial or administrative proceeding, including arbitration, based on the specific requirements addressed in the citation and notice of assessment. The citation and notice of assessment shall include a notification and summary of the specific requirements of section 1 of this act.

(5) The applicable statute of limitations for civil actions is tolled during the department's investigation of a driver's complaint against a transportation network company. For the purposes of this subsection, the department's investigation begins on the date the driver files the complaint with the department and ends when: (a) The complaint is finally determined through a final and binding citation and notice of assessment or determination of compliance; or (b) the department notifies the transportation network company and the driver in writing that the complaint has been otherwise resolved or that the driver has elected to terminate the department's administrative action under subsection (12) of this section.

(6) A person, firm, or corporation aggrieved by a citation and notice of assessment or a determination of compliance issued by the department under this section or the assessment of a civil penalty due to a determination of status as a repeat willful violator may appeal the citation and notice of assessment, the determination of compliance, or the assessment of a civil penalty to the director by filing a notice of appeal with the director within 30 days of the department's service, as provided in subsection (1) of this section, on the aggrieved party of the citation and notice of assessment, the determination of compliance, or the assessment of a civil penalty. A citation and notice of assessment, a determination of compliance, or an assessment of a civil penalty



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not appealed within 30 days is final and binding, and not subject to further appeal.

(7) A notice of appeal filed with the director under this section shall stay the effectiveness of the citation and notice of assessment, the determination of compliance, or the assessment of a civil penalty pending final review of the appeal by the director as provided for in chapter 34.05 RCW.

(8) Upon receipt of a notice of appeal, the director shall assign the hearing to an administrative law judge of the office of administrative hearings to conduct the hearing and issue an initial order. The hearing and review procedures shall be conducted in accordance with chapter 34.05 RCW, and the standard of review by the administrative law judge of an appealed citation and notice of assessment, an appealed determination of compliance, or an appealed assessment of a civil penalty shall be de novo. Any party who seeks to challenge an initial order shall file a petition for administrative review with the director within 30 days after service of the initial order. The director shall conduct administrative review in accordance with chapter 34.05 RCW.

(9) The director shall issue all final orders after appeal of the initial order. The final order of the director is subject to judicial review in accordance with chapter 34.05 RCW.

(10) Orders that are not appealed within the time period specified in this section and chapter 34.05 RCW are final and binding, and not subject to further appeal.

(11) Absent good cause, a transportation network company that fails to allow adequate inspection of records in an investigation by the department under this chapter within a reasonable time period may not use such records in any appeal under this section to challenge the correctness of any determination by the department of wages owed or penalties assessed.

(12) A driver who has filed a complaint under this section with the department may elect to terminate the department's administrative action, thereby preserving any private right of action, if any exists, by providing written notice to the department within 10 business days after the driver's receipt of the department's citation and notice of assessment.

(13) If the driver elects to terminate the department's administrative action: (a) The department shall immediately discontinue its action against the transportation network company; (b) the department shall vacate a citation and notice of assessment already issued by the department to the transportation network company; and (c) the citation and notice of assessment, and any related findings of fact or conclusions of law by the department, and any payment or offer of payment by the transportation network company of the compensation, including interest, assessed by the department in the citation and notice of assessment, shall not be admissible in any court action or other judicial or administrative proceeding.

(14) Nothing in this section shall be construed to limit or affect: (a) The right of any driver to pursue any judicial, administrative, or other action available with respect to a transportation network company; (b) the right of the department to pursue any judicial, administrative, or other action available with respect to a driver that is identified as a result of a complaint for a violation of section 1 of this act; or (c) the right of the department to pursue any judicial, administrative, or other action available with respect to a transportation network company in the absence of a complaint for a violation of section 1 of this act. For purposes of this subsection, "driver" means a driver other than a driver who has filed a complaint with the department and who thereafter has elected to terminate the department's administrative action as provided in subsection (1) of this section.

(15) After a final order is issued under this section, and served as provided in subsection (1) of this section, if a transportation

network company defaults in the payment of: (a) Any compensation determined by the department to be owed to a driver, including interest; or (b) any civil penalty ordered by the department under this section, the director may file with the clerk of any county within the state a warrant in the amount of the payment plus any filing fees. The clerk of the county in which the warrant is filed shall immediately designate a superior court cause number for the warrant, and the clerk shall cause to be entered in the judgment docket under the superior court cause number assigned to the warrant, the name of the transportation network company mentioned in the warrant, the amount of payment due plus any filing fees, and the date when the warrant was filed. The aggregate amount of the warrant as docketed becomes a lien upon the title to, and interest in, all real and personal property of the transportation network company against whom the warrant is issued, the same as a judgment in a civil case docketed with the superior court clerk. The sheriff shall proceed upon the warrant in all respects and with like effect as prescribed by law with respect to execution or other process issued against rights or property upon judgment in a court of competent jurisdiction. The warrant so docketed is sufficient to support the issuance of writs of garnishment in favor of the state in a manner provided by law in case of judgment, wholly or partially unsatisfied. The clerk of the court is entitled to a filing fee which will be added to the amount of the warrant. A copy of the warrant shall be served on the transportation network company, as provided in subsection (1) of this section, within three days of filing with the clerk.

(16)(a) The director may issue to any person, firm, corporation, other entity, municipal corporation, political subdivision of the state, public corporation, or any agency of the state, a notice and order to withhold and deliver property of any kind when he or she has reason to believe that there is in the possession of the person, firm, corporation, other entity, municipal corporation, political subdivision of the state, public corporation, or agency of the state, property that is or will become due, owing, or belonging to a transportation network company upon whom a notice of assessment has been served by the department for payments or civil penalties due to the department. The effect of a notice and order is continuous from the date the notice and order is first made until the liability out of which the notice and order arose is satisfied or becomes unenforceable because of lapse of time. The department shall release the notice and order when the liability out of which the notice and order arose is satisfied or becomes unenforceable by reason of lapse of time and shall notify the person against whom the notice and order was made that the notice and order has been released.

(b) The notice and order to withhold and deliver must be served by the sheriff of the county or by the sheriff's deputy, by certified mail, return receipt requested, or by the director. A person, firm, corporation, other entity, municipal corporation, political subdivision of the state, public corporation, or agency of the state upon whom service has been made shall answer the notice within 20 days exclusive of the day of service, under oath and in writing, and shall make true answers to the matters inquired of in the notice and order. Upon service of the notice and order, if the party served possesses any property that may be subject to the claim of the department, the party shall promptly deliver the property to the director. The director shall hold the property in trust for application on the transportation network company's indebtedness to the department, or for return without interest, in accordance with a final determination of a petition for review. In the alternative, the party shall furnish a good and sufficient surety bond satisfactory to the director conditioned upon final determination of liability. If a party served and named in the notice fails to answer the notice within the time prescribed in this

section, the court may render judgment by default against the party for the full amount claimed by the director in the notice, together with costs. If a notice is served upon a transportation network company and the property subject to it is compensation, the transportation network company may assert in the answer all exemptions provided for by chapter 6.27 RCW to which the compensation earner is entitled.

(c) As an alternative to the methods of service described in this section, the department may electronically serve a financial institution with a notice and order to withhold and deliver by providing a list of its outstanding warrants, except those for which a payment agreement is in good standing, to the department of revenue. The department of revenue may include the warrants provided by the department in a notice and order to withhold and deliver served under RCW 82.32.235(3). A financial institution that is served with a notice and order to withhold and deliver under this subsection (16)(c) must answer the notice within the time period applicable to service under RCW 82.32.235(3). The department and the department of revenue may adopt rules to implement this subsection (16)(c).

(17)(a) In addition to the procedure for collection of compensation owed, including interest, and civil penalties as set forth in this section, the department may recover compensation owed, including interest, and civil penalties assessed under RCW 49.48.083 in a civil action brought in a court of competent jurisdiction of the county where the violation is alleged to have occurred.

(b) The department may use the procedures under this section to foreclose compensation liens established under chapter 60.90 RCW. When the department is foreclosing on a compensation lien, the date the compensation lien was originally filed shall be the date by which priority is determined, regardless of the date the warrant is filed under this section.

(18) Whenever any transportation network company quits business, sells out, exchanges, or otherwise disposes of the transportation network company's business or stock of goods, any person who becomes a successor to the business becomes liable for the full amount of any outstanding citation and notice of assessment or penalty against the transportation network company's business under this chapter if, at the time of the conveyance of the business, the successor has: (a) Actual knowledge of the fact and amount of the outstanding citation and notice of assessment; or (b) a prompt, reasonable, and effective means of accessing and verifying the fact and amount of the outstanding citation and notice of assessment from the department. If the citation and notice of assessment or penalty is not paid in full by the transportation network company within 10 days of the date of the sale, exchange, or disposal, the successor is liable for the payment of the full amount of the citation and notice of assessment or penalty, and payment thereof by the successor must, to the extent thereof, be deemed a payment upon the purchase price. If the payment is greater in amount than the purchase price, the amount of the difference becomes a debt due the successor from the transportation network company.

(19) This section does not affect other collection remedies that are otherwise provided by law.

**NEW SECTION. Sec. 4.** A new section is added to chapter 49.46 RCW to read as follows:

(1) If a driver files a complaint with the department alleging a violation of any noncompensation requirement of section 1 (7) through (10) and (12) through (14) of this act, the department shall investigate the complaint under this section.

(a) The department may not investigate any such alleged violation that occurred more than three years before the date that the driver filed the complaint or prior to this law going into effect.

(b) If a driver files a timely complaint with the department, the

department will investigate the complaint and issue either a citation assessing a civil penalty or a closure letter within 60 days after the date on which the department received the complaint, unless the complaint is otherwise resolved. The department may extend the period by providing advance written notice to the driver and the transportation network company setting forth good cause for an extension of the period, and specifying the duration of the extension.

(c) The department shall send notice of either a citation and notice of assessment or a citation assessing a civil penalty or the closure letter to both the transportation network company and the driver by service of process or by United States mail using a method by which delivery of such written notice to the transportation network company can be tracked and confirmed. A transportation network company may designate a mailing address of record for service, and additionally may provide an email address to which the department shall direct electronic courtesy copies of mailed correspondence, if such email address is provided.

(2) If the department's investigation finds that the driver's allegation cannot be substantiated, the department shall issue a closure letter to the driver and the transportation network company detailing such finding.

(3) If the department determines that the violation was a willful violation, and the transportation network company fails to take corrective action, the department may order the transportation network company to pay the department a civil penalty as specified in (a) of this subsection.

(a) A citation assessing a civil penalty for a willful violation will be \$1,000 for each willful violation. For a repeat willful violator, the citation assessing a civil penalty will not be less than \$2,000 for each repeat willful violation per claimant, but no greater than \$20,000 for each repeat willful violation per claimant.

(b) The department may not issue a citation assessing a civil penalty if the transportation network company reasonably relied on: (i) A written order, ruling, approval, opinion, advice, determination, or interpretation of the director; or (ii) an interpretive or administrative policy issued by the department and filed with the office of the code reviser. In accordance with the department's retention schedule obligations under chapter 40.14 RCW, the department shall maintain a complete and accurate record of all written orders, rulings, approvals, opinions, advice, determinations, and interpretations for purposes of determining whether a transportation network company is immune from civil penalties under this subsection (3)(b).

(c) The department may, at any time, waive or reduce a civil penalty assessed under this section if the director determines that the transportation network company has taken corrective action to resolve the violation.

(d) The department shall deposit civil penalties paid under this section in the supplemental pension fund established under RCW 51.44.033.

(e) If the department determines that a transportation network company has violated section 1(12) of this act, and issues to the transportation network company a citation and notice of assessment, the department may order the transportation network company to pay all owed remittance payments as required under section 1(12) of this act. The department shall deposit all owed remittance payments in the driver resource center fund.

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

(a) "Repeat willful violator" means any transportation network company that has been the subject of a final and binding citation for a willful violation of one or more rights under this chapter and all applicable rules, within three years of the date of issuance of

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the most recent citation for a willful violation of one or more such rights.

(b) "Willful" means a knowing and intentional action that is neither accidental nor the result of a bona fide dispute.

(5) A person, firm, or corporation aggrieved by a citation assessing a civil penalty issued by the department under this section may appeal the citation assessing a civil penalty to the director by filing a notice of appeal with the director within 30 days of the department's issuance of the citation assessing a civil penalty. A citation assessing a civil penalty not appealed within 30 days is final and binding, and not subject to further appeal.

(6) A notice of appeal filed with the director under this section stays the effectiveness of the citation assessing a civil penalty pending final review of the appeal by the director as provided for in chapter 34.05 RCW.

(7) Upon receipt of a notice of appeal, the director shall assign the hearing to an administrative law judge of the office of administrative hearings to conduct the hearing and issue an initial order. The hearing and review procedures must be conducted in accordance with chapter 34.05 RCW, and the standard of review by the administrative law judge of an appealed citation assessing a civil penalty must be de novo. Any party who seeks to challenge an initial order shall file a petition for administrative review with the director within 30 days after service of the initial order. The director shall conduct administrative review in accordance with chapter 34.05 RCW.

(8) The director shall issue all final orders after appeal of the initial order. The final order of the director is subject to judicial review in accordance with chapter 34.05 RCW.

(9) Orders that are not appealed within the period specified in this section and chapter 34.05 RCW are final and binding, and not subject to further appeal.

(10) Absent good cause, a transportation network company that fails to allow adequate inspection of records in an investigation by the department under this section within a reasonable time period may not use such records in any appeal under such rules to challenge the correctness of any determination by the department of penalties assessed.

(11) Collections of unpaid citations assessing civil penalties will be handled pursuant to the procedures outlined in RCW 49.48.086.

(12) If the department determines that a transportation network company has violated the requirements in section 1(12) of this act to collect and remit the established fee, and issues to the transportation network company a citation and notice of assessment, the department may order the transportation network company to pay all owed remittance payments as required under section 1(12) of this act. The department shall deposit all unpaid remittance amounts into the driver resource center fund established in section 2 of this act.

**NEW SECTION. Sec. 5.** A new section is added to chapter 49.46 RCW to read as follows:

(1) It is unlawful for a transportation network company to interfere with, restrain, or deny the exercise of any driver right provided under or in connection with section 1 of this act and RCW 49.46.210(5). This means a transportation network company may not use a driver's exercise of any of the rights provided under section 1 of this act and RCW 49.46.210(5) as a factor in any action that adversely affects the driver's use of the transportation network.

(2) It is unlawful for a transportation network company to adopt or enforce any policy that counts the use of earned paid sick time for a purpose authorized under RCW 49.46.210(1) (b) and (c) as time off the platform that may lead to or result in temporary or permanent deactivation by the transportation network company

against the driver.

(3) It is unlawful for a transportation network company to take any adverse action against a driver because the driver has exercised their rights provided under section 1 of this act and RCW 49.46.210(5). Such rights include, but are not limited to: Filing an action, or instituting or causing to be instituted any proceeding under or related to section 1 of this act and RCW 49.46.210(5), or testifying or intending to testify in any such proceeding related to any rights provided under section 1 of this act and RCW 49.46.210(5).

(4) Adverse action means any action taken or threatened by a transportation network company against a driver for the driver's exercise of rights under section 1 of this act and RCW 49.46.210(5).

(5) A driver who believes that he or she was subject to retaliation by a transportation network company for the exercise of any driver right under section 1 of this act and RCW 49.46.210(5) may file a complaint with the department within 180 days of the alleged retaliatory action. The department may, at its discretion, extend the 180-day period on recognized equitable principles or because of extenuating circumstances beyond the control of the department. The department may extend the 180-day period when there is a preponderance of evidence that the transportation network company has concealed or misled the driver regarding the alleged retaliatory action.

(6) If a driver files a timely complaint with the department alleging retaliation, the department shall investigate the complaint and issue either a citation and notice of assessment or a determination of compliance within 90 days after the date on which the department received the complaint, unless the complaint is otherwise resolved. The department may extend the period by providing advance written notice to the driver and the transportation network company setting forth good cause for an extension of the period, and specifying the duration of the extension.

(7) The department may consider a complaint to be otherwise resolved when the driver and the transportation network company reach a mutual agreement to remedy any retaliatory action, or the driver voluntarily and on the driver's own initiative withdraws the complaint.

(8) If the department's investigation finds that the driver's allegation of retaliation cannot be substantiated, the department shall issue a determination of compliance to the driver and the transportation network company detailing such finding.

(9) If the department's investigation finds that the transportation network company retaliated against the driver, and the complaint is not otherwise resolved, the department may, at its discretion, notify the transportation network company that the department intends to issue a citation and notice of assessment, and may provide up to 30 days after the date of such notification for the transportation network company to take corrective action to remedy the retaliatory action. If the complaint is not otherwise resolved, then the department shall issue a citation and notice of assessment. The department's citation and notice of assessment may:

(a) Order the transportation network company to make payable to the driver earnings that the driver did not receive due to the transportation network company's retaliatory action, including interest of one percent per month on all earnings owed. The earnings and interest owed will be calculated from the first date earnings were owed to the driver;

(b) Order the transportation network company to restore the contract of the driver, unless otherwise prohibited by law;

(c) Order the transportation network company to cease using any policy that counts the use of earned paid sick time as time off

the platform or an adverse action against the driver;

(d) For the first violation, order the transportation network company to pay the department a civil penalty established in subsection (15) of this section; and

(e) For a repeat violation, order the transportation network company to pay the department up to double the civil penalty established in subsection (15) of this section.

(10) The department shall send the citation and notice of assessment or determination of compliance to both the transportation network company and driver by service of process or using a method by which the mailing can be tracked or the delivery can be confirmed to their last known addresses. A transportation network company may designate a mailing address of record for service, and additionally may provide an email address to which the department shall direct electronic courtesy copies of mailed correspondence, if such email address is provided.

(11) During an investigation of the driver's retaliation complaint, if the department discovers information suggesting alleged violations by the transportation network company of the driver's other rights under this chapter, and all applicable rules, the department may investigate and take appropriate enforcement action without requiring the driver to file a new or separate complaint. In the event the department so expands an investigation, it shall provide reasonable notice to the transportation network company that it is doing so. If the department determines that the transportation network company violated additional rights of the driver under this chapter, and all applicable rules, the transportation network company may be subject to additional enforcement actions for the violation of such rights. If the department discovers information alleging the transportation network company retaliated against or otherwise violated rights of other drivers under this chapter, and all applicable rules, the department may launch further investigation under this chapter, and all applicable rules, without requiring additional complaints to be filed.

(12) The department may prioritize retaliation investigations as needed to allow for timely resolution of complaints.

(13) Nothing in this section impedes the department's ability to investigate under the authority prescribed in RCW 49.48.040.

(14) Nothing in this section precludes a driver's right to pursue private legal action, if any exists.

(15) If the department's investigation finds that a transportation network company retaliated against a driver, pursuant to the procedures outlined in this section, the department may order the transportation network company to pay the department a civil penalty. A civil penalty for a transportation network company's retaliatory action will not be less than \$1,000 or an amount equal to 10 percent of the total amount of unpaid earnings attributable to the retaliatory action per claimant, whichever is greater. The maximum civil penalty for a transportation network company's retaliatory action shall be \$20,000 per claimant for the first violation, and \$40,000 for each repeat violation.

(16) The department may, at any time, waive or reduce any civil penalty assessed against a transportation network company under this section if the department determines that the transportation network company has taken corrective action to remedy the retaliatory action.

(17) The department will deposit civil penalties paid under this section in the supplemental pension fund established under RCW 51.44.033.

(18) Collections of amounts owed for unpaid citations and notices of assessment, as detailed in this section, will be handled pursuant to the procedures outlined in RCW 49.48.086.

(19) A person, firm, or corporation aggrieved by a citation and notice of assessment or a determination of compliance may,

within 30 days after the date of such determination, submit a request for reconsideration to the department setting forth the grounds for seeking such reconsideration, or submit an appeal to the director pursuant to the procedures outlined in subsection (22) of this section. If the department receives a timely request for reconsideration, the department shall either accept the request or treat the request as a notice of appeal.

(20) If a request for reconsideration is accepted, the department shall send notice of the request for reconsideration to the transportation network company and the driver. The department shall determine if there are any valid reasons to reverse or modify the department's original decision to issue a citation and notice of assessment or determination of compliance within 30 days of receipt of such request. The department may extend this period by providing advance written notice to the driver and transportation network company setting forth good cause for an extension of the period, and specifying the duration of the extension. After reviewing the reconsideration, the department shall either:

(a) Notify the driver and the transportation network company that the citation and notice of assessment or determination of compliance is affirmed; or

(b) Notify the driver and the transportation network company that the citation and notice of assessment or determination of compliance has been reversed or modified.

(21) A request for reconsideration submitted to the department shall stay the effectiveness of the citation and notice of assessment or the determination of compliance pending the reconsideration decision by the department.

(22)(a) Within 30 days after the date the department issues a citation and notice of assessment or a determination of compliance, or within 30 days after the date the department issues its decision on the request for reconsideration, a person, firm, or corporation aggrieved by a citation and notice of assessment or a determination of compliance may file with the director a notice of appeal.

(b) A notice of appeal filed with the director under this section shall stay the effectiveness of the citation and notice of assessment or the determination of compliance pending final review of the appeal by the director as provided for in chapter 34.05 RCW.

(c) Upon receipt of a notice of appeal, the director shall assign the hearing to an administrative law judge of the office of administrative hearings to conduct the hearing and issue an initial order. The hearing and review procedures shall be conducted in accordance with chapter 34.05 RCW, and the standard of review by the administrative law judge of an appealed citation and notice of assessment or determination of compliance shall be de novo. Any party who seeks to challenge an initial order shall file a petition for administrative review with the director within 30 days after service of the initial order. The director shall conduct administrative review in accordance with chapter 34.05 RCW.

(23) If a request for reconsideration is not submitted to the department within 30 days after the date of the original citation and notice of assessment or determination of compliance, and a person, firm, or corporation aggrieved by a citation and notice of assessment or determination of compliance did not submit an appeal to the director, then the citation and notice of assessment or determination of compliance is final and binding, and not subject to further appeal.

(24) The director shall issue all final orders after appeal of the initial order. The final order of the director is subject to judicial review in accordance with chapter 34.05 RCW.

(25) The director's orders that are not appealed within the time period specified in this section and chapter 34.05 RCW are final and binding, and not subject to further appeal.

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(26) Absent good cause, a transportation network company that fails to allow adequate inspection of records in an investigation by the department under this section within a reasonable time period may not use such records in any appeal under such rules to challenge the correctness of any determination by the department.

## PART II PAID SICK LEAVE

**Sec. 6.** RCW 49.46.210 and 2019 c 236 s 3 are each amended to read as follows:

(1) Beginning January 1, 2018, except as provided in RCW 49.46.180, every employer shall provide each of its employees paid sick leave as follows:

(a) An employee shall accrue at least one hour of paid sick leave for every forty hours worked as an employee. An employer may provide paid sick leave in advance of accrual provided that such front-loading meets or exceeds the requirements of this section for accrual, use, and carryover of paid sick leave.

(b) An employee is authorized to use paid sick leave for the following reasons:

(i) An absence resulting from an employee's mental or physical illness, injury, or health condition; to accommodate the employee's need for medical diagnosis, care, or treatment of a mental or physical illness, injury, or health condition; or an employee's need for preventive medical care;

(ii) To allow the employee to provide care for a family member with a mental or physical illness, injury, or health condition; care of a family member who needs medical diagnosis, care, or treatment of a mental or physical illness, injury, or health condition; or care for a family member who needs preventive medical care; and

(iii) When the employee's place of business has been closed by order of a public official for any health-related reason, or when an employee's child's school or place of care has been closed for such a reason.

(c) An employee is authorized to use paid sick leave for absences that qualify for leave under the domestic violence leave act, chapter 49.76 RCW.

(d) An employee is entitled to use accrued paid sick leave beginning on the ninetieth calendar day after the commencement of his or her employment.

(e) Employers are not prevented from providing more generous paid sick leave policies or permitting use of paid sick leave for additional purposes.

(f) An employer may require employees to give reasonable notice of an absence from work, so long as such notice does not interfere with an employee's lawful use of paid sick leave.

(g) For absences exceeding three days, an employer may require verification that an employee's use of paid sick leave is for an authorized purpose. If an employer requires verification, verification must be provided to the employer within a reasonable time period during or after the leave. An employer's requirements for verification may not result in an unreasonable burden or expense on the employee and may not exceed privacy or verification requirements otherwise established by law.

(h) An employer may not require, as a condition of an employee taking paid sick leave, that the employee search for or find a replacement worker to cover the hours during which the employee is on paid sick leave.

(i) For each hour of paid sick leave used, an employee shall be paid the greater of the minimum hourly wage rate established in this chapter or his or her normal hourly compensation. The employer is responsible for providing regular notification to employees about the amount of paid sick leave available to the employee.

(j) Unused paid sick leave carries over to the following year,

except that an employer is not required to allow an employee to carry over paid sick leave in excess of forty hours.

(k) This section does not require an employer to provide financial or other reimbursement for accrued and unused paid sick leave to any employee upon the employee's termination, resignation, retirement, or other separation from employment. When there is a separation from employment and the employee is rehired within twelve months of separation by the same employer, whether at the same or a different business location of the employer, previously accrued unused paid sick leave shall be reinstated and the previous period of employment shall be counted for purposes of determining the employee's eligibility to use paid sick leave under subsection (1)(d) of this section.

(2) For purposes of this section, "family member" means any of the following:

(a) A child, including a biological, adopted, or foster child, stepchild, or a child to whom the employee stands in loco parentis, is a legal guardian, or is a de facto parent, regardless of age or dependency status;

(b) A biological, adoptive, de facto, or foster parent, stepparent, or legal guardian of an employee or the employee's spouse or registered domestic partner, or a person who stood in loco parentis when the employee was a minor child;

(c) A spouse;

(d) A registered domestic partner;

(e) A grandparent;

(f) A grandchild; or

(g) A sibling.

(3) An employer may not adopt or enforce any policy that counts the use of paid sick leave time as an absence that may lead to or result in discipline against the employee.

(4) An employer may not discriminate or retaliate against an employee for his or her exercise of any rights under this chapter including the use of paid sick leave.

(5)(a) The definitions in this subsection apply to this subsection:

(i) "Average hourly compensation" means a driver's compensation during passenger platform time from, or facilitated by, the transportation network company, during the 365 days immediately prior to the day that paid sick time is used, divided by the total hours of passenger platform time worked by the driver on that transportation network company's driver platform during that period. "Average hourly compensation" does not include tips.

(ii) "Driver," "driver platform," "passenger platform time," and "transportation network company" have the meanings provided in section 1 of this act.

(iii) "Earned paid sick time" is the time provided by a transportation network company to a driver as calculated under this subsection. For each hour of earned paid sick time used by a driver, the transportation network company shall compensate the driver at a rate equal to the driver's average hourly compensation.

(iv) For purposes of drivers, "family member" means any of the following:

(A) A child, including a biological, adopted, or foster child, stepchild, or a child to whom the driver stands in loco parentis, is a legal guardian, or is a de facto parent, regardless of age or dependency status;

(B) A biological, adoptive, de facto, or foster parent, stepparent, or legal guardian of a driver or the driver's spouse or registered domestic partner, or a person who stood in loco parentis when the driver was a minor child;

(C) A spouse;

(D) A registered domestic partner;

(E) A grandparent;

(F) A grandchild; or

(G) A sibling.

(b) Beginning January 1, 2023, a transportation network company must provide to each driver operating on its driver platform compensation for earned paid sick time as required by this subsection and subject to the provisions of this subsection. A driver shall accrue one hour of earned paid sick time for every 40 hours of passenger platform time worked.

(c) A driver is entitled to use accrued earned paid sick time upon recording 90 hours of passenger platform time on the transportation network company's driver platform.

(d) For each hour of earned paid sick time used, a driver shall be paid the driver's average hourly compensation.

(e) A transportation network company shall establish an accessible system for drivers to request and use earned paid sick time. The system must be available to drivers via smartphone application and online web portal.

(f) A driver may carry over up to 40 hours of unused earned paid sick time to the next calendar year. If a driver carries over unused earned paid sick time to the following year, accrual of earned paid sick time in the subsequent year must be in addition to the hours accrued in the previous year and carried over.

(g) A driver is entitled to use accrued earned paid sick time if the driver has used the transportation network company's platform as a driver within 90 calendar days preceding the driver's request to use earned paid sick time.

(h) A driver is entitled to use earned paid sick time for the following reasons:

(i) An absence resulting from the driver's mental or physical illness, injury, or health condition; to accommodate the driver's need for medical diagnosis, care, or treatment of a mental or physical illness, injury, or health condition; or an employee's need for preventive medical care;

(ii) To allow the driver to provide care for a family member with a mental or physical illness, injury, or health condition; care of a family member who needs medical diagnosis, care, or treatment of a mental or physical illness, injury, or health condition; or care for a family member who needs preventive medical care;

(iii) When the driver's child's school or place of care has been closed by order of a public official for any health-related reason;

(iv) For absences for which an employee would be entitled for leave under RCW 49.76.030; and

(v) During a deactivation or other status that prevents the driver from performing network services on the transportation network company's platform, unless the deactivation or status is due to a verified allegation of sexual assault or physical assault perpetrated by the driver.

(i) If a driver does not record any passenger platform time in a transportation network company's driver platform for 365 or more consecutive days, any unused earned paid sick time accrued up to that point with that transportation network company is no longer valid or recognized.

(j) Drivers may use accrued days of earned paid sick time in increments of a minimum of four or more hours. Drivers are entitled to request four or more hours of earned paid sick time for immediate use, including consecutive days of use. Drivers are not entitled to use more than eight hours of earned paid sick time within a single calendar day.

(k) A transportation network company shall compensate a driver for requested hours or days of earned paid sick time no later than 14 calendar days or the next regularly scheduled date of compensation following the requested hours or days of earned paid sick time.

(l) A transportation network company shall not request or require reasonable verification of a driver's qualifying illness except as would be permitted to be requested of an employee

under subsection (1)(g) of this section. If a transportation network company requires verification pursuant to this subsection, the transportation network company must compensate the driver for the requested hours or days of earned paid sick time no later than the driver's next regularly scheduled date of compensation after satisfactory verification is provided.

(m) If a driver accepts an offer of prearranged services for compensation from a transportation network company during the four-hour period or periods for which the driver requested earned paid sick time, a transportation network company may determine that the driver did not use earned paid sick time for an authorized purpose.

(n) A transportation network company shall provide each driver with:

(i) Written notification of the current rate of average hourly compensation while a passenger is in the vehicle during the most recent calendar month for use of earned paid sick time;

(ii) An updated amount of accrued earned paid sick time since the last notification;

(iii) Reduced earned paid sick time since the last notification;

(iv) Any unused earned paid sick time available for use; and

(v) Any amount that the transportation network company may subtract from the driver's compensation for earned paid sick time. The transportation network company shall provide this information to the driver no less than monthly. The transportation network company may choose a reasonable system for providing this notification, including but not limited to: A pay stub; a weekly summary of compensation information; or an online system where drivers can access their own earned paid sick time information. A transportation network company is not required to provide this information to a driver if the driver has not worked any days since the last notification.

(o) A transportation network company may not adopt or enforce any policy that counts the use of earned paid sick time as an absence that may lead to or result in any action that adversely affects the driver's use of the transportation network.

(p) A transportation network company may not take any action against a driver that adversely affects the driver's use of the transportation network due to his or her exercise of any rights under this subsection including the use of earned paid sick time.

(q) The department may adopt rules to implement this subsection.

**NEW SECTION. Sec. 7.** A new section is added to chapter 49.46 RCW to read as follows:

(1) If a driver files a complaint with the department alleging that the transportation network company failed to provide the driver with earned paid sick time as provided in RCW 49.46.210, the department shall investigate the complaint as an alleged violation of a compensation-related requirement of section 1 of this act.

(2) When the department's investigation results in a finding that the transportation network company failed to provide the driver with earned paid sick time accrual, use, or carryover during an ongoing contractual relationship, the driver may elect to:

(a) Receive full access to the balance of accrued earned paid sick time hours unlawfully withheld by the transportation network company, based on a calculation of one hour of earned paid sick time for every 40 hours of passenger platform time worked; or

(b) Receive payment from the transportation network company at their average hourly compensation for each hour of earned paid sick time that the driver would have used or been reasonably expected to use, whichever is greater, during the period of noncompliance, not to exceed an amount the driver would have otherwise accrued. The driver will receive full access to the balance of accrued earned paid sick time unlawfully withheld by the transportation network company, less the number of earned

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paid sick time paid out to the driver pursuant to this subsection.

(3) For a driver whose contract with the transportation network company is terminated or who has not recorded passenger platform time on the transportation network company's driver platform for 365 days or more, when the department's investigation results in a finding that the transportation network company failed to provide the driver with earned paid sick time accrual, use, or carryover, the driver may elect to receive payment at their average hourly compensation for earned paid sick time that the driver would have earned or been reasonably expected to use, whichever is greater, during the period of noncompliance, receive reinstatement of the balance of earned paid sick time, or receive a combination of payment and reinstatement from the transportation network company for all earned paid sick time that would have accrued during the period of noncompliance, unless such reinstatement is prohibited by law.

(4) The department's notice of assessment, pursuant to RCW 49.48.083, may order the transportation network company to provide the driver any combination of reinstatement and payment of accrued, unused earned paid sick time assessed pursuant to subsection (2) or (3) of this section, unless such reinstatement is prohibited by law.

(5) For purposes of this section, a transportation network company found to be in noncompliance cannot cap the driver's carryover of earned paid sick time at 40 hours to the following year for each year of noncompliance.

(6) The department may promulgate rules and regulations in accordance with this section.

**PART III  
INDUSTRIAL INSURANCE**

**Sec. 8.** RCW 51.12.020 and 2015 c 236 s 4 are each amended to read as follows:

The following are the only employments which shall not be included within the mandatory coverage of this title:

(1) Any person employed as a domestic servant in a private home by an employer who has less than two employees regularly employed forty or more hours a week in such employment.

(2) Any person employed to do gardening, maintenance, or repair, in or about the private home of the employer. For the purposes of this subsection, "maintenance" means the work of keeping in proper condition, "repair" means to restore to sound condition after damage, and "private home" means a person's place of residence.

(3) A person whose employment is not in the course of the trade, business, or profession of his or her employer and is not in or about the private home of the employer.

(4) Any person performing services in return for aid or sustenance only, received from any religious or charitable organization.

(5) Sole proprietors or partners.

(6) Any child under eighteen years of age employed by his or her parent or parents in agricultural activities on the family farm.

(7) Jockeys while participating in or preparing horses for race meets licensed by the Washington horse racing commission pursuant to chapter 67.16 RCW.

(8)(a) Except as otherwise provided in (b) of this subsection, any bona fide officer of a corporation voluntarily elected or voluntarily appointed in accordance with the articles of incorporation or bylaws of the corporation, who at all times during the period involved is also a bona fide director, and who is also a shareholder of the corporation. Only such officers who exercise substantial control in the daily management of the corporation and whose primary responsibilities do not include the performance of manual labor are included within this subsection.

(b) Alternatively, a corporation that is not a "public company"

as defined in RCW 23B.01.400 may exempt eight or fewer bona fide officers, who are voluntarily elected or voluntarily appointed in accordance with the articles of incorporation or bylaws of the corporation and who exercise substantial control in the daily management of the corporation, from coverage under this title without regard to the officers' performance of manual labor if the exempted officer is a shareholder of the corporation, or may exempt any number of officers if all the exempted officers are related by blood within the third degree or marriage. If a corporation that is not a "public company" elects to be covered under ~~((subsection (8)))~~(a) of this subsection, the corporation's election must be made on a form prescribed by the department and under such reasonable rules as the department may adopt.

(c) Determinations respecting the status of persons performing services for a corporation shall be made, in part, by reference to Title 23B RCW and to compliance by the corporation with its own articles of incorporation and bylaws. For the purpose of determining coverage under this title, substance shall control over form, and mandatory coverage under this title shall extend to all workers of this state, regardless of honorary titles conferred upon those actually serving as workers.

(d) A corporation may elect to cover officers who are exempted by this subsection in the manner provided by RCW 51.12.110.

(9) Services rendered by a musician or entertainer under a contract with a purchaser of the services, for a specific engagement or engagements when such musician or entertainer performs no other duties for the purchaser and is not regularly and continuously employed by the purchaser. A purchaser does not include the leader of a group or recognized entity who employs other than on a casual basis musicians or entertainers.

(10) Services performed by a newspaper vendor, carrier, or delivery person selling or distributing newspapers on the street, to offices, to businesses, or from house to house and any freelance news correspondent or "stringer" who, using his or her own equipment, chooses to submit material for publication for free or a fee when such material is published.

(11) Services performed by an insurance producer, as defined in RCW 48.17.010, or a surplus line broker licensed under chapter 48.15 RCW.

(12) Services performed by a booth renter. However, a person exempted under this subsection may elect coverage under RCW 51.32.030.

(13) Members of a limited liability company, if either:

(a) Management of the company is vested in its members, and the members for whom exemption is sought would qualify for exemption under subsection (5) of this section were the company a sole proprietorship or partnership; or

(b) Management of the company is vested in one or more managers, and the members for whom the exemption is sought are managers who would qualify for exemption under subsection (8) of this section were the company a corporation.

(14) ~~((A driver providing commercial transportation services as defined in RCW 48.177.005. The driver may elect coverage in the manner provided by RCW 51.32.030.~~

~~(15))~~ For hire vehicle operators under chapter 46.72 RCW who own or lease the for hire vehicle, chauffeurs under chapter 46.72A RCW who own or lease the limousine, and operators of taxicabs under chapter 81.72 RCW who own or lease the taxicab. An owner or lessee may elect coverage in the manner provided by RCW 51.32.030.

**Sec. 9.** RCW 51.08.070 and 2008 c 102 s 2 are each amended to read as follows:

(1) "Employer" means any person, body of persons, corporate or otherwise, and the legal representatives of a deceased employer, all while engaged in this state in any work covered by

the provisions of this title, by way of trade or business, or who contracts with one or more workers, the essence of which is the personal labor of such worker or workers. Or as an exception to the definition of employer, persons or entities are not employers when they contract or agree to remunerate the services performed by an individual who meets the tests set forth in ~~(subsections (1) through (6) of)~~ RCW 51.08.195 (1) through (6) or the separate tests set forth in RCW 51.08.181 for work performed that requires registration under chapter 18.27 RCW or licensing under chapter 19.28 RCW.

(2) Notwithstanding subsection (1) of this section, and for purposes of this title only, a transportation network company, as defined in section 1 of this act, shall have the same rights and obligations of an "employer" under this title with respect to a driver, as defined in section 1 of this act, only while the driver is engaged in passenger platform time and dispatch platform time.

**Sec. 10.** RCW 51.08.180 and 2008 c 102 s 3 are each amended to read as follows:

(1) "Worker" means every person in this state who is engaged in the employment of an employer under this title, whether by way of manual labor or otherwise in the course of his or her employment; also every person in this state who is engaged in the employment of or who is working under an independent contract, the essence of which is his or her personal labor for an employer under this title, whether by way of manual labor or otherwise, in the course of his or her employment, or as an exception to the definition of worker, a person is not a worker if he or she meets the tests set forth in subsections (1) through (6) of RCW 51.08.195 or the separate tests set forth in RCW 51.08.181 for work performed that requires registration under chapter 18.27 RCW or licensing under chapter 19.28 RCW: PROVIDED, That a person is not a worker for the purpose of this title, with respect to his or her activities attendant to operating a truck which he or she owns, and which is leased to a common or contract carrier.

(2) Notwithstanding subsection (1) of this section, and for purposes of this title only, a driver, as defined in section 1 of this act, shall have the same rights and obligations of a "worker" under this title with respect to a transportation network company, as defined in section 1 of this act, only while the driver is engaged in passenger platform time and dispatch platform time.

**NEW SECTION. Sec. 11.** A new section is added to chapter 51.16 RCW to read as follows:

(1) Beginning January 1, 2023, the department shall assess premiums for transportation network companies, as defined in section 1 of this act, in accordance with RCW 51.16.035 and this section, for workers' compensation coverage applicable to drivers, as defined in section 1 of this act, while the driver is engaged in passenger platform time and dispatch platform time, as those terms are defined in section 1 of this act.

(2) For the purposes of calculating the premium for drivers under subsection (1) of this section, the department shall multiply the total number of hours spent by drivers in passenger platform time and dispatch platform time on the transportation network company's driver platform by the rates established for taxicab companies. The department may subsequently adjust premiums in accordance with department rules.

(3) Transportation network companies, not qualifying as a self-insurer, shall insure with the state and shall, on or before the last day of January, April, July, and October of each year thereafter, furnish the department with a true and accurate statement of the hours for which drivers, as defined in section 1 of this act, were engaged in passenger platform time and dispatch platform time on the transportation network company's driver platform during the preceding calendar quarter and the total amount paid to such drivers engaged in passenger platform time on the transportation network company's driver platform during the preceding calendar

quarter, and shall pay its premium based on the total passenger platform time and dispatch platform time to the appropriate fund. Premiums for a calendar quarter, whether reported or not, shall become due and delinquent on the day immediately following the last day of the month following the calendar quarter. The sufficiency of such statement shall be subject to the approval of the director: PROVIDED, That the director may in his or her discretion and for the effective administration of this title require a transportation network company in individual instances to furnish a supplementary report containing the name of each individual driver, his or her hours engaged in passenger platform time and dispatch platform time on the transportation network company's driver platform, and his or her compensation: PROVIDED FURTHER, That the department may promulgate rules and regulations in accordance with chapter 34.05 RCW to establish other reporting periods and payment due dates in lieu of reports and payments following each calendar quarter, and may also establish terms and conditions for payment of premiums and assessments based on estimated passenger platform time and dispatch platform time on the transportation network company's driver platform, with such payments being subject to approval as to sufficiency of the estimated passenger platform time and dispatch platform time on the transportation network company's driver platform by the department, and also subject to appropriate periodic adjustments made by the department based on actual passenger platform time and dispatch platform time on the transportation network company's driver platform.

(4) The department may adopt rules to carry out the purposes of this section, including rules providing for alternative reporting requirements.

(5) This section does not apply to any worker who is not a driver, and who is employed by the transportation network company. For those workers the processes for determining coverage, calculating premiums, reporting requirements, reporting periods, and payment due dates are subject to the provisions of this title that apply generally to employers and workers.

**Sec. 12.** RCW 51.16.060 and 1985 c 315 s 1 are each amended to read as follows:

~~(Every)~~ Except as provided in section 11 of this act, every employer not qualifying as a self-insurer, shall insure with the state and shall, on or before the last day of January, April, July and October of each year thereafter, furnish the department with a true and accurate payroll for the period in which workers were employed by it during the preceding calendar quarter, the total amount paid to such workers during such preceding calendar quarter, and a segregation of employment in the different classes established pursuant to this title, and shall pay its premium thereon to the appropriate fund. Premiums for a calendar quarter, whether reported or not, shall become due and delinquent on the day immediately following the last day of the month following the calendar quarter. The sufficiency of such statement shall be subject to the approval of the director: PROVIDED, That the director may in his or her discretion and for the effective administration of this title require an employer in individual instances to furnish a supplementary report containing the name of each individual worker, his or her hours worked, his or her rate of pay and the class or classes in which such work was performed: PROVIDED FURTHER, That in the event an employer shall furnish the department with four consecutive quarterly reports wherein each such quarterly report indicates that no premium is due the department may close the account: PROVIDED FURTHER, That the department may promulgate rules and regulations in accordance with chapter 34.05 RCW to establish other reporting periods and payment due dates in lieu of reports and payments following each calendar quarter, and may also



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establish terms and conditions for payment of premiums and assessments based on estimated payrolls, with such payments being subject to approval as to sufficiency of the estimated payroll by the department, and also subject to appropriate periodic adjustments made by the department based on actual payroll: AND PROVIDED FURTHER, That a temporary help company which provides workers on a temporary basis to its customers shall be considered the employer for purposes of reporting and paying premiums and assessments under this title according to the appropriate rate classifications as determined by the department: PROVIDED, That the employer shall be liable for paying premiums and assessments, should the temporary help company fail to pay the premiums and assessments under this title.

**NEW SECTION. Sec. 13.** A new section is added to chapter 51.04 RCW to read as follows:

(1) The application of this chapter to a transportation network company, as defined in section 1 of this act, shall not be indicative of, or considered a factor in determining, the existence of an employer-employee relationship between the transportation network company and driver for purposes of any other rights, benefits, or obligations under other state and local employment laws.

(2) A transportation network company's compliance with this chapter satisfies any obligation under any county, city, town, or other municipal corporation ordinance requiring compensation or benefits for workplace injuries or occupational disease.

#### PART IV

#### STATEWIDE REGULATORY REQUIREMENTS

**NEW SECTION. Sec. 14.** The purpose of this chapter is to: Provide statewide uniform regulation for transportation network companies within the state of Washington, encourage technological innovation, and preserve and enhance access to important transportation options for residents and visitors to Washington state.

**NEW SECTION. Sec. 15.** The definitions in this section apply throughout this chapter unless the context clearly requires otherwise.

(1) "Department" means the department of licensing.

(2) "Digital network" means any online-enabled application, website, or system offered or used by a transportation network company that enables the prearrangement of rides between drivers and passengers.

(3) "Director" means the director of the department of licensing.

(4) "Driver" has the meaning provided in section 1 of this act.

(5) "Network services" has the meaning provided in section 1 of this act.

(6) "Passenger" means an individual who uses a digital network to connect with a driver in order to obtain a prearranged ride in the driver's transportation network company vehicle. A person may use a digital network to request a prearranged ride on behalf of a passenger.

(7) "Prearranged ride" has the same meaning provided in RCW 48.177.005.

(8) "Transportation network company" has the meaning provided in section 1 of this act.

(9) "Transportation network company vehicle" has the same meaning as "personal vehicle" in RCW 48.177.005.

**NEW SECTION. Sec. 16.** (1) A transportation network company or driver is not a common carrier, motor carrier, or any other carrier as defined in RCW 81.80.010, and does not provide for hire transportation service, commuter ride sharing, taxicab, auto transportation company services, or metropolitan public transportation services pursuant to chapter 35.58, 46.72, 46.73, 81.68, or 81.72 RCW.

(2) A driver is not required to register a transportation network company vehicle as a commercial vehicle or for hire vehicle.

**NEW SECTION. Sec. 17.** (1) A person must first obtain a permit from the department to operate a transportation network company in Washington state, except that any transportation network company operating in the state before the effective date of this section may continue operating until the department creates a permit process and sets a registration deadline.

(2) The department must annually issue a permit to each applicant that meets the requirements for a transportation network company as set forth in this chapter and pays an annual permit fee of \$5,000 to the department.

**NEW SECTION. Sec. 18.** Any transportation network company operating in Washington state must maintain an agent for service of process in the state.

**NEW SECTION. Sec. 19.** (1) Before a passenger enters a transportation network company vehicle, the transportation network company must provide, on behalf of the driver, either the fare for the prearranged ride or the option to receive an estimated fare for the prearranged ride.

(2) During the first seven days of a state of emergency, as declared by the governor or the president of the United States, a transportation network company may not charge a fare for transportation network company services provided to any passenger that exceeds two and one-half times the fare that would otherwise be applicable for the prearranged ride.

**NEW SECTION. Sec. 20.** A transportation network company's digital network or website must display a photograph of the driver and the license plate number of the transportation network company vehicle.

**NEW SECTION. Sec. 21.** A transportation network company must require that any motor vehicle that a transportation network company driver will use to provide prearranged rides is not more than 15 years old as determined by the model year of the vehicle.

**NEW SECTION. Sec. 22.** (1) A transportation network company must implement a zero tolerance policy regarding a driver's activities while accessing the transportation network company's digital network. The zero tolerance policy must address the use of drugs or alcohol while a driver is providing prearranged rides or is logged in to the transportation network company's digital network but is not providing prearranged rides.

(2) A transportation network company must provide notice of this policy on its website, as well as procedures to report a complaint about a driver with whom a passenger was matched and whom the passenger reasonably suspects was under the influence of drugs or alcohol during the course of the trip.

(3) A transportation network company must maintain records relevant to the enforcement of the policy under this section for a period of at least two years from the date that a passenger complaint is received by the transportation network company.

**NEW SECTION. Sec. 23.** (1) Before allowing an individual to accept prearranged ride requests as a driver through a transportation network company's digital network and annually thereafter:

(a) The individual must submit an application to the transportation network company, which includes information regarding his or her name, address, phone number, age, driver's license number, motor vehicle registration, automobile liability insurance, and other information required by the transportation network company;

(b) The transportation network company, or a designated third party on behalf of the transportation network company, that is either nationally accredited or approved by the director, must conduct an annual local and national criminal background check

for the applicant to include a review of:

(i) A multistate/multijurisdiction criminal records locator or other similar commercial nationwide database with validation; and

(ii) The United States department of justice national sex offender public website; and

(c) The transportation network company, or designated third party, must obtain and review a driving history report for the individual.

(2) A transportation network company must not permit an individual to act as a driver on its digital network who:

(a) Has had more than three moving violations in the prior three-year period, or one of the following major violations in the prior three-year period:

(i) Attempting to elude the police pursuant to RCW 46.61.024;

(ii) Reckless driving pursuant to RCW 46.61.500; or

(iii) Driving on a suspended or revoked driver's license pursuant to RCW 46.20.342 or 46.20.345;

(b) Has been convicted, within the past seven years, of:

(i) Any class A or B felony in Title 9A RCW;

(ii) Any violent offense as defined in RCW 9.94A.030 or serious violent offense as defined in RCW 9.94A.030;

(iii) Any most serious offense as defined in RCW 9.94A.030; or

(iv) Driving under the influence, hit and run, or any other driving-related crime pursuant to RCW 46.61.500 through 46.61.540;

(c) Has been convicted of any sex offense as defined in RCW 9.94A.030 or is a match in the United States department of justice national sex offender public website;

(d) Does not possess a valid driver's license;

(e) Does not possess proof of automobile liability insurance for the motor vehicle or vehicles used to provide prearranged rides;

(f) Is not at least 20 years of age; or

(g) Has not self-certified that he or she is physically and mentally fit to be a transportation network company driver.

(3)(a) Subsection (2)(a) and (b) of this section applies to any conviction of any offense committed in another jurisdiction that includes all of the elements of any of the offenses described or defined in subsection (2)(a) and (b) of this section.

(b) Any collision where the driver can demonstrate, through the account deactivation appeals process outlined in section 1(15) of this act, that he or she was not at fault for the collision, shall not be considered to be a moving violation under subsection (2)(a) of this section.

(c) For purposes of subsection (2)(a) of this section multiple moving violations shall be treated by the transportation network company as a single moving violation if the driver can demonstrate, through the account deactivation appeals process outlined in section 1(15) of this act, that the violations arose from a single incident.

(4) A transportation network company must establish a clear background check policy consistent with this section that informs drivers of any thresholds for categories of violations and any other factors which will result in a restriction of access to the driver platform.

**NEW SECTION. Sec. 24.** A driver may not:

(1) Solicit or accept a trip request to provide network services other than a trip request arranged through a transportation network company's digital network;

(2) Provide network services for more than 14 consecutive hours in a 24-hour period; or

(3) Allow any other individual to use that driver's access to a transportation network company's digital network.

**NEW SECTION. Sec. 25.** (1) A transportation network company must adopt a policy of nondiscrimination on the basis

of race, color, national origin, citizenship or immigration status, families with children, creed, religious belief or affiliation, sex, marital status, the presence of any sensory, mental, or physical disability, age, honorably discharged veteran or military status, sexual orientation, gender expression or gender identity, the use of a trained dog guide or service animal by a person with a disability, or any other protected class under RCW 49.60.010, with respect to passengers and potential passengers and notify drivers of such policy.

(2) A driver must comply with all applicable laws regarding nondiscrimination against transportation network company riders or potential riders on the basis of race, color, national origin, citizenship or immigration status, families with children, creed, religious belief or affiliation, sex, marital status, the presence of any sensory, mental, or physical disability, age, honorably discharged veteran or military status, sexual orientation, gender expression or gender identity, or any other protected class under RCW 49.60.010.

(3) A driver must comply with all applicable laws relating to the transportation of service animals.

(4) A transportation network company may not impose additional charges for providing services to persons with disabilities because of those disabilities.

**NEW SECTION. Sec. 26.** Any safety product, feature, process, policy, standard, or other effort undertaken by a transportation network company, or the provision of equipment by a transportation network company, to further public safety is not an indicia of an employment or agency relationship with a driver.

**NEW SECTION. Sec. 27.** A transportation network company must maintain the following records:

(1) Individual trip records, except receipts pursuant to section 1(9) of this act, for at least three years from the end of the calendar year in which each trip was provided; and

(2) Individual records of drivers, except receipts pursuant to section 1(9) of this act, at least until the end of the calendar year marking the three-year anniversary of the date on which a driver's relationship with the transportation network company has ended.

**NEW SECTION. Sec. 28.** (1) For the sole purpose of verifying that a transportation network company is in compliance with the requirements of this chapter and no more than twice per year, the department may review a sample of records that the transportation network company is required to maintain under this chapter. The sample of records must be chosen randomly by the department in a manner agreeable to both parties. Any record sample furnished to the department may exclude information that would reasonably identify specific drivers or passengers.

(2) Records provided to the department for inspection under this chapter are exempt from disclosure under chapter 42.56 RCW and are confidential and not subject to disclosure to a third party by the department without prior written consent of the transportation network company.

**NEW SECTION. Sec. 29.** The uniform regulation of business and professions act, chapter 18.235 RCW, governs unlicensed practice, the issuance and denial of licenses, and the discipline of licensees under this chapter.

**NEW SECTION. Sec. 30.** The department may adopt rules consistent with and as necessary to carry out this chapter.

**NEW SECTION. Sec. 31.** (1) Unless the company's policies, directives, or procedures for operation of the network, or the company's requirements of the driver, are found to be a proximate cause of an injury, a transportation network company is not vicariously liable for injury to persons or property that results or arises out of the use, operation, or possession of a motor vehicle operating as a transportation network company vehicle while the driver is logged on to the transportation network

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company's digital network if:

(a) There is no negligence under this chapter or criminal wrongdoing under federal or state laws on the part of the transportation network company; and

(b) The transportation network company has fulfilled all of its obligations under this chapter with respect to the driver.

(2) Nothing in this section alters or reduces the coverage or policy limits of the insurance requirements under RCW 48.177.010 (as recodified by this act).

(3) Nothing in this section alters or limits a party's rights to bring a cause of action for independent negligence on the part of the transportation network company for injury to persons or property that results or arises out of the use, operation, or possession of a motor vehicle operating as a transportation network company vehicle while the driver is logged on to the transportation network company's digital network.

**NEW SECTION. Sec. 32.** (1) A transportation network company shall not, unless based upon a bona fide occupational qualification, refuse to contract with or terminate the contract of a driver based upon age, sex, marital status, sexual orientation, gender expression or gender identity, race, creed, religious belief or affiliation, color, national origin, citizenship or immigration status, families with children, honorably discharged veteran or military status, the presence of any sensory, mental, or physical disability, the use of a trained guide dog or service animal by a person with a disability, or any other protected class under RCW 49.60.010.

(2) Drivers shall have all rights and remedies available under chapter 49.60 RCW solely to enforce this section.

**NEW SECTION. Sec. 33.** (1) Except as provided in subsections (2) and (3) of this section, as of the effective date of this section, the state preempts the field of regulating transportation network companies and drivers. No county, city, town, or other municipal corporation may regulate transportation network companies or drivers, or impose any tax, fee, or other charge, on a transportation network company or driver.

(2)(a)(i) Except as provided in (b) and (c) of this subsection, a local ordinance or regulation existing on or before January 1, 2022, that imposes a tax, fee, or surcharge on a transportation network company or driver remains in effect at the rate that exists on or before January 1, 2022. The county, city, town, or other municipal corporation may continue to collect that tax, fee, or surcharge, but may not increase the amount of that tax, fee, or surcharge, and may not impose any higher or new taxes, fees, or surcharges.

(ii) Other than fees or surcharges imposed exclusively on a transportation network company or driver, this section shall not be construed to preempt any generally applicable taxes, fees, or surcharges, such as any:

- (A) Business tax;
- (B) Sales and use tax;
- (C) Excise tax; or
- (D) Property tax.

(iii) This subsection (2)(a) shall apply retroactively and shall preempt any increase in the amount of an existing tax, fee, or surcharge not preempted pursuant to this subsection (2)(a), or the imposition of any higher or new taxes, fees, or surcharges which occurs between January 2, 2022, and the effective date of this act.

(b) Notwithstanding (a) of this subsection, beginning on January 1, 2023, any local ordinance or regulation existing on or before the effective date of this section that imposed a per trip tax, fee, or surcharge for which, at the time the ordinance became effective, the proceeds were to be used in part to fund a driver conflict resolution center, shall be reduced by \$0.15. The county, city, town, or other municipal corporation may continue to collect

that tax, fee, or surcharge, but only at the reduced rate and may not increase the amount of that tax, fee, or surcharge, and may not impose any higher or new taxes, fees, or surcharges.

(c) Notwithstanding (a) of this subsection, any per ride fee imposed by a local ordinance exempted from preemption under subsection (3)(a) of this section, the proceeds of which are used to offset expenses of enforcing the ordinance, may be adjusted under the following provisions:

(i) The city or county demonstrates to the satisfaction of the department that the revenues from the existing per ride fee amount are insufficient to offset the city's or county's cost from enforcement and regulation;

(ii) The total amount expected to be collected under the increased amount will not exceed the city or county's total expected costs; and

(iii) The department has not authorized an increase in the per ride fee in the last two fiscal years.

(3)(a) A local ordinance or regulation in a city with a population of more than six hundred thousand or a county with a population of more than two million, and that existed on or before January 1, 2022, that defined and regulated licensing for transportation network companies and permits for drivers, or the requirements for and processing of applications, certifications, examinations, and background checks for drivers and personal vehicles, remains in effect as the requirements exist on the effective date of this section. The county or city may continue to enforce the ordinance or regulation but may not alter, amend, or implement changes to the ordinance or regulation, or requirements under it, after January 1, 2022, except if such alteration, amendment, or implementation conforms with the requirements of this chapter. This subsection shall apply retroactively to any alteration, amendment, or implementation which occurs between March 10, 2022, and the effective date of this section.

(b) Notwithstanding subsection (1) of this section, a local ordinance or regulation in a city with a population of more than six hundred thousand or a county with a population of more than two million, and that existed before January 1, 2022, that is related to requirements covered by sections 1 and 6 through 13 of this act are preempted as of January 1, 2023. The city may continue to enforce the local ordinance or regulation between the effective date of this section and January 1, 2023, but may not alter, amend, or implement changes to the ordinance or regulation, or requirements under it, after January 1, 2022, except if such alteration, or amendment, or implementation conforms with the requirements of this act. This paragraph shall apply retroactively to any alteration, amendment, or implementation which occurs between March 10, 2022, and the effective date of this section.

(4) Nothing in this chapter shall be interpreted to prevent an airport operator, as defined in RCW 14.08.015, from requiring a transportation network company to enter into a contract or agreement, consistent with the provisions of RCW 14.08.120, governing requirements of the transportation network company on airport property including but not limited to the fees and operational requirements. An airport operator may not impose any requirements through a contract authorized by this section that relate to requirements covered by sections 1, 7, 11, and 13 of this act and RCW 49.46.210(5), 51.08.070, 51.08.180, 51.12.020, and 51.16.060.

**Sec. 34.** RCW 48.177.010 and 2015 c 236 s 2 are each amended to read as follows:

(1)(a) Before being used to provide commercial transportation services, as defined in RCW 48.177.005, every personal vehicle, as defined in RCW 48.177.005, must be covered by a primary

automobile insurance policy that specifically covers commercial transportation services. However, the insurance coverage requirements of this section are alternatively satisfied by securing coverage pursuant to chapter 46.72 or 46.72A RCW that covers the personal vehicle being used to provide commercial transportation services and that is in effect twenty-four hours per day, seven days per week. Except as provided in subsection (2) of this section, a commercial transportation services provider, as defined in RCW 48.177.005, must secure this policy for every personal vehicle used to provide commercial transportation services. For purposes of this section, a "primary automobile insurance policy" is not a private passenger automobile insurance policy.

(b) The primary automobile insurance policy required under this section must provide coverage, as specified in this subsection (1)(b), at all times the driver is logged in to a commercial transportation services provider's digital network or software application and at all times a passenger is in the vehicle as part of a prearranged ride.

(i) The primary automobile insurance policy required under this subsection must provide the following coverage during commercial transportation services applicable during the period before a driver accepts a requested ride through a digital network or software application:

(A) Liability coverage in an amount no less than fifty thousand dollars per person for bodily injury, one hundred thousand dollars per accident for bodily injury of all persons, and thirty thousand dollars for damage to property;

(B) Underinsured motorist coverage to the extent required under RCW 48.22.030; and

(C) Personal injury protection coverage to the extent required under RCW 48.22.085 and 48.22.095.

(ii) The primary automobile insurance policy required under this subsection must provide the following coverage, applicable during the period of a prearranged ride:

(A) Combined single limit liability coverage in the amount of one million dollars for death, personal injury, and property damage; and

~~(B) ((Underinsured motorist coverage in the amount of one million dollars; and~~

~~(C))~~ Personal injury protection coverage to the extent required under RCW 48.22.085 and 48.22.095.

(iii) The primary automobile insurance policy required under this subsection must provide underinsured motorist coverage in the amount of \$100,000 per person, \$300,000 per accident from the moment a passenger enters the transportation network company vehicle of a driver until the passenger exits the transportation network company vehicle.

(2)(a) As an alternative to the provisions of subsection (1) of this section, ~~((if the office of the insurance commissioner approves the offering of an insurance policy that recognizes that a person is acting as a driver for a commercial transportation services provider and using a personal vehicle to provide commercial transportation services.))~~ a driver may secure a primary automobile insurance policy covering a personal vehicle and providing the same coverage as required in subsection (1) of this section from a lawful admitted or surplus lines insurer. The policy coverage may be in the form of a rider to, or endorsement of, the driver's private passenger automobile insurance policy only if approved as such by the office of the insurance commissioner.

(b) If the primary automobile insurance policy maintained by a driver to meet the obligation of this section does not provide coverage for any reason, including that the policy lapsed or did not exist, the commercial transportation services provider must provide the coverage required under this section beginning with

the first dollar of a claim.

(c) The primary automobile insurance policy required under this subsection and subsection (1) of this section may be secured by any of the following:

(i) The commercial transportation services provider as provided under subsection (1) of this section;

(ii) The driver as provided under (a) of this subsection; or

(iii) A combination of both the commercial transportation services provider and the driver.

(3) The insurer or insurers providing coverage under subsections (1) and (2) of this section are the only insurers having the duty to defend any liability claim from an accident occurring while commercial transportation services are being provided.

(4) In addition to the requirements in subsections (1) and (2) of this section, before allowing a person to provide commercial transportation services as a driver, a commercial transportation services provider must provide written proof to the driver that the driver is covered by a primary automobile insurance policy that meets the requirements of this section. Alternatively, if a driver purchases a primary automobile insurance policy as allowed under subsection (2) of this section, the commercial transportation services provider must verify that the driver has done so.

(5) A primary automobile insurance policy required under subsection (1) or (2) of this section may be placed with an insurer licensed under this title to provide insurance in the state of Washington or as an eligible surplus line insurance policy as described in RCW 48.15.040, or through a surplus lines insurer that meets the financial requirements as described in RCW 48.15.090 and follows the procurement procedures of RCW 48.15.040.

(6) Insurers that write automobile insurance in Washington may exclude any and all coverage afforded under a private passenger automobile insurance policy issued to an owner or operator of a personal vehicle for any loss or injury that occurs while a driver for a commercial transportation services provider is logged in to a commercial transportation services provider's digital network or while a driver provides a prearranged ride. This right to exclude all coverage may apply to any coverage included in a private passenger automobile insurance policy including, but not limited to:

(a) Liability coverage for bodily injury and property damage;

(b) Personal injury protection coverage;

(c) Underinsured motorist coverage;

(d) Medical payments coverage;

(e) Comprehensive physical damage coverage; and

(f) Collision physical damage coverage.

(7) Nothing in this section shall be construed to require a private passenger automobile insurance policy to provide primary or excess coverage or a duty to defend for the period of time in which a driver is logged in to a commercial transportation services provider's digital network or software application or while the driver is engaged in a prearranged ride or the driver otherwise uses a vehicle to transport passengers for compensation.

(8) Insurers that exclude coverage under subsection (6) of this section have no duty to defend or indemnify any claim expressly excluded under subsection (6) of this section. Nothing in this section shall be deemed to invalidate or limit an exclusion contained in a policy, including any policy in use or approved for use in Washington state before July 24, 2015, that excludes coverage for vehicles used to carry persons or property for a charge or available for hire by the public.

(9) An exclusion exercised by an insurer in subsection (6) of this section applies to any coverage selected or rejected by a named insured under RCW 48.22.030 and 48.22.085. The

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purchase of a rider or endorsement by a driver under subsection (2)(a) of this section does not require a separate coverage rejection under RCW 48.22.030 or 48.22.085.

(10) If more than one insurance policy provides valid and collectible coverage for a loss arising out of an occurrence involving a motor vehicle operated by a driver, the responsibility for the claim must be divided as follows:

(a) Except as provided otherwise under subsection (2)(c) of this section, if the driver has been matched with a passenger and is traveling to pick up the passenger, or the driver is providing services to a passenger, the commercial transportation services provider that matched the driver and passenger must provide insurance coverage; or

(b) If the driver is logged in to the digital network or software application of more than one commercial transportation services provider but has not been matched with a passenger, the liability must be divided equally among all of the applicable insurance policies that specifically provide coverage for commercial transportation services.

(11) In an accident or claims coverage investigation, a commercial transportation services provider or its insurer must cooperate with a private passenger automobile insurance policy insurer and other insurers that are involved in the claims coverage investigation to facilitate the exchange of information, including the provision of (a) dates and times at which an accident occurred that involved a participating driver and (b) within ten business days after receiving a request, a copy of the provider's electronic record showing the precise times that the participating driver logged on and off the provider's digital network or software application on the day the accident or other loss occurred. The commercial transportation services provider or its insurer must retain all data, communications, or documents related to insurance coverage or accident details for a period of not less than the applicable statutes of limitation, plus two years from the date of an accident to which those records pertain.

(12) This section does not modify or abrogate any otherwise applicable insurance requirement set forth in this title.

(13) After July 1, 2016, an insurance company regulated under this title may not deny an otherwise covered claim arising exclusively out of the personal use of the private passenger automobile solely on the basis that the insured, at other times, used the private passenger automobile covered by the policy to provide commercial transportation services.

(14) If an insurer for a commercial transportation services provider makes a payment for a claim covered under comprehensive coverage or collision coverage, the commercial transportation services provider must cause its insurer to issue the payment directly to the business repairing the vehicle or jointly to the owner of the vehicle and the primary lienholder on the covered vehicle.

(15)(a) To be eligible for securing a primary automobile insurance policy under this section, a commercial transportation services provider must make the following disclosures to a prospective driver in the prospective driver's terms of service:

WHILE OPERATING ON THE DIGITAL NETWORK OR SOFTWARE APPLICATION OF THE COMMERCIAL TRANSPORTATION SERVICES PROVIDER, YOUR PRIVATE PASSENGER AUTOMOBILE INSURANCE POLICY MIGHT NOT AFFORD LIABILITY, UNDERINSURED MOTORIST, PERSONAL INJURY PROTECTION, COMPREHENSIVE, OR COLLISION COVERAGE, DEPENDING ON THE TERMS OF THE POLICY.

IF THE VEHICLE THAT YOU PLAN TO USE TO PROVIDE COMMERCIAL TRANSPORTATION SERVICES

FOR OUR COMPANY HAS A LIEN AGAINST IT, YOU MUST NOTIFY THE LIENHOLDER THAT YOU WILL BE USING THE VEHICLE FOR COMMERCIAL TRANSPORTATION SERVICES THAT MAY VIOLATE THE TERMS OF YOUR CONTRACT WITH THE LIENHOLDER.

(b) The prospective driver must acknowledge the terms of service electronically or by signature.

**NEW SECTION. Sec. 35.** (1) The commissioner for the employment security department shall commence a work group of stakeholders, comprised of equal representation of industry and labor, to study the appropriate application of Titles 50, 50A, and 50B RCW on transportation network companies and drivers in this state.

(2) No later than December 1, 2022, and in compliance with RCW 43.01.036, the commissioner must submit a report to the governor and the legislature on findings and suggested changes to state law to establish applicable rates and terms by which transportation network companies and drivers participate in relevant state run programs established pursuant to Titles 50, 50A, and 50B RCW.

**NEW SECTION. Sec. 36.** RCW 48.177.010 is recodified as a section in chapter 46--- RCW (the new chapter created in section 37 of this act).

**NEW SECTION. Sec. 37.** Sections 14 through 33 of this act constitute a new chapter in Title 46 RCW.

**NEW SECTION. Sec. 38.** (1) Sections 8 through 13 of this act (related to industrial insurance) take effect January 1, 2023.

(2) Sections 17 and 28 of this act (related to the department of licensing) take effect March 1, 2023."

On page 1, line 2 of the title, after "companies;" strike the remainder of the title and insert "amending RCW 49.46.210, 51.12.020, 51.08.070, 51.08.180, 51.16.060, and 48.177.010; adding new sections to chapter 49.46 RCW; adding a new section to chapter 51.16 RCW; adding a new section to chapter 51.04 RCW; adding a new chapter to Title 46 RCW; creating a new section; recodifying RCW 48.177.010; and providing effective dates."

The President declared the question before the Senate to be to not adopt the committee striking amendment by the Committee on Transportation to Engrossed Substitute House Bill No. 2076.

The motion by Senator Saldaña carried and the committee striking amendment was not adopted by voice vote.

MOTION

Senator Saldaña moved that the following striking amendment no. 1382 by Senator Saldaña be adopted:

Strike everything after the enacting clause and insert the following:

**"PART I  
COMPENSATION, DEACTIVATION, AND DRIVER  
RESOURCE CENTER**

**NEW SECTION. Sec. 1.** A new section is added to chapter 49.46 RCW to read as follows:

(1) The definitions in this subsection apply throughout this section and sections 2 through 5 and 7 of this act unless the context clearly requires otherwise.

(a) "Account deactivation" means one or more of the following actions with respect to an individual driver or group of drivers that is implemented by a transportation network company and lasts for more than three consecutive days:

(i) Blocking access to the transportation network company driver platform;

(ii) Changing a driver's status from eligible to provide transportation network company services to ineligible; or

(iii) Any other material restriction in access to the transportation network company's driver platform.

(b) "Compensation" means payment owed to a driver by reason of providing network services including, but not limited to, the minimum payment for passenger platform time and mileage, incentives, and tips.

(c) "Department" means the department of labor and industries.

(d) "Digital network" means any online-enabled application, website, or system offered or used by a transportation network company that enables the prearrangement of rides between drivers and passengers.

(e) "Director" means the director of the department of labor and industries.

(f) "Dispatch location" means the location of the driver at the time the driver accepts a trip request through the driver platform.

(g) "Dispatch platform time" means the time a driver spends traveling from a dispatch location to a passenger pick-up location. Dispatch platform time ends when a passenger cancels a trip or the driver begins the trip through the driver platform. A driver cannot simultaneously be engaged in dispatch platform time and passenger platform time for the same transportation network company. For shared rides, dispatch platform time means the time a driver spends traveling from the first dispatch location to the first passenger pick-up location.

(h) "Dispatched trip" means the provision of transportation by a driver for a passenger through the use of a transportation network company's application dispatch system.

(i) "Driver" has the same meaning as "commercial transportation services provider driver" in RCW 48.177.005. Except as otherwise specified in this act, for purposes of this title and Titles 48, 50A, 50B, and 51 RCW, and any orders, regulations, administrative policies, or opinions of any state or local agency, board, division, or commission, pursuant to those titles, a driver is not an employee or agent of a transportation network company if the following factors are met:

(i) The transportation network company does not unilaterally prescribe specific dates, times of day, or a minimum number of hours during which the driver must be logged into the transportation network company's online-enabled application or platform;

(ii) The transportation network company may not terminate the contract of the driver for not accepting a specific transportation service request;

(iii) The transportation network company does not contractually prohibit the driver from performing services through other transportation network companies except while performing services through the transportation network company's online-enabled application or platform during dispatch platform time and passenger platform time; and

(iv) The transportation network company does not contractually prohibit the driver from working in any other lawful occupation or business.

Notwithstanding any state or local law to the contrary, any party seeking to establish that the factors in this subsection (1)(i) are not met bears the burden of proof. A driver for purposes of this section shall not include any person ultimately and finally determined to be an "employee" within the meaning of section 2(3) of the national labor relations act, 29 U.S.C. Sec. 152(3).

(j) "Driver platform" means the driver-facing application dispatch system software or any online-enabled application service, website, or system, used by a driver, or which enables services to be delivered to a driver that enables the prearrangement of passenger trips for compensation.

(k) "Driver resource center" or "center" means a nonprofit

organization that provides services to drivers. The nonprofit organization must be registered with the Washington secretary of state, have organizational bylaws giving drivers right to membership in the organization, and have demonstrated experience: (i) Providing services to gig economy drivers in Washington state, including representing drivers in deactivation appeals proceedings; and (ii) providing culturally competent driver representation services, outreach, and education. The administration and formation of the driver resource center may not be funded, excessively influenced, or controlled by a transportation network company.

(l) "Driver resource center fund" or "fund" means the dedicated fund created in section 2 of this act, the sole purpose of which is to administer funds collected from transportation network companies to provide services, support, and benefits to drivers.

(m) "Network services" means services related to the transportation of passengers through the driver platform that are provided by a driver while logged in to the driver platform, including services provided during available platform time, dispatch platform time, and passenger platform time.

(n) "Passenger" has the same meaning as "commercial transportation services provider passenger" in RCW 48.177.005.

(o) "Passenger drop-off location" means the location of a driver's vehicle when the passenger leaves the vehicle.

(p) "Passenger pick-up location" means the location of the driver's vehicle at the time the driver starts the trip in the driver platform.

(q) "Passenger platform miles" means all miles driven during passenger platform time as recorded in a transportation network company's driver platform.

(r) "Passenger platform time" means the period of time when the driver is transporting one or more passengers on a trip. For shared rides, passenger platform time means the period of time commencing when the first passenger enters the driver's vehicle until the time when the last passenger exits the driver's vehicle.

(s) "Personal vehicle" has the same meaning as "personal vehicle" in RCW 48.177.005.

(t) "Shared ride" means a dispatched trip which, prior to its commencement, a passenger requests through the transportation network company's digital network to share the dispatched trip with one or more passengers and each passenger is charged a fare that is calculated, in whole or in part, based on the passenger's request to share all or a part of the dispatched trip with one or more passengers, regardless of whether the passenger actually shares all or a part of the dispatched trip.

(u) "Tips" means a verifiable sum to be presented by a passenger as a gift or gratuity in recognition of service performed for the passenger by the driver receiving the tip.

(v) "Transportation network company" has the same meaning as defined in RCW 46.04.652. A transportation network company does not provide for hire transportation service.

(2) A driver is only covered by this section to the extent that the driver provides network services within the state of Washington.

(3)(a) A transportation network company is covered by this section if it provides a driver platform within the state of Washington.

(b) Separate entities that form an integrated enterprise are considered a single transportation network company under this section. Separate entities will be considered an integrated enterprise and a single transportation network company where a separate entity controls the operation of another entity. Factors to consider include, but are not limited to, the degree of interrelation between the operations of multiple entities; the degree to which the entities share common management; the centralized control of labor relations; the degree of common ownership or financial

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control over the entities; and the use of a common brand, trade, business, or operating name.

(4)(a) Beginning December 31, 2022, a transportation network company shall ensure that a driver's total compensation is not less than the standard set forth in (a)(i), (ii), or (iii) of this subsection (4).

(i) For all dispatched trips originating in cities with a population of more than 600,000, on a per trip basis the greater of:

(A) \$0.59 per passenger platform minute for all passenger platform time for that trip, and \$1.38 per passenger platform mile for all passenger platform miles driven on that trip; or

(B) A minimum of \$5.17 per dispatched trip.

(ii) For all other dispatched trips, the greater of:

(A) \$0.34 per passenger platform minute and \$1.17 per passenger platform mile; or

(B) A minimum of \$3.00 per dispatched trip.

(iii) For all trips originating elsewhere and terminating in cities with a population of more than 600,000:

(A) For all passenger platform time spent within the city on that trip and for all passenger platform miles driven in the city on that trip the compensation standard under (a)(i) of this subsection applies.

(B) For all passenger platform time spent outside the city on that trip and for all passenger platform miles driven outside the city on that trip the compensation standard under (a)(ii) of this subsection applies.

(b) Beginning September 30, 2022, and on each following September 30th, the department shall calculate adjusted per mile and per minute amounts and per trip minimums by increasing the current year's per mile and per minute amounts and per trip minimums by the rate of increase of the state minimum wage, calculated to the nearest cent. The adjusted amount calculated under this section takes effect on the following January 1st.

(c) For shared rides, the per trip minimums in (a)(i) and (ii) of this subsection shall apply only to the entirety of the shared ride, and not on the basis of the individual passenger's trip within the shared ride.

(5)(a) For the purposes of this section, a dispatched trip includes:

(i) A dispatched trip in which the driver transports the passenger to the passenger drop-off location;

(ii) A dispatched trip canceled after two minutes by a passenger or the transportation network company unless cancellation is due to driver conduct, or no cancellation fee is charged to the passenger;

(iii) A dispatched trip that is canceled by the driver for good cause consistent with company policy; and

(iv) A dispatched trip where the passenger does not appear at the passenger pick-up location within five minutes.

(b) A transportation network company may exclude time and miles if doing so is reasonably necessary to remedy or prevent fraudulent use of the transportation network company's online-enabled application or platform.

(6)(a) A transportation network company shall remit to drivers all tips. Tips paid to a driver are in addition to, and may not count towards, the driver's minimum compensation under this section.

(b) Amounts charged to a passenger and remitted to the driver for tolls, fees, or surcharges incurred by a driver during a trip must not be included in calculating compensation for purposes of subsection (4) of this section.

(c)(i) Beginning January 1, 2023, except as required by law, a transportation network company may only deduct compensation when the driver expressly authorizes the deduction in writing and does so in advance for a lawful purpose. Any authorization by a

driver must be voluntary and knowing.

(ii) Nothing in this section shall prohibit a transportation network company from deducting compensation as required by state or federal law or as directed by a court order.

(iii) Neither the transportation network company nor any person acting in the interest of the transportation network company may derive any financial profit or benefit from any of the deductions under this section. For the purposes of this section:

(A) Reasonable interest charged by the transportation network company or any person acting in the interest of a transportation network company, for a loan or credit extended to the driver, is not considered to be of financial benefit to the transportation network company or person acting in the interest of a transportation network company; and

(B) A deduction will be considered for financial profit or benefit only if it results in a gain over and above the fair market value of the goods or services for which the deduction was made.

(7)(a) Beginning January 1, 2023, a transportation network company shall provide each driver with a written notice of rights established by this section in a form and manner sufficient to inform drivers of their rights under this section. The notice of rights shall provide information on:

(i) The right to the applicable per minute rate and per mile rate or per trip rate guaranteed by this section;

(ii) The right to be protected from retaliation for exercising in good faith the rights protected by this section; and

(iii) The right to seek legal action or file a complaint with the department for violation of the requirements of this section, including a transportation network company's failure to pay the minimum per minute rate or per mile rate or per trip rate, or a transportation network company's retaliation against a driver or other person for engaging in an activity protected by this section.

(b) A transportation network company shall provide the notice of rights required by this section in an electronic format that is readily accessible to the driver. The notice of rights shall be made available to the driver via smartphone application or online web portal, in English and the five most common foreign languages spoken in this state.

(8) Beginning December 31, 2022, within 24 hours of completion of each dispatched trip, a transportation network company must transmit an electronic receipt to the driver that contains the following information for each unique trip, or portion of a unique trip, covered by this section:

(a) The total amount of passenger platform time;

(b) The total mileage driven during passenger platform time;

(c) Rate or rates of pay, including but not limited to the rate per minute, rate per mile, percentage of passenger fare, and any applicable price multiplier or variable pricing policy in effect for the trip;

(d) Tip compensation;

(e) Gross payment;

(f) Net payment after deductions, fees, tolls, surcharges, lease fees, or other charges; and

(g) Itemized deductions or fees, including any toll, surcharge, commission, lease fees, and other charges.

(9) Beginning January 1, 2023, a transportation network company shall make driver per trip receipts available in a downloadable format, such as a comma-separated values file or PDF file, via smartphone application or online web portal for a period of two years from the date the transportation network company provided the receipt to the driver.

(10) Beginning January 1, 2023, on a weekly basis, the transportation network company shall provide written notice to the driver that contains the following information for trips, or a portion of a trip, that is covered by this section and which

occurred in the prior week:

- (a) The driver's total passenger platform time;
- (b) Total mileage driven by the driver during passenger platform time;
- (c) The driver's total tip compensation;
- (d) The driver's gross payment, itemized by: (i) Rate per minute; (ii) rate per mile; and (iii) any other method used to calculate pay including, but not limited to, base pay, percentage of passenger fare, or any applicable price multiplier or variable pricing policy in effect for the trip;
- (e) The driver's net payment after deductions, fees, tolls, surcharges, lease fees, or other charges; and
- (f) Itemized deductions or fees, including all tolls, surcharges, commissions, lease fees, and other charges, from the driver's payment.

(11) Beginning January 1, 2023, within 24 hours of a trip's completion, a transportation network company must transmit an electronic receipt to the passenger, for on trip time, on behalf of the driver that lists:

- (a) The date and time of the trip;
- (b) The passenger pick-up and passenger drop-off locations for the trip. In describing the passenger pick-up location and passenger drop-off location, the transportation network company shall describe the location by indicating the specific block (e.g. "the 300 block of Pine Street") in which the passenger pick-up and passenger drop-off occurred. A transportation network company is authorized to indicate the location with greater specificity, such as with a street address or intersection, at its discretion;

- (c) The total duration and distance of the trip;
- (d) The driver's first name;
- (e) The total fare paid, itemizing all charges and fees; and
- (f) The total passenger-paid tips.

(12)(a) Beginning July 1, 2024, transportation network companies shall collect and remit a \$0.15 per trip fee to the driver resource center fund, created in section 2 of this act, for the driver resource center to support the driver community. The remittance under this subsection is a pass-through of passenger fares and shall not be considered a transportation network company's funding of the driver resource center. Passenger fares paid include each individual trip portion on shared trips. The remittances to the fund must be made on a quarterly basis.

(b) Beginning September 30, 2024, and on each following September 30th, the department shall calculate an adjusted per trip fee by adjusting the current amount by the rate of inflation. The adjusted amounts must be calculated to the nearest cent using the consumer price index for urban wage earners and clerical workers, CPI-W, or a successor index, for the 12 months prior to each September 1st as calculated by the United States department of labor. Each adjusted amount calculated under this subsection takes effect on the following January 1st.

(13) No later than one year after the effective date of this section, transportation network companies shall provide an opportunity for drivers to make voluntary per trip earnings deduction contributions to the driver resource center, provided that 100 or more drivers working for transportation network companies covered under this section have authorized such a deduction to the driver resource center, and subject to the following:

(a) A driver must expressly authorize the deduction in writing. Written authorization must include, at a minimum, sufficient information to identify the driver and the driver's desired per trip deduction amount. These deductions may reduce the driver's per trip earnings below the minimums set forth in this section.

(b) The transportation network company may require written authorization to be submitted in electronic format from the driver

resource center.

(c) The transportation network company shall make the first deductions within 30 days of receiving a written authorization of the driver, and shall remit deductions to the driver resource center each month, with remittance due not later than 28 days following the end of the month.

(d) A driver's authorization remains in effect until the driver resource center provides an express revocation to the transportation network company.

(e) A transportation network company shall rely on information provided by the driver resource center regarding the authorization and revocation of deductions.

(f) Upon request by a transportation network company, the driver resource center shall reimburse the transportation network company for the costs associated with deduction and remittance. The department shall adopt rules to calculate the reimbursable costs.

(14) Each transportation network company shall submit to the fund, with its remittance under subsection (12) of this section, a report detailing the number of trips in the previous quarter and the total amount of the surcharge charged to customers. The first payment and accounting is due on the 30th day of the quarter following the imposition of the surcharge. Failure to remit payments by the deadlines is deemed a delinquency and the transportation network company is subject to penalties and interest provided in section 4 of this act.

(15)(a) The state expressly intends to displace competition with regulation allowing a transportation network company, at its own volition, to enter into an agreement with the driver resource center regarding a driver account deactivation appeals process for eligible account deactivations. It is the policy of the state to promote a fair appeals process related to eligible account deactivations that supports the rights of drivers and transportation network companies and provides fair processes related to eligible account deactivations. The state intends that any agreement under this section is immune from all federal and state antitrust laws.

(i) "Eligible account deactivation" means one or more of the following actions with respect to an individual driver that is implemented by a transportation network company:

(A) Blocking or restricting access to the transportation network company driver platform for three or more consecutive days; or

(B) Changing a driver's account status from eligible to provide transportation network company services to ineligible for three or more consecutive days.

(ii) An eligible account deactivation does not include any change in a driver's access or account status that is:

(A) Related to an allegation of discrimination, harassment, including sexual harassment or harassment due to someone's membership in a protected class, or physical or sexual assault, or willful or knowing commitment of fraud;

(B) Related to an allegation that the driver was under the influence of drugs or alcohol while a related active investigation that takes no longer than 10 business days is under way; or

(C) Any other categories the transportation network company and the driver resource center may agree to as part of the agreement under this subsection.

(iii) A transportation network company shall enter into an agreement with the driver resource center regarding the driver account deactivation appeals process for eligible account deactivations. Any agreement must be approved by the department. The department may approve an agreement only if the agreement contains the provisions in (a)(iv) of this subsection.

(iv) The agreement must provide an appeals process for drivers whose account has been subject to an eligible account deactivation. The appeals process must include the following protections:



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(A) Opportunity for a driver representative to support a driver, upon the driver's request, throughout the account deactivation appeals process for eligible account deactivations;

(B) Notification, as required by (d) of this subsection, to drivers of their right to representation by the driver resource center at the time of the eligible account deactivation;

(C) Within 30 calendar days of a request, furnishing to the driver resource center an explanation and information the transportation network company may have relied upon in making the deactivation decision, excluding confidential, proprietary, or otherwise privileged communications, provided that personal identifying information and confidential information is redacted to address reasonable privacy and confidentiality concerns;

(D) A good faith, informal resolution process that is committed to efficient resolution of conflicts regarding eligible account deactivations within 30 days of the transportation network company being notified that the driver contests the explanation offered by the company;

(E) A formal process that includes a just cause standard, with deadlines for adjudication of an appeal of an eligible account deactivation by a panel that includes a mutually agreed-upon neutral third party with experience in dispute resolution. The panel has the authority to make binding decisions within the confines of the law and make-whole monetary awards, including back pay, based on an agreed-upon formula for cases not resolved during the informal process;

(F) Agreement by the transportation network company to use the process set forth in this subsection to resolve disputes over eligible account deactivation appeals as an alternative to private arbitration with regard to such a dispute, should the driver and transportation network company so choose; and

(G) Agreement by the transportation network company that, for eligible account deactivations in which the driver or transportation network company elect private arbitration in lieu of the formal process outlined in (a)(iv)(E) of this subsection (15), the transportation network company shall offer the driver the opportunity to have the eligible deactivation adjudicated under the just cause standard outlined in (a)(iv)(E) of this subsection.

(b) A transportation network company that enters into an agreement with the driver resource center shall reach agreement through the following steps:

(i)(A) For a transportation network company operating a digital network in the state of Washington as of the effective date of this section, the driver resource center and transportation network company must make good faith efforts to reach an agreement within 120 days of an organization being selected as the driver resource center under section 2 of this act.

(B) For a transportation network company who begins operating a digital network in the state of Washington after an organization has been selected as the driver resource center under section 2 of this act, the driver resource center and transportation network company must make good faith efforts to reach an agreement within 120 days of the transportation network company beginning operation of a digital network in the state of Washington.

(ii) If the driver resource center and transportation network company cannot reach an agreement, then they are required to submit issues of dispute before a jointly agreed-upon mediator.

(iii) After mediation lasting no more than two months has been exhausted and no resolution has been reached, then the parties will proceed to binding arbitration before a panel of arbitrators consisting of one arbitrator selected by the driver resource center, one arbitrator selected by the transportation network company, and a third arbitrator selected by the other two. If the two selected arbitrators cannot agree to the third arbitrator within 10 days, then

the third arbitrator shall be determined from a list of seven arbitrators with experience in labor disputes or interest arbitration designated by the American arbitration association. A coin toss shall determine which side strikes the first name. Thereafter the other side shall strike a name. The process will continue until only one name remains, who shall be the third arbitrator. Alternatively, the driver resource center and the transportation network company may agree to a single arbitrator.

(iv) The arbitrators must submit their decision, based on majority rule, within 60 days of the panel or arbitrator being chosen.

(v) The decision of the majority of arbitrators is final and binding and will then be submitted to the director of the department for final approval.

(c) In reviewing any agreement between a transportation network company and the driver resource center, under (a) of this subsection, the department shall review the agreement to ensure that its content is consistent with this subsection and the public policy goals set forth in this subsection. The department shall consider in its review both qualitative and quantitative effects of the agreement and how the agreement comports with the state policies set forth in this section. In conducting a review, the record shall not be limited to the submissions of the parties nor to the terms of the proposed agreement and the department shall have the right to conduct public hearings and request additional information from the parties, provided that such information: (i) Is relevant for determining whether the agreement complies with this subsection; and (ii) does not contain either parties' confidential, proprietary, or privileged information, or any individual's personal identifying information from the parties. The department may approve or reject a proposed agreement, and may require the parties to submit a revised proposal on all or particular parts of the proposed agreement. If the department rejects an agreement, it shall set forth its reasoning in writing and shall suggest ways the parties may remedy the failures. Absent good cause, the department shall issue a written determination regarding its approval or rejection within 60 days of submission of the agreement.

(d)(i) For any account deactivation, the transportation network company shall provide notification to the driver, at the time of deactivation, that the driver may have the right to representation by the driver resource center to appeal the account deactivation.

(ii) A transportation network company must provide any driver whose account is subject to an account deactivation between the effective date of this section and the effective date of the agreement the contact information of the driver resource center and notification that the driver may have the right to appeal the account deactivation with representation by the driver resource center.

(16) The department may adopt rules to implement this section.

**NEW SECTION. Sec. 2.** A new section is added to chapter 49.46 RCW to read as follows:

(1) The legislature recognizes that providing education and outreach to drivers regarding their rights and obligations furthers the state's interest in having a vibrant knowledgeable work force and safe and satisfied consumers. The legislature therefore intends to create a way of providing education, outreach, and support to workers who, because of the nature of their work, do not have access to such support through traditional avenues.

(2) The driver resource center fund is created in the custody of the state treasurer. All moneys received from the remittance in section 1(12) of this act must be deposited into the fund.

(3) Only the director of the department of labor and industries or the director's designee may authorize expenditures from the fund. The fund is subject to allotment procedures under chapter

43.88 RCW, but an appropriation is not required for expenditures.

(4) The department may make expenditures from the fund for the following purposes:

(a) Services provided by the driver resource center, as defined in section 1 of this act, to drivers and administrative costs of providing such support. The department must distribute funding received by the account, exclusive of the department's administrative costs deducted under (b) of this subsection, to the center on a quarterly basis; and

(b) The department's costs of administering the fund and its duties under section 1 of this act, not to exceed 10 percent of revenues to the fund.

(5) Within four months of the effective date of this section, the director of the department or the director's designee shall, through a competitive process, select and contract with a qualified nonprofit organization to be the driver resource center.

**NEW SECTION. Sec. 3.** A new section is added to chapter 49.46 RCW to read as follows:

(1)(a) If a driver files a complaint with the department alleging that a transportation network company failed to provide any compensation amounts due to the driver under section 1 of this act, the department shall investigate the complaint under this section. Unless otherwise resolved, the department shall issue either a citation and notice of assessment or a determination of compliance no later than 60 days after the date on which the department received the compensation-related complaint. The department may extend the time period by providing advance written notice to the driver and the transportation network company setting forth good cause for an extension of the time period and specifying the duration of the extension.

(b) The department may not investigate any alleged compensation-related violation that occurred more than three years before the date that the driver filed the compensation-related complaint.

(c) The department shall send the citation and notice of assessment or the determination of compliance to both the transportation network company and the driver by service of process or using a method by which the mailing can be tracked or the delivery can be confirmed to their last known addresses. A transportation network company may designate a mailing address of record for service, and additionally may provide an email address to which the department shall direct electronic courtesy copies of mailed correspondence, if such email address is provided.

(2) If the department determines that a transportation network company has violated a compensation requirement in section 1 of this act and issues to the transportation network company a citation and notice of assessment, the department may order the transportation network company to pay drivers all compensation owed, including interest of one percent per month on all compensation owed, to the driver. The compensation and interest owed must be calculated from the first date compensation was owed to the driver, except that the department may not order the transportation network company to pay any compensation and interest that were owed more than three years before the date the complaint was filed with the department.

(3) If the department determines that the compensation-related violation was a willful violation, and the transportation network company fails to take corrective action, the department also may order the transportation network company to pay the department a civil penalty as specified in (a) of this subsection.

(a) A civil penalty for a willful violation shall be not less than \$1,000 or an amount equal to 10 percent of the total amount of unpaid compensation per claimant, whichever is greater. The maximum civil penalty for a willful violation of requirements in section 1 of this act shall be \$20,000 per claimant.

(b) The department may not assess a civil penalty if the transportation network company reasonably relied on: (i) A rule related to any requirements in this section; (ii) a written order, ruling, approval, opinion, advice, determination, or interpretation of the director; or (iii) an interpretive or administrative policy issued by the department and filed with the office of the code reviser. In accordance with the department's retention schedule obligations under chapter 40.14 RCW, the department shall maintain a complete and accurate record of all written orders, rulings, approvals, opinions, advice, determinations, and interpretations for purposes of determining whether a transportation network company is immune from civil penalties under this subsection (3)(b).

(c) The department shall waive any civil penalty assessed against a transportation network company under this section if the transportation network company is not a repeat willful violator, and the director determines that the transportation network company has provided payment to the driver of all compensation that the department determined that the transportation network company owed to the driver, including interest, within 30 days of the transportation network company's receipt of the citation and notice of assessment from the department.

(d) The department may waive or reduce at any time a civil penalty assessed under this section if the director determines that the transportation network company paid all compensation and interest owed to a driver.

(e) The department shall deposit civil penalties paid under this section in the supplemental pension fund established under RCW 51.44.033.

(4) Upon payment by a transportation network company, and acceptance by a driver, of all compensation and interest assessed by the department in a citation and notice of assessment issued to the transportation network company, the fact of such payment by the transportation network company, and of such acceptance by the driver, shall: (a) Constitute a full and complete satisfaction by the transportation network company of all specific requirements of section 1 of this act addressed in the citation and notice of assessment; and (b) bar the driver from initiating or pursuing any court action or other judicial or administrative proceeding, including arbitration, based on the specific requirements addressed in the citation and notice of assessment. The citation and notice of assessment shall include a notification and summary of the specific requirements of section 1 of this act.

(5) The applicable statute of limitations for civil actions is tolled during the department's investigation of a driver's complaint against a transportation network company. For the purposes of this subsection, the department's investigation begins on the date the driver files the complaint with the department and ends when: (a) The complaint is finally determined through a final and binding citation and notice of assessment or determination of compliance; or (b) the department notifies the transportation network company and the driver in writing that the complaint has been otherwise resolved or that the driver has elected to terminate the department's administrative action under subsection (12) of this section.

(6) A person, firm, or corporation aggrieved by a citation and notice of assessment or a determination of compliance issued by the department under this section or the assessment of a civil penalty due to a determination of status as a repeat willful violator may appeal the citation and notice of assessment, the determination of compliance, or the assessment of a civil penalty to the director by filing a notice of appeal with the director within 30 days of the department's service, as provided in subsection (1) of this section, on the aggrieved party of the citation and notice of assessment, the determination of compliance, or the assessment of a civil penalty. A citation and notice of assessment, a

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determination of compliance, or an assessment of a civil penalty not appealed within 30 days is final and binding, and not subject to further appeal.

(7) A notice of appeal filed with the director under this section shall stay the effectiveness of the citation and notice of assessment, the determination of compliance, or the assessment of a civil penalty pending final review of the appeal by the director as provided for in chapter 34.05 RCW.

(8) Upon receipt of a notice of appeal, the director shall assign the hearing to an administrative law judge of the office of administrative hearings to conduct the hearing and issue an initial order. The hearing and review procedures shall be conducted in accordance with chapter 34.05 RCW, and the standard of review by the administrative law judge of an appealed citation and notice of assessment, an appealed determination of compliance, or an appealed assessment of a civil penalty shall be de novo. Any party who seeks to challenge an initial order shall file a petition for administrative review with the director within 30 days after service of the initial order. The director shall conduct administrative review in accordance with chapter 34.05 RCW.

(9) The director shall issue all final orders after appeal of the initial order. The final order of the director is subject to judicial review in accordance with chapter 34.05 RCW.

(10) Orders that are not appealed within the time period specified in this section and chapter 34.05 RCW are final and binding, and not subject to further appeal.

(11) Absent good cause, a transportation network company that fails to allow adequate inspection of records in an investigation by the department under this chapter within a reasonable time period may not use such records in any appeal under this section to challenge the correctness of any determination by the department of wages owed or penalties assessed.

(12) A driver who has filed a complaint under this section with the department may elect to terminate the department's administrative action, thereby preserving any private right of action, if any exists, by providing written notice to the department within 10 business days after the driver's receipt of the department's citation and notice of assessment.

(13) If the driver elects to terminate the department's administrative action: (a) The department shall immediately discontinue its action against the transportation network company; (b) the department shall vacate a citation and notice of assessment already issued by the department to the transportation network company; and (c) the citation and notice of assessment, and any related findings of fact or conclusions of law by the department, and any payment or offer of payment by the transportation network company of the compensation, including interest, assessed by the department in the citation and notice of assessment, shall not be admissible in any court action or other judicial or administrative proceeding.

(14) Nothing in this section shall be construed to limit or affect: (a) The right of any driver to pursue any judicial, administrative, or other action available with respect to a transportation network company; (b) the right of the department to pursue any judicial, administrative, or other action available with respect to a driver that is identified as a result of a complaint for a violation of section 1 of this act; or (c) the right of the department to pursue any judicial, administrative, or other action available with respect to a transportation network company in the absence of a complaint for a violation of section 1 of this act. For purposes of this subsection, "driver" means a driver other than a driver who has filed a complaint with the department and who thereafter has elected to terminate the department's administrative action as provided in subsection (1) of this section.

(15) After a final order is issued under this section, and served

as provided in subsection (1) of this section, if a transportation network company defaults in the payment of: (a) Any compensation determined by the department to be owed to a driver, including interest; or (b) any civil penalty ordered by the department under this section, the director may file with the clerk of any county within the state a warrant in the amount of the payment plus any filing fees. The clerk of the county in which the warrant is filed shall immediately designate a superior court cause number for the warrant, and the clerk shall cause to be entered in the judgment docket under the superior court cause number assigned to the warrant, the name of the transportation network company mentioned in the warrant, the amount of payment due plus any filing fees, and the date when the warrant was filed. The aggregate amount of the warrant as docketed becomes a lien upon the title to, and interest in, all real and personal property of the transportation network company against whom the warrant is issued, the same as a judgment in a civil case docketed with the superior court clerk. The sheriff shall proceed upon the warrant in all respects and with like effect as prescribed by law with respect to execution or other process issued against rights or property upon judgment in a court of competent jurisdiction. The warrant so docketed is sufficient to support the issuance of writs of garnishment in favor of the state in a manner provided by law in case of judgment, wholly or partially unsatisfied. The clerk of the court is entitled to a filing fee which will be added to the amount of the warrant. A copy of the warrant shall be served on the transportation network company, as provided in subsection (1) of this section, within three days of filing with the clerk.

(16)(a) The director may issue to any person, firm, corporation, other entity, municipal corporation, political subdivision of the state, public corporation, or any agency of the state, a notice and order to withhold and deliver property of any kind when he or she has reason to believe that there is in the possession of the person, firm, corporation, other entity, municipal corporation, political subdivision of the state, public corporation, or agency of the state, property that is or will become due, owing, or belonging to a transportation network company upon whom a notice of assessment has been served by the department for payments or civil penalties due to the department. The effect of a notice and order is continuous from the date the notice and order is first made until the liability out of which the notice and order arose is satisfied or becomes unenforceable because of lapse of time. The department shall release the notice and order when the liability out of which the notice and order arose is satisfied or becomes unenforceable by reason of lapse of time and shall notify the person against whom the notice and order was made that the notice and order has been released.

(b) The notice and order to withhold and deliver must be served by the sheriff of the county or by the sheriff's deputy, by certified mail, return receipt requested, or by the director. A person, firm, corporation, other entity, municipal corporation, political subdivision of the state, public corporation, or agency of the state upon whom service has been made shall answer the notice within 20 days exclusive of the day of service, under oath and in writing, and shall make true answers to the matters inquired of in the notice and order. Upon service of the notice and order, if the party served possesses any property that may be subject to the claim of the department, the party shall promptly deliver the property to the director. The director shall hold the property in trust for application on the transportation network company's indebtedness to the department, or for return without interest, in accordance with a final determination of a petition for review. In the alternative, the party shall furnish a good and sufficient surety bond satisfactory to the director conditioned upon final determination of liability. If a party served and named in the

notice fails to answer the notice within the time prescribed in this section, the court may render judgment by default against the party for the full amount claimed by the director in the notice, together with costs. If a notice is served upon a transportation network company and the property subject to it is compensation, the transportation network company may assert in the answer all exemptions provided for by chapter 6.27 RCW to which the compensation earner is entitled.

(c) As an alternative to the methods of service described in this section, the department may electronically serve a financial institution with a notice and order to withhold and deliver by providing a list of its outstanding warrants, except those for which a payment agreement is in good standing, to the department of revenue. The department of revenue may include the warrants provided by the department in a notice and order to withhold and deliver served under RCW 82.32.235(3). A financial institution that is served with a notice and order to withhold and deliver under this subsection (16)(c) must answer the notice within the time period applicable to service under RCW 82.32.235(3). The department and the department of revenue may adopt rules to implement this subsection (16)(c).

(17)(a) In addition to the procedure for collection of compensation owed, including interest, and civil penalties as set forth in this section, the department may recover compensation owed, including interest, and civil penalties assessed under RCW 49.48.083 in a civil action brought in a court of competent jurisdiction of the county where the violation is alleged to have occurred.

(b) The department may use the procedures under this section to foreclose compensation liens established under chapter 60.90 RCW. When the department is foreclosing on a compensation lien, the date the compensation lien was originally filed shall be the date by which priority is determined, regardless of the date the warrant is filed under this section.

(18) Whenever any transportation network company quits business, sells out, exchanges, or otherwise disposes of the transportation network company's business or stock of goods, any person who becomes a successor to the business becomes liable for the full amount of any outstanding citation and notice of assessment or penalty against the transportation network company's business under this chapter if, at the time of the conveyance of the business, the successor has: (a) Actual knowledge of the fact and amount of the outstanding citation and notice of assessment; or (b) a prompt, reasonable, and effective means of accessing and verifying the fact and amount of the outstanding citation and notice of assessment from the department. If the citation and notice of assessment or penalty is not paid in full by the transportation network company within 10 days of the date of the sale, exchange, or disposal, the successor is liable for the payment of the full amount of the citation and notice of assessment or penalty, and payment thereof by the successor must, to the extent thereof, be deemed a payment upon the purchase price. If the payment is greater in amount than the purchase price, the amount of the difference becomes a debt due the successor from the transportation network company.

(19) This section does not affect other collection remedies that are otherwise provided by law.

**NEW SECTION. Sec. 4.** A new section is added to chapter 49.46 RCW to read as follows:

(1) If a driver files a complaint with the department alleging a violation of any noncompensation requirement of section 1 (7) through (10) and (12) through (14) of this act, the department shall investigate the complaint under this section.

(a) The department may not investigate any such alleged violation that occurred more than three years before the date that the driver filed the complaint or prior to this law going into effect.

(b) If a driver files a timely complaint with the department, the department will investigate the complaint and issue either a citation assessing a civil penalty or a closure letter within 60 days after the date on which the department received the complaint, unless the complaint is otherwise resolved. The department may extend the period by providing advance written notice to the driver and the transportation network company setting forth good cause for an extension of the period, and specifying the duration of the extension.

(c) The department shall send notice of either a citation and notice of assessment or a citation assessing a civil penalty or the closure letter to both the transportation network company and the driver by service of process or by United States mail using a method by which delivery of such written notice to the transportation network company can be tracked and confirmed. A transportation network company may designate a mailing address of record for service, and additionally may provide an email address to which the department shall direct electronic courtesy copies of mailed correspondence, if such email address is provided.

(2) If the department's investigation finds that the driver's allegation cannot be substantiated, the department shall issue a closure letter to the driver and the transportation network company detailing such finding.

(3) If the department determines that the violation was a willful violation, and the transportation network company fails to take corrective action, the department may order the transportation network company to pay the department a civil penalty as specified in (a) of this subsection.

(a) A citation assessing a civil penalty for a willful violation will be \$1,000 for each willful violation. For a repeat willful violator, the citation assessing a civil penalty will not be less than \$2,000 for each repeat willful violation per claimant, but no greater than \$20,000 for each repeat willful violation per claimant.

(b) The department may not issue a citation assessing a civil penalty if the transportation network company reasonably relied on: (i) A written order, ruling, approval, opinion, advice, determination, or interpretation of the director; or (ii) an interpretive or administrative policy issued by the department and filed with the office of the code reviser. In accordance with the department's retention schedule obligations under chapter 40.14 RCW, the department shall maintain a complete and accurate record of all written orders, rulings, approvals, opinions, advice, determinations, and interpretations for purposes of determining whether a transportation network company is immune from civil penalties under this subsection (3)(b).

(c) The department may, at any time, waive or reduce a civil penalty assessed under this section if the director determines that the transportation network company has taken corrective action to resolve the violation.

(d) The department shall deposit civil penalties paid under this section in the supplemental pension fund established under RCW 51.44.033.

(e) If the department determines that a transportation network company has violated section 1(12) of this act, and issues to the transportation network company a citation and notice of assessment, the department may order the transportation network company to pay all owed remittance payments as required under section 1(12) of this act. The department shall deposit all owed remittance payments in the driver resource center fund.

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

(a) "Repeat willful violator" means any transportation network company that has been the subject of a final and binding citation for a willful violation of one or more rights under this chapter and

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all applicable rules, within three years of the date of issuance of the most recent citation for a willful violation of one or more such rights.

(b) "Willful" means a knowing and intentional action that is neither accidental nor the result of a bona fide dispute.

(5) A person, firm, or corporation aggrieved by a citation assessing a civil penalty issued by the department under this section may appeal the citation assessing a civil penalty to the director by filing a notice of appeal with the director within 30 days of the department's issuance of the citation assessing a civil penalty. A citation assessing a civil penalty not appealed within 30 days is final and binding, and not subject to further appeal.

(6) A notice of appeal filed with the director under this section stays the effectiveness of the citation assessing a civil penalty pending final review of the appeal by the director as provided for in chapter 34.05 RCW.

(7) Upon receipt of a notice of appeal, the director shall assign the hearing to an administrative law judge of the office of administrative hearings to conduct the hearing and issue an initial order. The hearing and review procedures must be conducted in accordance with chapter 34.05 RCW, and the standard of review by the administrative law judge of an appealed citation assessing a civil penalty must be de novo. Any party who seeks to challenge an initial order shall file a petition for administrative review with the director within 30 days after service of the initial order. The director shall conduct administrative review in accordance with chapter 34.05 RCW.

(8) The director shall issue all final orders after appeal of the initial order. The final order of the director is subject to judicial review in accordance with chapter 34.05 RCW.

(9) Orders that are not appealed within the period specified in this section and chapter 34.05 RCW are final and binding, and not subject to further appeal.

(10) Absent good cause, a transportation network company that fails to allow adequate inspection of records in an investigation by the department under this section within a reasonable time period may not use such records in any appeal under such rules to challenge the correctness of any determination by the department of penalties assessed.

(11) Collections of unpaid citations assessing civil penalties will be handled pursuant to the procedures outlined in RCW 49.48.086.

(12) If the department determines that a transportation network company has violated the requirements in section 1(12) of this act to collect and remit the established fee, and issues to the transportation network company a citation and notice of assessment, the department may order the transportation network company to pay all owed remittance payments as required under section 1(12) of this act. The department shall deposit all unpaid remittance amounts into the driver resource center fund established in section 2 of this act.

**NEW SECTION. Sec. 5.** A new section is added to chapter 49.46 RCW to read as follows:

(1) It is unlawful for a transportation network company to interfere with, restrain, or deny the exercise of any driver right provided under or in connection with section 1 of this act and RCW 49.46.210(5). This means a transportation network company may not use a driver's exercise of any of the rights provided under section 1 of this act and RCW 49.46.210(5) as a factor in any action that adversely affects the driver's use of the transportation network.

(2) It is unlawful for a transportation network company to adopt or enforce any policy that counts the use of earned paid sick time for a purpose authorized under RCW 49.46.210(1) (b) and (c) as time off the platform that may lead to or result in temporary or

permanent deactivation by the transportation network company against the driver.

(3) It is unlawful for a transportation network company to take any adverse action against a driver because the driver has exercised their rights provided under section 1 of this act and RCW 49.46.210(5). Such rights include, but are not limited to: Filing an action, or instituting or causing to be instituted any proceeding under or related to section 1 of this act and RCW 49.46.210(5), or testifying or intending to testify in any such proceeding related to any rights provided under section 1 of this act and RCW 49.46.210(5).

(4) Adverse action means any action taken or threatened by a transportation network company against a driver for the driver's exercise of rights under section 1 of this act and RCW 49.46.210(5).

(5) A driver who believes that he or she was subject to retaliation by a transportation network company for the exercise of any driver right under section 1 of this act and RCW 49.46.210(5) may file a complaint with the department within 180 days of the alleged retaliatory action. The department may, at its discretion, extend the 180-day period on recognized equitable principles or because of extenuating circumstances beyond the control of the department. The department may extend the 180-day period when there is a preponderance of evidence that the transportation network company has concealed or misled the driver regarding the alleged retaliatory action.

(6) If a driver files a timely complaint with the department alleging retaliation, the department shall investigate the complaint and issue either a citation and notice of assessment or a determination of compliance within 90 days after the date on which the department received the complaint, unless the complaint is otherwise resolved. The department may extend the period by providing advance written notice to the driver and the transportation network company setting forth good cause for an extension of the period, and specifying the duration of the extension.

(7) The department may consider a complaint to be otherwise resolved when the driver and the transportation network company reach a mutual agreement to remedy any retaliatory action, or the driver voluntarily and on the driver's own initiative withdraws the complaint.

(8) If the department's investigation finds that the driver's allegation of retaliation cannot be substantiated, the department shall issue a determination of compliance to the driver and the transportation network company detailing such finding.

(9) If the department's investigation finds that the transportation network company retaliated against the driver, and the complaint is not otherwise resolved, the department may, at its discretion, notify the transportation network company that the department intends to issue a citation and notice of assessment, and may provide up to 30 days after the date of such notification for the transportation network company to take corrective action to remedy the retaliatory action. If the complaint is not otherwise resolved, then the department shall issue a citation and notice of assessment. The department's citation and notice of assessment may:

(a) Order the transportation network company to make payable to the driver earnings that the driver did not receive due to the transportation network company's retaliatory action, including interest of one percent per month on all earnings owed. The earnings and interest owed will be calculated from the first date earnings were owed to the driver;

(b) Order the transportation network company to restore the contract of the driver, unless otherwise prohibited by law;

(c) Order the transportation network company to cease using

any policy that counts the use of earned paid sick time as time off the platform or an adverse action against the driver;

(d) For the first violation, order the transportation network company to pay the department a civil penalty established in subsection (15) of this section; and

(e) For a repeat violation, order the transportation network company to pay the department up to double the civil penalty established in subsection (15) of this section.

(10) The department shall send the citation and notice of assessment or determination of compliance to both the transportation network company and driver by service of process or using a method by which the mailing can be tracked or the delivery can be confirmed to their last known addresses. A transportation network company may designate a mailing address of record for service, and additionally may provide an email address to which the department shall direct electronic courtesy copies of mailed correspondence, if such email address is provided.

(11) During an investigation of the driver's retaliation complaint, if the department discovers information suggesting alleged violations by the transportation network company of the driver's other rights under this chapter, and all applicable rules, the department may investigate and take appropriate enforcement action without requiring the driver to file a new or separate complaint. In the event the department so expands an investigation, it shall provide reasonable notice to the transportation network company that it is doing so. If the department determines that the transportation network company violated additional rights of the driver under this chapter, and all applicable rules, the transportation network company may be subject to additional enforcement actions for the violation of such rights. If the department discovers information alleging the transportation network company retaliated against or otherwise violated rights of other drivers under this chapter, and all applicable rules, the department may launch further investigation under this chapter, and all applicable rules, without requiring additional complaints to be filed.

(12) The department may prioritize retaliation investigations as needed to allow for timely resolution of complaints.

(13) Nothing in this section impedes the department's ability to investigate under the authority prescribed in RCW 49.48.040.

(14) Nothing in this section precludes a driver's right to pursue private legal action, if any exists.

(15) If the department's investigation finds that a transportation network company retaliated against a driver, pursuant to the procedures outlined in this section, the department may order the transportation network company to pay the department a civil penalty. A civil penalty for a transportation network company's retaliatory action will not be less than \$1,000 or an amount equal to 10 percent of the total amount of unpaid earnings attributable to the retaliatory action per claimant, whichever is greater. The maximum civil penalty for a transportation network company's retaliatory action shall be \$20,000 per claimant for the first violation, and \$40,000 for each repeat violation.

(16) The department may, at any time, waive or reduce any civil penalty assessed against a transportation network company under this section if the department determines that the transportation network company has taken corrective action to remedy the retaliatory action.

(17) The department will deposit civil penalties paid under this section in the supplemental pension fund established under RCW 51.44.033.

(18) Collections of amounts owed for unpaid citations and notices of assessment, as detailed in this section, will be handled pursuant to the procedures outlined in RCW 49.48.086.

(19) A person, firm, or corporation aggrieved by a citation and

notice of assessment or a determination of compliance may, within 30 days after the date of such determination, submit a request for reconsideration to the department setting forth the grounds for seeking such reconsideration, or submit an appeal to the director pursuant to the procedures outlined in subsection (22) of this section. If the department receives a timely request for reconsideration, the department shall either accept the request or treat the request as a notice of appeal.

(20) If a request for reconsideration is accepted, the department shall send notice of the request for reconsideration to the transportation network company and the driver. The department shall determine if there are any valid reasons to reverse or modify the department's original decision to issue a citation and notice of assessment or determination of compliance within 30 days of receipt of such request. The department may extend this period by providing advance written notice to the driver and transportation network company setting forth good cause for an extension of the period, and specifying the duration of the extension. After reviewing the reconsideration, the department shall either:

(a) Notify the driver and the transportation network company that the citation and notice of assessment or determination of compliance is affirmed; or

(b) Notify the driver and the transportation network company that the citation and notice of assessment or determination of compliance has been reversed or modified.

(21) A request for reconsideration submitted to the department shall stay the effectiveness of the citation and notice of assessment or the determination of compliance pending the reconsideration decision by the department.

(22)(a) Within 30 days after the date the department issues a citation and notice of assessment or a determination of compliance, or within 30 days after the date the department issues its decision on the request for reconsideration, a person, firm, or corporation aggrieved by a citation and notice of assessment or a determination of compliance may file with the director a notice of appeal.

(b) A notice of appeal filed with the director under this section shall stay the effectiveness of the citation and notice of assessment or the determination of compliance pending final review of the appeal by the director as provided for in chapter 34.05 RCW.

(c) Upon receipt of a notice of appeal, the director shall assign the hearing to an administrative law judge of the office of administrative hearings to conduct the hearing and issue an initial order. The hearing and review procedures shall be conducted in accordance with chapter 34.05 RCW, and the standard of review by the administrative law judge of an appealed citation and notice of assessment or determination of compliance shall be de novo. Any party who seeks to challenge an initial order shall file a petition for administrative review with the director within 30 days after service of the initial order. The director shall conduct administrative review in accordance with chapter 34.05 RCW.

(23) If a request for reconsideration is not submitted to the department within 30 days after the date of the original citation and notice of assessment or determination of compliance, and a person, firm, or corporation aggrieved by a citation and notice of assessment or determination of compliance did not submit an appeal to the director, then the citation and notice of assessment or determination of compliance is final and binding, and not subject to further appeal.

(24) The director shall issue all final orders after appeal of the initial order. The final order of the director is subject to judicial review in accordance with chapter 34.05 RCW.

(25) The director's orders that are not appealed within the time period specified in this section and chapter 34.05 RCW are final

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and binding, and not subject to further appeal.

(26) Absent good cause, a transportation network company that fails to allow adequate inspection of records in an investigation by the department under this section within a reasonable time period may not use such records in any appeal under such rules to challenge the correctness of any determination by the department.

## PART II PAID SICK LEAVE

**Sec. 6.** RCW 49.46.210 and 2019 c 236 s 3 are each amended to read as follows:

(1) Beginning January 1, 2018, except as provided in RCW 49.46.180, every employer shall provide each of its employees paid sick leave as follows:

(a) An employee shall accrue at least one hour of paid sick leave for every forty hours worked as an employee. An employer may provide paid sick leave in advance of accrual provided that such front-loading meets or exceeds the requirements of this section for accrual, use, and carryover of paid sick leave.

(b) An employee is authorized to use paid sick leave for the following reasons:

(i) An absence resulting from an employee's mental or physical illness, injury, or health condition; to accommodate the employee's need for medical diagnosis, care, or treatment of a mental or physical illness, injury, or health condition; or an employee's need for preventive medical care;

(ii) To allow the employee to provide care for a family member with a mental or physical illness, injury, or health condition; care of a family member who needs medical diagnosis, care, or treatment of a mental or physical illness, injury, or health condition; or care for a family member who needs preventive medical care; and

(iii) When the employee's place of business has been closed by order of a public official for any health-related reason, or when an employee's child's school or place of care has been closed for such a reason.

(c) An employee is authorized to use paid sick leave for absences that qualify for leave under the domestic violence leave act, chapter 49.76 RCW.

(d) An employee is entitled to use accrued paid sick leave beginning on the ninetieth calendar day after the commencement of his or her employment.

(e) Employers are not prevented from providing more generous paid sick leave policies or permitting use of paid sick leave for additional purposes.

(f) An employer may require employees to give reasonable notice of an absence from work, so long as such notice does not interfere with an employee's lawful use of paid sick leave.

(g) For absences exceeding three days, an employer may require verification that an employee's use of paid sick leave is for an authorized purpose. If an employer requires verification, verification must be provided to the employer within a reasonable time period during or after the leave. An employer's requirements for verification may not result in an unreasonable burden or expense on the employee and may not exceed privacy or verification requirements otherwise established by law.

(h) An employer may not require, as a condition of an employee taking paid sick leave, that the employee search for or find a replacement worker to cover the hours during which the employee is on paid sick leave.

(i) For each hour of paid sick leave used, an employee shall be paid the greater of the minimum hourly wage rate established in this chapter or his or her normal hourly compensation. The employer is responsible for providing regular notification to employees about the amount of paid sick leave available to the employee.

(j) Unused paid sick leave carries over to the following year, except that an employer is not required to allow an employee to carry over paid sick leave in excess of forty hours.

(k) This section does not require an employer to provide financial or other reimbursement for accrued and unused paid sick leave to any employee upon the employee's termination, resignation, retirement, or other separation from employment. When there is a separation from employment and the employee is rehired within twelve months of separation by the same employer, whether at the same or a different business location of the employer, previously accrued unused paid sick leave shall be reinstated and the previous period of employment shall be counted for purposes of determining the employee's eligibility to use paid sick leave under subsection (1)(d) of this section.

(2) For purposes of this section, "family member" means any of the following:

(a) A child, including a biological, adopted, or foster child, stepchild, or a child to whom the employee stands in loco parentis, is a legal guardian, or is a de facto parent, regardless of age or dependency status;

(b) A biological, adoptive, de facto, or foster parent, stepparent, or legal guardian of an employee or the employee's spouse or registered domestic partner, or a person who stood in loco parentis when the employee was a minor child;

(c) A spouse;

(d) A registered domestic partner;

(e) A grandparent;

(f) A grandchild; or

(g) A sibling.

(3) An employer may not adopt or enforce any policy that counts the use of paid sick leave time as an absence that may lead to or result in discipline against the employee.

(4) An employer may not discriminate or retaliate against an employee for his or her exercise of any rights under this chapter including the use of paid sick leave.

(5)(a) The definitions in this subsection apply to this subsection:

(i) "Average hourly compensation" means a driver's compensation during passenger platform time from, or facilitated by, the transportation network company, during the 365 days immediately prior to the day that paid sick time is used, divided by the total hours of passenger platform time worked by the driver on that transportation network company's driver platform during that period. "Average hourly compensation" does not include tips.

(ii) "Driver," "driver platform," "passenger platform time," and "transportation network company" have the meanings provided in section 1 of this act.

(iii) "Earned paid sick time" is the time provided by a transportation network company to a driver as calculated under this subsection. For each hour of earned paid sick time used by a driver, the transportation network company shall compensate the driver at a rate equal to the driver's average hourly compensation.

(iv) For purposes of drivers, "family member" means any of the following:

(A) A child, including a biological, adopted, or foster child, stepchild, or a child to whom the driver stands in loco parentis, is a legal guardian, or is a de facto parent, regardless of age or dependency status;

(B) A biological, adoptive, de facto, or foster parent, stepparent, or legal guardian of a driver or the driver's spouse or registered domestic partner, or a person who stood in loco parentis when the driver was a minor child;

(C) A spouse;

(D) A registered domestic partner;

(E) A grandparent;

(F) A grandchild; or

(G) A sibling.

(b) Beginning January 1, 2023, a transportation network company must provide to each driver operating on its driver platform compensation for earned paid sick time as required by this subsection and subject to the provisions of this subsection. A driver shall accrue one hour of earned paid sick time for every 40 hours of passenger platform time worked.

(c) A driver is entitled to use accrued earned paid sick time upon recording 90 hours of passenger platform time on the transportation network company's driver platform.

(d) For each hour of earned paid sick time used, a driver shall be paid the driver's average hourly compensation.

(e) A transportation network company shall establish an accessible system for drivers to request and use earned paid sick time. The system must be available to drivers via smartphone application and online web portal.

(f) A driver may carry over up to 40 hours of unused earned paid sick time to the next calendar year. If a driver carries over unused earned paid sick time to the following year, accrual of earned paid sick time in the subsequent year must be in addition to the hours accrued in the previous year and carried over.

(g) A driver is entitled to use accrued earned paid sick time if the driver has used the transportation network company's platform as a driver within 90 calendar days preceding the driver's request to use earned paid sick time.

(h) A driver is entitled to use earned paid sick time for the following reasons:

(i) An absence resulting from the driver's mental or physical illness, injury, or health condition; to accommodate the driver's need for medical diagnosis, care, or treatment of a mental or physical illness, injury, or health condition; or an employee's need for preventive medical care;

(ii) To allow the driver to provide care for a family member with a mental or physical illness, injury, or health condition; care of a family member who needs medical diagnosis, care, or treatment of a mental or physical illness, injury, or health condition; or care for a family member who needs preventive medical care;

(iii) When the driver's child's school or place of care has been closed by order of a public official for any health-related reason;

(iv) For absences for which an employee would be entitled for leave under RCW 49.76.030; and

(v) During a deactivation or other status that prevents the driver from performing network services on the transportation network company's platform, unless the deactivation or status is due to a verified allegation of sexual assault or physical assault perpetrated by the driver.

(i) If a driver does not record any passenger platform time in a transportation network company's driver platform for 365 or more consecutive days, any unused earned paid sick time accrued up to that point with that transportation network company is no longer valid or recognized.

(j) Drivers may use accrued days of earned paid sick time in increments of a minimum of four or more hours. Drivers are entitled to request four or more hours of earned paid sick time for immediate use, including consecutive days of use. Drivers are not entitled to use more than eight hours of earned paid sick time within a single calendar day.

(k) A transportation network company shall compensate a driver for requested hours or days of earned paid sick time no later than 14 calendar days or the next regularly scheduled date of compensation following the requested hours or days of earned paid sick time.

(l) A transportation network company shall not request or require reasonable verification of a driver's qualifying illness

except as would be permitted to be requested of an employee under subsection (1)(g) of this section. If a transportation network company requires verification pursuant to this subsection, the transportation network company must compensate the driver for the requested hours or days of earned paid sick time no later than the driver's next regularly scheduled date of compensation after satisfactory verification is provided.

(m) If a driver accepts an offer of prearranged services for compensation from a transportation network company during the four-hour period or periods for which the driver requested earned paid sick time, a transportation network company may determine that the driver did not use earned paid sick time for an authorized purpose.

(n) A transportation network company shall provide each driver with:

(i) Written notification of the current rate of average hourly compensation while a passenger is in the vehicle during the most recent calendar month for use of earned paid sick time;

(ii) An updated amount of accrued earned paid sick time since the last notification;

(iii) Reduced earned paid sick time since the last notification;

(iv) Any unused earned paid sick time available for use; and

(v) Any amount that the transportation network company may subtract from the driver's compensation for earned paid sick time. The transportation network company shall provide this information to the driver no less than monthly. The transportation network company may choose a reasonable system for providing this notification, including but not limited to: A pay stub; a weekly summary of compensation information; or an online system where drivers can access their own earned paid sick time information. A transportation network company is not required to provide this information to a driver if the driver has not worked any days since the last notification.

(o) A transportation network company may not adopt or enforce any policy that counts the use of earned paid sick time as an absence that may lead to or result in any action that adversely affects the driver's use of the transportation network.

(p) A transportation network company may not take any action against a driver that adversely affects the driver's use of the transportation network due to his or her exercise of any rights under this subsection including the use of earned paid sick time.

(q) The department may adopt rules to implement this subsection.

**NEW SECTION. Sec. 7.** A new section is added to chapter 49.46 RCW to read as follows:

(1) If a driver files a complaint with the department alleging that the transportation network company failed to provide the driver with earned paid sick time as provided in RCW 49.46.210, the department shall investigate the complaint as an alleged violation of a compensation-related requirement of section 1 of this act.

(2) When the department's investigation results in a finding that the transportation network company failed to provide the driver with earned paid sick time accrual, use, or carryover during an ongoing contractual relationship, the driver may elect to:

(a) Receive full access to the balance of accrued earned paid sick time hours unlawfully withheld by the transportation network company, based on a calculation of one hour of earned paid sick time for every 40 hours of passenger platform time worked; or

(b) Receive payment from the transportation network company at their average hourly compensation for each hour of earned paid sick time that the driver would have used or been reasonably expected to use, whichever is greater, during the period of noncompliance, not to exceed an amount the driver would have otherwise accrued. The driver will receive full access to the balance of accrued earned paid sick time unlawfully withheld by



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the transportation network company, less the number of earned paid sick time paid out to the driver pursuant to this subsection.

(3) For a driver whose contract with the transportation network company is terminated or who has not recorded passenger platform time on the transportation network company's driver platform for 365 days or more, when the department's investigation results in a finding that the transportation network company failed to provide the driver with earned paid sick time accrual, use, or carryover, the driver may elect to receive payment at their average hourly compensation for earned paid sick time that the driver would have earned or been reasonably expected to use, whichever is greater, during the period of noncompliance, receive reinstatement of the balance of earned paid sick time, or receive a combination of payment and reinstatement from the transportation network company for all earned paid sick time that would have accrued during the period of noncompliance, unless such reinstatement is prohibited by law.

(4) The department's notice of assessment, pursuant to RCW 49.48.083, may order the transportation network company to provide the driver any combination of reinstatement and payment of accrued, unused earned paid sick time assessed pursuant to subsection (2) or (3) of this section, unless such reinstatement is prohibited by law.

(5) For purposes of this section, a transportation network company found to be in noncompliance cannot cap the driver's carryover of earned paid sick time at 40 hours to the following year for each year of noncompliance.

(6) The department may promulgate rules and regulations in accordance with this section.

**PART III  
INDUSTRIAL INSURANCE**

**Sec. 8.** RCW 51.12.020 and 2015 c 236 s 4 are each amended to read as follows:

The following are the only employments which shall not be included within the mandatory coverage of this title:

(1) Any person employed as a domestic servant in a private home by an employer who has less than two employees regularly employed forty or more hours a week in such employment.

(2) Any person employed to do gardening, maintenance, or repair, in or about the private home of the employer. For the purposes of this subsection, "maintenance" means the work of keeping in proper condition, "repair" means to restore to sound condition after damage, and "private home" means a person's place of residence.

(3) A person whose employment is not in the course of the trade, business, or profession of his or her employer and is not in or about the private home of the employer.

(4) Any person performing services in return for aid or sustenance only, received from any religious or charitable organization.

(5) Sole proprietors or partners.

(6) Any child under eighteen years of age employed by his or her parent or parents in agricultural activities on the family farm.

(7) Jockeys while participating in or preparing horses for race meets licensed by the Washington horse racing commission pursuant to chapter 67.16 RCW.

(8)(a) Except as otherwise provided in (b) of this subsection, any bona fide officer of a corporation voluntarily elected or voluntarily appointed in accordance with the articles of incorporation or bylaws of the corporation, who at all times during the period involved is also a bona fide director, and who is also a shareholder of the corporation. Only such officers who exercise substantial control in the daily management of the corporation and whose primary responsibilities do not include the performance of manual labor are included within this subsection.

(b) Alternatively, a corporation that is not a "public company" as defined in RCW 23B.01.400 may exempt eight or fewer bona fide officers, who are voluntarily elected or voluntarily appointed in accordance with the articles of incorporation or bylaws of the corporation and who exercise substantial control in the daily management of the corporation, from coverage under this title without regard to the officers' performance of manual labor if the exempted officer is a shareholder of the corporation, or may exempt any number of officers if all the exempted officers are related by blood within the third degree or marriage. If a corporation that is not a "public company" elects to be covered under ~~((subsection (8))~~(a) of this subsection, the corporation's election must be made on a form prescribed by the department and under such reasonable rules as the department may adopt.

(c) Determinations respecting the status of persons performing services for a corporation shall be made, in part, by reference to Title 23B RCW and to compliance by the corporation with its own articles of incorporation and bylaws. For the purpose of determining coverage under this title, substance shall control over form, and mandatory coverage under this title shall extend to all workers of this state, regardless of honorary titles conferred upon those actually serving as workers.

(d) A corporation may elect to cover officers who are exempted by this subsection in the manner provided by RCW 51.12.110.

(9) Services rendered by a musician or entertainer under a contract with a purchaser of the services, for a specific engagement or engagements when such musician or entertainer performs no other duties for the purchaser and is not regularly and continuously employed by the purchaser. A purchaser does not include the leader of a group or recognized entity who employs other than on a casual basis musicians or entertainers.

(10) Services performed by a newspaper vendor, carrier, or delivery person selling or distributing newspapers on the street, to offices, to businesses, or from house to house and any freelance news correspondent or "stringer" who, using his or her own equipment, chooses to submit material for publication for free or a fee when such material is published.

(11) Services performed by an insurance producer, as defined in RCW 48.17.010, or a surplus line broker licensed under chapter 48.15 RCW.

(12) Services performed by a booth renter. However, a person exempted under this subsection may elect coverage under RCW 51.32.030.

(13) Members of a limited liability company, if either:

(a) Management of the company is vested in its members, and the members for whom exemption is sought would qualify for exemption under subsection (5) of this section were the company a sole proprietorship or partnership; or

(b) Management of the company is vested in one or more managers, and the members for whom the exemption is sought are managers who would qualify for exemption under subsection (8) of this section were the company a corporation.

~~(14) ((A driver providing commercial transportation services as defined in RCW 48.177.005. The driver may elect coverage in the manner provided by RCW 51.32.030.~~

~~(45))~~ For hire vehicle operators under chapter 46.72 RCW who own or lease the for hire vehicle, chauffeurs under chapter 46.72A RCW who own or lease the limousine, and operators of taxicabs under chapter 81.72 RCW who own or lease the taxicab. An owner or lessee may elect coverage in the manner provided by RCW 51.32.030.

**Sec. 9.** RCW 51.08.070 and 2008 c 102 s 2 are each amended to read as follows:

(1) "Employer" means any person, body of persons, corporate or otherwise, and the legal representatives of a deceased

employer, all while engaged in this state in any work covered by the provisions of this title, by way of trade or business, or who contracts with one or more workers, the essence of which is the personal labor of such worker or workers. Or as an exception to the definition of employer, persons or entities are not employers when they contract or agree to remunerate the services performed by an individual who meets the tests set forth in ~~(subsections (1) through (6) of)~~ RCW 51.08.195 (1) through (6) or the separate tests set forth in RCW 51.08.181 for work performed that requires registration under chapter 18.27 RCW or licensing under chapter 19.28 RCW.

(2) Notwithstanding subsection (1) of this section, and for purposes of this title only, a transportation network company, as defined in section 1 of this act, shall have the same rights and obligations of an "employer" under this title with respect to a driver, as defined in section 1 of this act, only while the driver is engaged in passenger platform time and dispatch platform time.

**Sec. 10.** RCW 51.08.180 and 2008 c 102 s 3 are each amended to read as follows:

(1) "Worker" means every person in this state who is engaged in the employment of an employer under this title, whether by way of manual labor or otherwise in the course of his or her employment; also every person in this state who is engaged in the employment of or who is working under an independent contract, the essence of which is his or her personal labor for an employer under this title, whether by way of manual labor or otherwise, in the course of his or her employment, or as an exception to the definition of worker, a person is not a worker if he or she meets the tests set forth in subsections (1) through (6) of RCW 51.08.195 or the separate tests set forth in RCW 51.08.181 for work performed that requires registration under chapter 18.27 RCW or licensing under chapter 19.28 RCW: PROVIDED, That a person is not a worker for the purpose of this title, with respect to his or her activities attendant to operating a truck which he or she owns, and which is leased to a common or contract carrier.

(2) Notwithstanding subsection (1) of this section, and for purposes of this title only, a driver, as defined in section 1 of this act, shall have the same rights and obligations of a "worker" under this title with respect to a transportation network company, as defined in section 1 of this act, only while the driver is engaged in passenger platform time and dispatch platform time.

**NEW SECTION. Sec. 11.** A new section is added to chapter 51.16 RCW to read as follows:

(1) Beginning January 1, 2023, the department shall assess premiums for transportation network companies, as defined in section 1 of this act, in accordance with RCW 51.16.035 and this section, for workers' compensation coverage applicable to drivers, as defined in section 1 of this act, while the driver is engaged in passenger platform time and dispatch platform time, as those terms are defined in section 1 of this act.

(2) For the purposes of calculating the premium for drivers under subsection (1) of this section, the department shall multiply the total number of hours spent by drivers in passenger platform time and dispatch platform time on the transportation network company's driver platform by the rates established for taxicab companies. The department may subsequently adjust premiums in accordance with department rules.

(3) Transportation network companies, not qualifying as a self-insurer, shall insure with the state and shall, on or before the last day of January, April, July, and October of each year thereafter, furnish the department with a true and accurate statement of the hours for which drivers, as defined in section 1 of this act, were engaged in passenger platform time and dispatch platform time on the transportation network company's driver platform during the preceding calendar quarter and the total amount paid to such drivers engaged in passenger platform time on the transportation

network company's driver platform during the preceding calendar quarter, and shall pay its premium based on the total passenger platform time and dispatch platform time to the appropriate fund. Premiums for a calendar quarter, whether reported or not, shall become due and delinquent on the day immediately following the last day of the month following the calendar quarter. The sufficiency of such statement shall be subject to the approval of the director: PROVIDED, That the director may in his or her discretion and for the effective administration of this title require a transportation network company in individual instances to furnish a supplementary report containing the name of each individual driver, his or her hours engaged in passenger platform time and dispatch platform time on the transportation network company's driver platform, and his or her compensation: PROVIDED FURTHER, That the department may promulgate rules and regulations in accordance with chapter 34.05 RCW to establish other reporting periods and payment due dates in lieu of reports and payments following each calendar quarter, and may also establish terms and conditions for payment of premiums and assessments based on estimated passenger platform time and dispatch platform time on the transportation network company's driver platform, with such payments being subject to approval as to sufficiency of the estimated passenger platform time and dispatch platform time on the transportation network company's driver platform by the department, and also subject to appropriate periodic adjustments made by the department based on actual passenger platform time and dispatch platform time on the transportation network company's driver platform.

(4) The department may adopt rules to carry out the purposes of this section, including rules providing for alternative reporting requirements.

(5) This section does not apply to any worker who is not a driver, and who is employed by the transportation network company. For those workers the processes for determining coverage, calculating premiums, reporting requirements, reporting periods, and payment due dates are subject to the provisions of this title that apply generally to employers and workers.

**Sec. 12.** RCW 51.16.060 and 1985 c 315 s 1 are each amended to read as follows:

(Every) Except as provided in section 11 of this act, every employer not qualifying as a self-insurer, shall insure with the state and shall, on or before the last day of January, April, July and October of each year thereafter, furnish the department with a true and accurate payroll for the period in which workers were employed by it during the preceding calendar quarter, the total amount paid to such workers during such preceding calendar quarter, and a segregation of employment in the different classes established pursuant to this title, and shall pay its premium thereon to the appropriate fund. Premiums for a calendar quarter, whether reported or not, shall become due and delinquent on the day immediately following the last day of the month following the calendar quarter. The sufficiency of such statement shall be subject to the approval of the director: PROVIDED, That the director may in his or her discretion and for the effective administration of this title require an employer in individual instances to furnish a supplementary report containing the name of each individual worker, his or her hours worked, his or her rate of pay and the class or classes in which such work was performed: PROVIDED FURTHER, That in the event an employer shall furnish the department with four consecutive quarterly reports wherein each such quarterly report indicates that no premium is due the department may close the account: PROVIDED FURTHER, That the department may promulgate rules and regulations in accordance with chapter 34.05 RCW to establish other reporting periods and payment due dates in lieu of reports

and payments following each calendar quarter, and may also establish terms and conditions for payment of premiums and assessments based on estimated payrolls, with such payments being subject to approval as to sufficiency of the estimated payroll by the department, and also subject to appropriate periodic adjustments made by the department based on actual payroll: AND PROVIDED FURTHER, That a temporary help company which provides workers on a temporary basis to its customers shall be considered the employer for purposes of reporting and paying premiums and assessments under this title according to the appropriate rate classifications as determined by the department: PROVIDED, That the employer shall be liable for paying premiums and assessments, should the temporary help company fail to pay the premiums and assessments under this title.

NEW SECTION. Sec. 13. A new section is added to chapter 51.04 RCW to read as follows:

(1) The application of this chapter to a transportation network company, as defined in section 1 of this act, shall not be indicative of, or considered a factor in determining, the existence of an employer-employee relationship between the transportation network company and driver for purposes of any other rights, benefits, or obligations under other state and local employment laws.

(2) A transportation network company's compliance with this chapter satisfies any obligation under any county, city, town, or other municipal corporation ordinance requiring compensation or benefits for workplace injuries or occupational disease.

**PART IV**

**STATEWIDE REGULATORY REQUIREMENTS**

NEW SECTION. Sec. 14. The purpose of this chapter is to: Provide statewide uniform regulation for transportation network companies within the state of Washington, encourage technological innovation, and preserve and enhance access to important transportation options for residents and visitors to Washington state.

NEW SECTION. Sec. 15. The definitions in this section apply throughout this chapter unless the context clearly requires otherwise.

- (1) "Department" means the department of licensing.
- (2) "Digital network" means any online-enabled application, website, or system offered or used by a transportation network company that enables the prearrangement of rides between drivers and passengers.
- (3) "Director" means the director of the department of licensing.
- (4) "Driver" has the meaning provided in section 1 of this act.
- (5) "Network services" has the meaning provided in section 1 of this act.
- (6) "Passenger" means an individual who uses a digital network to connect with a driver in order to obtain a prearranged ride in the driver's transportation network company vehicle. A person may use a digital network to request a prearranged ride on behalf of a passenger.
- (7) "Prearranged ride" has the same meaning provided in RCW 48.177.005.
- (8) "Transportation network company" has the meaning provided in section 1 of this act.
- (9) "Transportation network company vehicle" has the same meaning as "personal vehicle" in RCW 48.177.005.

NEW SECTION. Sec. 16. (1) A transportation network company or driver is not a common carrier, motor carrier, or any other carrier as defined in RCW 81.80.010, and does not provide for hire transportation service, commuter ride sharing, taxicab, auto transportation company services, or metropolitan public transportation services pursuant to chapter 35.58, 46.72, 46.73,

81.68, or 81.72 RCW.

(2) A driver is not required to register a transportation network company vehicle as a commercial vehicle or for hire vehicle.

NEW SECTION. Sec. 17. (1) A person must first obtain a permit from the department to operate a transportation network company in Washington state, except that any transportation network company operating in the state before the effective date of this section may continue operating until the department creates a permit process and sets a registration deadline.

(2) The department must annually issue a permit to each applicant that meets the requirements for a transportation network company as set forth in this chapter and pays an annual permit fee of \$5,000 to the department.

NEW SECTION. Sec. 18. Any transportation network company operating in Washington state must maintain an agent for service of process in the state.

NEW SECTION. Sec. 19. (1) Before a passenger enters a transportation network company vehicle, the transportation network company must provide, on behalf of the driver, either the fare for the prearranged ride or the option to receive an estimated fare for the prearranged ride.

(2) During the first seven days of a state of emergency, as declared by the governor or the president of the United States, a transportation network company may not charge a fare for transportation network company services provided to any passenger that exceeds two and one-half times the fare that would otherwise be applicable for the prearranged ride.

NEW SECTION. Sec. 20. A transportation network company's digital network or website must display a photograph of the driver and the license plate number of the transportation network company vehicle.

NEW SECTION. Sec. 21. A transportation network company must require that any motor vehicle that a transportation network company driver will use to provide prearranged rides is not more than 15 years old as determined by the model year of the vehicle.

NEW SECTION. Sec. 22. (1) A transportation network company must implement a zero tolerance policy regarding a driver's activities while accessing the transportation network company's digital network. The zero tolerance policy must address the use of drugs or alcohol while a driver is providing prearranged rides or is logged in to the transportation network company's digital network but is not providing prearranged rides.

(2) A transportation network company must provide notice of this policy on its website, as well as procedures to report a complaint about a driver with whom a passenger was matched and whom the passenger reasonably suspects was under the influence of drugs or alcohol during the course of the trip.

(3) A transportation network company must maintain records relevant to the enforcement of the policy under this section for a period of at least two years from the date that a passenger complaint is received by the transportation network company.

NEW SECTION. Sec. 23. (1) Before allowing an individual to accept prearranged ride requests as a driver through a transportation network company's digital network and annually thereafter:

(a) The individual must submit an application to the transportation network company, which includes information regarding his or her name, address, phone number, age, driver's license number, motor vehicle registration, automobile liability insurance, and other information required by the transportation network company;

(b) The transportation network company, or a designated third party on behalf of the transportation network company, that is either nationally accredited or approved by the director, must

conduct an annual local and national criminal background check for the applicant to include a review of:

(i) A multistate/multijurisdiction criminal records locator or other similar commercial nationwide database with validation; and

(ii) The United States department of justice national sex offender public website; and

(c) The transportation network company, or designated third party, must obtain and review a driving history report for the individual.

(2) A transportation network company must not permit an individual to act as a driver on its digital network who:

(a) Has had more than three moving violations in the prior three-year period, or one of the following major violations in the prior three-year period:

(i) Attempting to elude the police pursuant to RCW 46.61.024;

(ii) Reckless driving pursuant to RCW 46.61.500; or

(iii) Driving on a suspended or revoked driver's license pursuant to RCW 46.20.342 or 46.20.345;

(b) Has been convicted, within the past seven years, of:

(i) Any class A or B felony in Title 9A RCW;

(ii) Any violent offense as defined in RCW 9.94A.030 or serious violent offense as defined in RCW 9.94A.030;

(iii) Any most serious offense as defined in RCW 9.94A.030; or

(iv) Driving under the influence, hit and run, or any other driving-related crime pursuant to RCW 46.61.500 through 46.61.540;

(c) Has been convicted of any sex offense as defined in RCW 9.94A.030 or is a match in the United States department of justice national sex offender public website;

(d) Does not possess a valid driver's license;

(e) Does not possess proof of automobile liability insurance for the motor vehicle or vehicles used to provide prearranged rides;

(f) Is not at least 20 years of age; or

(g) Has not self-certified that he or she is physically and mentally fit to be a transportation network company driver.

(3)(a) Subsection (2)(a) and (b) of this section applies to any conviction of any offense committed in another jurisdiction that includes all of the elements of any of the offenses described or defined in subsection (2)(a) and (b) of this section.

(b) Any collision where the driver can demonstrate, through the account deactivation appeals process outlined in section 1(15) of this act, that he or she was not at fault for the collision, shall not be considered to be a moving violation under subsection (2)(a) of this section.

(c) For purposes of subsection (2)(a) of this section multiple moving violations shall be treated by the transportation network company as a single moving violation if the driver can demonstrate, through the account deactivation appeals process outlined in section 1(15) of this act, that the violations arose from a single incident.

(4) A transportation network company must establish a clear background check policy consistent with this section that informs drivers of any thresholds for categories of violations and any other factors which will result in a restriction of access to the driver platform.

**NEW SECTION. Sec. 24.** A driver may not:

(1) Solicit or accept a trip request to provide network services other than a trip request arranged through a transportation network company's digital network;

(2) Provide network services for more than 14 consecutive hours in a 24-hour period; or

(3) Allow any other individual to use that driver's access to a transportation network company's digital network.

**NEW SECTION. Sec. 25.** (1) A transportation network

company must adopt a policy of nondiscrimination on the basis of race, color, national origin, citizenship or immigration status, families with children, creed, religious belief or affiliation, sex, marital status, the presence of any sensory, mental, or physical disability, age, honorably discharged veteran or military status, sexual orientation, gender expression or gender identity, the use of a trained dog guide or service animal by a person with a disability, or any other protected class under RCW 49.60.010, with respect to passengers and potential passengers and notify drivers of such policy.

(2) A driver must comply with all applicable laws regarding nondiscrimination against transportation network company riders or potential riders on the basis of race, color, national origin, citizenship or immigration status, families with children, creed, religious belief or affiliation, sex, marital status, the presence of any sensory, mental, or physical disability, age, honorably discharged veteran or military status, sexual orientation, gender expression or gender identity, or any other protected class under RCW 49.60.010.

(3) A driver must comply with all applicable laws relating to the transportation of service animals.

(4) A transportation network company may not impose additional charges for providing services to persons with disabilities because of those disabilities.

**NEW SECTION. Sec. 26.** Any safety product, feature, process, policy, standard, or other effort undertaken by a transportation network company, or the provision of equipment by a transportation network company, to further public safety is not an indicia of an employment or agency relationship with a driver.

**NEW SECTION. Sec. 27.** A transportation network company must maintain the following records:

(1) Individual trip records, except receipts pursuant to section 1(9) of this act, for at least three years from the end of the calendar year in which each trip was provided; and

(2) Individual records of drivers, except receipts pursuant to section 1(9) of this act, at least until the end of the calendar year marking the three-year anniversary of the date on which a driver's relationship with the transportation network company has ended.

**NEW SECTION. Sec. 28.** (1) For the sole purpose of verifying that a transportation network company is in compliance with the requirements of this chapter and no more than twice per year, the department may review a sample of records that the transportation network company is required to maintain under this chapter. The sample of records must be chosen randomly by the department in a manner agreeable to both parties. Any record sample furnished to the department may exclude information that would reasonably identify specific drivers or passengers.

(2) Records provided to the department for inspection under this chapter are exempt from disclosure under chapter 42.56 RCW and are confidential and not subject to disclosure to a third party by the department without prior written consent of the transportation network company.

**NEW SECTION. Sec. 29.** The uniform regulation of business and professions act, chapter 18.235 RCW, governs unlicensed practice, the issuance and denial of licenses, and the discipline of licensees under this chapter.

**NEW SECTION. Sec. 30.** The department may adopt rules consistent with and as necessary to carry out this chapter.

**NEW SECTION. Sec. 31.** (1) A transportation network company shall not, unless based upon a bona fide occupational qualification, refuse to contract with or terminate the contract of a driver based upon age, sex, marital status, sexual orientation, gender expression or gender identity, race, creed, religious belief or affiliation, color, national origin, citizenship or immigration status, families with children, honorably discharged veteran or

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military status, the presence of any sensory, mental, or physical disability, the use of a trained guide dog or service animal by a person with a disability, or any other protected class under RCW 49.60.010.

(2) Drivers shall have all rights and remedies available under chapter 49.60 RCW solely to enforce this section.

**NEW SECTION. Sec. 32.** (1) Except as provided in subsections (2) and (3) of this section, as of the effective date of this section, the state preempts the field of regulating transportation network companies and drivers. No county, city, town, or other municipal corporation may regulate transportation network companies or drivers, or impose any tax, fee, or other charge, on a transportation network company or driver.

(2)(a) Except as provided in (b) and (c) of this subsection, a local ordinance or regulation, in a city with a population of more than 600,000 or a county with a population of more than 2,000,000, existing on or before January 1, 2022, that imposes a tax, fee, or other charge on a transportation network company or driver, remains in effect at the rate that exists on or before January 1, 2022. The city or county may continue to collect that tax, fee, or other charge, but may not increase the amount of that tax, fee, or other charge, and may not impose any higher or new taxes, fees, or other charges. This subsection (2)(a) applies retroactively and preempts any increase in the amount of an existing tax, fee, or other charge, or the imposition of any higher or new taxes, fees, or other charges, which occurs between January 2, 2022, and the effective date of this section.

(b) Beginning on January 1, 2023, any local ordinance or regulation, in a city or county described in (a) of this subsection, existing on or before the effective date of this section that imposed a per trip tax, fee, or other charge for which, at the time the ordinance became effective, the proceeds were to be used in part to fund a driver conflict resolution center, shall be reduced by \$0.15. The city or county may continue to collect that tax, fee, or other charge, but only at the reduced rate and may not increase the amount of that tax, fee, or other charge, and may not impose any higher or new taxes, fees, or other charges.

(c) Any per ride fee imposed by a local ordinance or regulation described in (a) of this subsection, the proceeds of which are used to offset expenses of enforcing the ordinance or regulation, may be adjusted under the following provisions:

(i) The city or county demonstrates to the satisfaction of the department that the revenues from the existing per ride fee amount are insufficient to offset the city's or county's cost from enforcement and regulation;

(ii) The total amount expected to be collected under the increased amount will not exceed the city or county's total expected costs; and

(iii) The department has not authorized an increase in the per ride fee in the last two fiscal years.

(3)(a) A local ordinance or regulation in a city with a population of more than six hundred thousand or a county with a population of more than two million, and that existed on or before January 1, 2022, that defined and regulated licensing for transportation network companies and permits for drivers, or the requirements for and processing of applications, certifications, examinations, and background checks for drivers and personal vehicles, remains in effect as the requirements exist on the effective date of this section. The county or city may continue to enforce the ordinance or regulation but may not alter, amend, or implement changes to the ordinance or regulation, or requirements under it, after January 1, 2022, except if such alteration, amendment, or implementation conforms with the requirements of this chapter. This subsection shall apply retroactively to any alteration, amendment, or implementation

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which occurs between March 10, 2022, and the effective date of this section.

(b) Notwithstanding subsection (1) of this section, a local ordinance or regulation in a city with a population of more than six hundred thousand or a county with a population of more than two million, and that existed before January 1, 2022, that is related to requirements covered by sections 1 and 6 through 13 of this act are preempted as of January 1, 2023. The city may continue to enforce the local ordinance or regulation between the effective date of this section and January 1, 2023, but may not alter, amend, or implement changes to the ordinance or regulation, or requirements under it, after January 1, 2022, except if such alteration, or amendment, or implementation conforms with the requirements of this act. This subsection shall apply retroactively to any alteration, amendment, or implementation which occurs between March 10, 2022, and the effective date of this section.

(4) Nothing in this chapter shall be interpreted to prevent an airport operator, as defined in RCW 14.08.015, from requiring a transportation network company to enter into a contract or agreement, consistent with the provisions of RCW 14.08.120, governing requirements of the transportation network company on airport property including but not limited to the fees and operational requirements. An airport operator may not impose any requirements through a contract authorized by this section that relate to requirements covered by sections 1, 7, 11, and 13 of this act and RCW 49.46.210(5), 51.08.070, 51.08.180, 51.12.020, and 51.16.060.

(5) Other than taxes, fees, or other charges imposed explicitly or exclusively on a transportation network company or driver, this section does not preempt any generally applicable taxes, fees, or other charges, such as:

- (a) Business tax;
- (b) Sales and use tax;
- (c) Excise tax; or
- (d) Property tax.

**Sec. 33.** RCW 48.177.010 and 2015 c 236 s 2 are each amended to read as follows:

(1)(a) Before being used to provide commercial transportation services, as defined in RCW 48.177.005, every personal vehicle, as defined in RCW 48.177.005, must be covered by a primary automobile insurance policy that specifically covers commercial transportation services. However, the insurance coverage requirements of this section are alternatively satisfied by securing coverage pursuant to chapter 46.72 or 46.72A RCW that covers the personal vehicle being used to provide commercial transportation services and that is in effect twenty-four hours per day, seven days per week. Except as provided in subsection (2) of this section, a commercial transportation services provider, as defined in RCW 48.177.005, must secure this policy for every personal vehicle used to provide commercial transportation services. For purposes of this section, a "primary automobile insurance policy" is not a private passenger automobile insurance policy.

(b) The primary automobile insurance policy required under this section must provide coverage, as specified in this subsection (1)(b), at all times the driver is logged in to a commercial transportation services provider's digital network or software application and at all times a passenger is in the vehicle as part of a prearranged ride.

(i) The primary automobile insurance policy required under this section must provide the following coverage during commercial transportation services applicable during the period before a driver accepts a requested ride through a digital network or software application:

(A) Liability coverage in an amount no less than fifty thousand dollars per person for bodily injury, one hundred thousand dollars per accident for bodily injury of all persons, and thirty thousand dollars for damage to property;

(B) Underinsured motorist coverage to the extent required under RCW 48.22.030; and

(C) Personal injury protection coverage to the extent required under RCW 48.22.085 and 48.22.095.

(ii) The primary automobile insurance policy required under this subsection must provide the following coverage, applicable during the period of a prearranged ride:

(A) Combined single limit liability coverage in the amount of one million dollars for death, personal injury, and property damage; and

~~(B) ((Underinsured motorist coverage in the amount of one million dollars; and~~

~~(C))~~ Personal injury protection coverage to the extent required under RCW 48.22.085 and 48.22.095.

(iii) The primary automobile insurance policy required under this subsection must provide underinsured motorist coverage in the amount of \$100,000 per person, \$300,000 per accident from the moment a passenger enters the transportation network company vehicle of a driver until the passenger exits the transportation network company vehicle.

(2)(a) As an alternative to the provisions of subsection (1) of this section, ~~((if the office of the insurance commissioner approves the offering of an insurance policy that recognizes that a person is acting as a driver for a commercial transportation services provider and using a personal vehicle to provide commercial transportation services;))~~ a driver may secure a primary automobile insurance policy covering a personal vehicle and providing the same coverage as required in subsection (1) of this section from a lawful admitted or surplus lines insurer. The policy coverage may be in the form of a rider to, or endorsement of, the driver's private passenger automobile insurance policy only if approved as such by the office of the insurance commissioner.

(b) If the primary automobile insurance policy maintained by a driver to meet the obligation of this section does not provide coverage for any reason, including that the policy lapsed or did not exist, the commercial transportation services provider must provide the coverage required under this section beginning with the first dollar of a claim.

(c) The primary automobile insurance policy required under this subsection and subsection (1) of this section may be secured by any of the following:

(i) The commercial transportation services provider as provided under subsection (1) of this section;

(ii) The driver as provided under (a) of this subsection; or

(iii) A combination of both the commercial transportation services provider and the driver.

(3) The insurer or insurers providing coverage under subsections (1) and (2) of this section are the only insurers having the duty to defend any liability claim from an accident occurring while commercial transportation services are being provided.

(4) In addition to the requirements in subsections (1) and (2) of this section, before allowing a person to provide commercial transportation services as a driver, a commercial transportation services provider must provide written proof to the driver that the driver is covered by a primary automobile insurance policy that meets the requirements of this section. Alternatively, if a driver purchases a primary automobile insurance policy as allowed under subsection (2) of this section, the commercial transportation services provider must verify that the driver has done so.

(5) A primary automobile insurance policy required under

subsection (1) or (2) of this section may be placed with an insurer licensed under this title to provide insurance in the state of Washington or as an eligible surplus line insurance policy as described in RCW 48.15.040, or through a surplus lines insurer that meets the financial requirements as described in RCW 48.15.090 and follows the procurement procedures of RCW 48.15.040.

(6) Insurers that write automobile insurance in Washington may exclude any and all coverage afforded under a private passenger automobile insurance policy issued to an owner or operator of a personal vehicle for any loss or injury that occurs while a driver for a commercial transportation services provider is logged in to a commercial transportation services provider's digital network or while a driver provides a prearranged ride. This right to exclude all coverage may apply to any coverage included in a private passenger automobile insurance policy including, but not limited to:

(a) Liability coverage for bodily injury and property damage;

(b) Personal injury protection coverage;

(c) Underinsured motorist coverage;

(d) Medical payments coverage;

(e) Comprehensive physical damage coverage; and

(f) Collision physical damage coverage.

(7) Nothing in this section shall be construed to require a private passenger automobile insurance policy to provide primary or excess coverage or a duty to defend for the period of time in which a driver is logged in to a commercial transportation services provider's digital network or software application or while the driver is engaged in a prearranged ride or the driver otherwise uses a vehicle to transport passengers for compensation.

(8) Insurers that exclude coverage under subsection (6) of this section have no duty to defend or indemnify any claim expressly excluded under subsection (6) of this section. Nothing in this section shall be deemed to invalidate or limit an exclusion contained in a policy, including any policy in use or approved for use in Washington state before July 24, 2015, that excludes coverage for vehicles used to carry persons or property for a charge or available for hire by the public.

(9) An exclusion exercised by an insurer in subsection (6) of this section applies to any coverage selected or rejected by a named insured under RCW 48.22.030 and 48.22.085. The purchase of a rider or endorsement by a driver under subsection (2)(a) of this section does not require a separate coverage rejection under RCW 48.22.030 or 48.22.085.

(10) If more than one insurance policy provides valid and collectible coverage for a loss arising out of an occurrence involving a motor vehicle operated by a driver, the responsibility for the claim must be divided as follows:

(a) Except as provided otherwise under subsection (2)(c) of this section, if the driver has been matched with a passenger and is traveling to pick up the passenger, or the driver is providing services to a passenger, the commercial transportation services provider that matched the driver and passenger must provide insurance coverage; or

(b) If the driver is logged in to the digital network or software application of more than one commercial transportation services provider but has not been matched with a passenger, the liability must be divided equally among all of the applicable insurance policies that specifically provide coverage for commercial transportation services.

(11) In an accident or claims coverage investigation, a commercial transportation services provider or its insurer must cooperate with a private passenger automobile insurance policy insurer and other insurers that are involved in the claims coverage investigation to facilitate the exchange of information, including

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the provision of (a) dates and times at which an accident occurred that involved a participating driver and (b) within ten business days after receiving a request, a copy of the provider's electronic record showing the precise times that the participating driver logged on and off the provider's digital network or software application on the day the accident or other loss occurred. The commercial transportation services provider or its insurer must retain all data, communications, or documents related to insurance coverage or accident details for a period of not less than the applicable statutes of limitation, plus two years from the date of an accident to which those records pertain.

(12) This section does not modify or abrogate any otherwise applicable insurance requirement set forth in this title.

(13) After July 1, 2016, an insurance company regulated under this title may not deny an otherwise covered claim arising exclusively out of the personal use of the private passenger automobile solely on the basis that the insured, at other times, used the private passenger automobile covered by the policy to provide commercial transportation services.

(14) If an insurer for a commercial transportation services provider makes a payment for a claim covered under comprehensive coverage or collision coverage, the commercial transportation services provider must cause its insurer to issue the payment directly to the business repairing the vehicle or jointly to the owner of the vehicle and the primary lienholder on the covered vehicle.

(15)(a) To be eligible for securing a primary automobile insurance policy under this section, a commercial transportation services provider must make the following disclosures to a prospective driver in the prospective driver's terms of service:

WHILE OPERATING ON THE DIGITAL NETWORK OR SOFTWARE APPLICATION OF THE COMMERCIAL TRANSPORTATION SERVICES PROVIDER, YOUR PRIVATE PASSENGER AUTOMOBILE INSURANCE POLICY MIGHT NOT AFFORD LIABILITY, UNDERINSURED MOTORIST, PERSONAL INJURY PROTECTION, COMPREHENSIVE, OR COLLISION COVERAGE, DEPENDING ON THE TERMS OF THE POLICY.

IF THE VEHICLE THAT YOU PLAN TO USE TO PROVIDE COMMERCIAL TRANSPORTATION SERVICES FOR OUR COMPANY HAS A LIEN AGAINST IT, YOU MUST NOTIFY THE LIENHOLDER THAT YOU WILL BE USING THE VEHICLE FOR COMMERCIAL TRANSPORTATION SERVICES THAT MAY VIOLATE THE TERMS OF YOUR CONTRACT WITH THE LIENHOLDER.

(b) The prospective driver must acknowledge the terms of service electronically or by signature.

**NEW SECTION. Sec. 34.** (1) The commissioner for the employment security department shall commence a work group of stakeholders, comprised of equal representation of industry and labor, to study the appropriate application of Titles 50, 50A, and 50B RCW on transportation network companies and drivers in this state.

(2) No later than December 1, 2022, and in compliance with RCW 43.01.036, the commissioner must submit a report to the governor and the legislature on findings and suggested changes to state law to establish applicable rates and terms by which transportation network companies and drivers participate in relevant state run programs established pursuant to Titles 50, 50A, and 50B RCW.

**NEW SECTION. Sec. 35.** RCW 48.177.010 is recodified as a section in chapter 46.--- RCW (the new chapter created in section 36 of this act).

**NEW SECTION. Sec. 36.** Sections 14 through 32 of this act

constitute a new chapter in Title 46 RCW.

**NEW SECTION. Sec. 37.** (1) Sections 8 through 13 of this act (related to industrial insurance) take effect January 1, 2023.

(2) Sections 17 and 28 of this act (related to the department of licensing) take effect March 1, 2023."

On page 1, line 2 of the title, after "companies;" strike the remainder of the title and insert "amending RCW 49.46.210, 51.12.020, 51.08.070, 51.08.180, 51.16.060, and 48.177.010; adding new sections to chapter 49.46 RCW; adding a new section to chapter 51.16 RCW; adding a new section to chapter 51.04 RCW; adding a new chapter to Title 46 RCW; creating a new section; recodifying RCW 48.177.010; and providing effective dates."

Senators Saldaña and King spoke in favor of adoption of the striking amendment.

Senator Padden spoke against adoption of the striking amendment.

The President declared the question before the Senate to be the adoption of striking amendment no. 1382 by Senator Saldaña and Engrossed Substitute House Bill No. 2076.

The motion by Senator Saldaña carried and striking amendment no. 1382 was adopted by voice vote.

#### MOTION

On motion of Senator Saldaña, the rules were suspended, Engrossed Substitute House Bill No. 2076 as amended by the Senate was advanced to third reading, the second reading considered the third and the bill was placed on final passage.

Senators Saldaña, King, Keiser and Gildon spoke in favor of passage of the bill.

The President declared the question before the Senate to be the final passage of Engrossed Substitute House Bill No. 2076 as amended by the Senate.

#### ROLL CALL

The Secretary called the roll on the final passage of Engrossed Substitute House Bill No. 2076 as amended by the Senate and the bill passed the Senate by the following vote: Yeas, 40; Nays, 8; Absent, 0; Excused, 1.

Voting yea: Senators Billig, Braun, Carlyle, Cleveland, Conway, Das, Dhingra, Fortunato, Frockt, Gildon, Hasegawa, Hawkins, Huly, Hunt, Keiser, King, Kuderer, Liias, Lovelett, Lovick, Mullet, Muzzall, Nguyen, Nobles, Pedersen, Randall, Rivers, Rolfes, Saldaña, Salomon, Sefzik, Sheldon, Stanford, Trudeau, Van De Wege, Wagoner, Warnick, Wellman, Wilson, C. and Wilson, J.

Voting nay: Senators Brown, Dozier, Honeyford, McCune, Padden, Schoesler, Short and Wilson, L.

Excused: Senator Robinson

ENGROSSED SUBSTITUTE HOUSE BILL NO. 2076 as amended by the Senate, having received the constitutional majority, was declared passed. There being no objection, the title of the bill was ordered to stand as the title of the act.

#### SECOND READING

HOUSE BILL NO. 1704, by Representatives Kirby, Vick, Ryu and Dufault

Regulating service contracts and protection product guarantees.

The measure was read the second time.

#### MOTION

On motion of Senator Mullet, the rules were suspended, House Bill No. 1704 was advanced to third reading, the second reading considered the third and the bill was placed on final passage.

Senator Mullet spoke in favor of passage of the bill.

The President declared the question before the Senate to be the final passage of House Bill No. 1704.

#### ROLL CALL

The Secretary called the roll on the final passage of House Bill No. 1704 and the bill passed the Senate by the following vote: Yeas, 46; Nays, 2; Absent, 0; Excused, 1.

Voting yea: Senators Billig, Braun, Brown, Carlyle, Cleveland, Conway, Das, Dhingra, Dozier, Fortunato, Frockt, Gildon, Hasegawa, Hawkins, Holy, Honeyford, Hunt, Keiser, King, Kuderer, Liias, Lovelett, Lovick, McCune, Mullet, Muzzall, Nguyen, Nobles, Padden, Pedersen, Randall, Rivers, Rolfes, Saldaña, Salomon, Schoesler, Sefzik, Sheldon, Short, Van De Wege, Wagoner, Warnick, Wellman, Wilson, C., Wilson, J. and Wilson, L.

Voting nay: Senators Stanford and Trudeau

Excused: Senator Robinson

HOUSE BILL NO. 1704, having received the constitutional majority, was declared passed. There being no objection, the title of the bill was ordered to stand as the title of the act.

#### SECOND READING

SUBSTITUTE HOUSE BILL NO. 2051, by House Committee on Appropriations (originally sponsored by Rule, Shewmake, Ormsby and Ramel)

Providing short-term disaster recovery financial assistance to agricultural producers.

The measure was read the second time.

#### MOTION

On motion of Senator Sefzik, the rules were suspended, Substitute House Bill No. 2051 was advanced to third reading, the second reading considered the third and the bill was placed on final passage.

Senator Sefzik spoke in favor of passage of the bill.

The President declared the question before the Senate to be the final passage of Substitute House Bill No. 2051.

#### ROLL CALL

The Secretary called the roll on the final passage of Substitute House Bill No. 2051 and the bill passed the Senate by the following vote: Yeas, 48; Nays, 0; Absent, 0; Excused, 1.

Voting yea: Senators Billig, Braun, Brown, Carlyle, Cleveland, Conway, Das, Dhingra, Dozier, Fortunato, Frockt, Gildon, Hasegawa, Hawkins, Holy, Honeyford, Hunt, Keiser, King, Kuderer, Liias, Lovelett, Lovick, McCune, Mullet, Muzzall, Nguyen, Nobles, Padden, Pedersen, Randall, Rivers, Rolfes, Saldaña, Salomon, Schoesler, Sefzik, Sheldon, Short, Stanford,

Trudeau, Van De Wege, Wagoner, Warnick, Wellman, Wilson, C., Wilson, J. and Wilson, L.

Excused: Senator Robinson

SUBSTITUTE HOUSE BILL NO. 2051, having received the constitutional majority, was declared passed. There being no objection, the title of the bill was ordered to stand as the title of the act.

#### SECOND READING

ENGROSSED SECOND SUBSTITUTE HOUSE BILL NO. 1736, by House Committee on Appropriations (originally sponsored by Sullivan, Slatter, Leavitt, Valdez, Walen, Goodman, Gregerson, Ramel, Santos, Wylie, Paul, Simmons, Chopp, Bergquist, Pollet, Johnson, J., Riccelli, Ormsby and Frame)

Establishing a state student loan program.

The measure was read the second time.

#### MOTION

Senator Mullet moved that the following committee striking amendment by the Committee on Ways & Means be adopted:

Strike everything after the enacting clause and insert the following:

**"NEW SECTION. Sec. 1.** (1) The legislature finds that college students continue to borrow in order to fund their higher education, despite an increase in access to state financial aid. In Washington state, estimates for the number of borrowers carrying student loan debt are around 800,000 with an average balance around \$33,500, resulting in a total outstanding balance of \$29,400,000,000. Student loan debt outpaces other sources of consumer debt, such as credit card and vehicle debt. While research shows that earning a postsecondary credential positively impacts a person's earning potential, high student loan debt erodes much of this benefit.

(2) The legislature recognizes that people with student loan debt are less likely to get married and start a family, establish small businesses, and buy homes. High student loan debt negatively impacts a person's credit score and their debt-to-income ratio, which impacts their ability to qualify for a mortgage. However, student loan debt does not impact all borrowers the same.

(3) Student loan borrowers who struggle the most are typically lower income, first generation, and students of color. Data from the national center for education statistics of a 12-year longitudinal study based on students who began their education in the 2003-04 academic year found the following for students who defaulted: Almost 90 percent had received a Pell grant at one point; 70 percent were first generation college students; 40 percent were in the bottom quarter of income distribution; and 30 percent were African American.

(4) The legislature recognizes though that student loans are beneficial for students who have no other way to pay for college or have expenses beyond tuition and fees. Student loans can open up postsecondary education opportunities for many and help boost the state's economy by increasing the number of qualified graduates to fulfill workforce shortages. However, the legislature finds that high interest rates that accumulate while the student is in college negatively impact the student's ability to prosper financially and contribute to the state's economy after graduation. The legislature also recognizes that there is very little financial



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aid available to assist students pursuing graduate studies, despite the state's high demand for qualified professionals in fields with workforce shortages such as behavioral health, nursing, software development, teaching, and more. Therefore, the legislature intends to support students pursuing higher education by establishing a state student loan program that is more affordable than direct federal student loans and private loans. The legislature intends to offer student loans to state residents with financial need who are pursuing undergraduate and high-demand graduate studies at a subsidized, one percent interest rate. The legislature intends for the Washington state student loan program to align with the Washington college grant program, recognizing that student loans are secondary forms of financial aid that often cover expenses beyond tuition.

**NEW SECTION. Sec. 2.** (1) The Washington student achievement council, in consultation with the office of the state treasurer and the state investment board shall design a student loan program to assist students who need additional financial support to obtain postsecondary education.

(2) At a minimum, the program design must make recommendations about the following features for a state student loan program and implementation plan:

(a) A low interest rate that is below current federal subsidized student loan interest rates, with one option being a one percent interest rate;

(b) The distribution of loans between graduate students and undergraduate students;

(c) The terms of the loans, including:

(i) Loan limits;

(ii) Grace periods; and

(iii) Minimum postsecondary enrollment standards;

(d) The terms and administration of a repayment program, including:

(i) Repayment options such as standard loan repayment contracts and the length of the repayment contracts;

(ii) Income-based repayment plans; and

(iii) Terms of loan forgiveness;

(e) The types and characteristics of borrowers permitted to participate in the program including family income, degree and credential types, and other borrower characteristics. The program must prioritize low-income borrowers; and

(f) The design and administration of an appeals process.

(3) In the design of the program, the office may recommend contracting with one or more state-based financial institutions regulated by either chapter 31.12 or 30A.04 RCW to provide loan origination and may contract with a third-party entity to provide loan servicing for the program. A third-party entity providing loan servicing shall comply with all of the requirements for student education loan servicers under chapter 31.04 RCW.

(4) The student achievement council, in consultation with the office of the treasurer and the state investment board shall include an analysis on the sustainability of the program design.

(5) The student achievement council shall provide a report on the design and implementation plan for the state student loan program to the governor and the higher education committees of the legislature by December 1, 2022, in accordance with RCW 43.01.036.

**NEW SECTION. Sec. 3.** Sections 1 and 2 of this act constitute a new chapter in Title 28B RCW."

On page 1, at the beginning of line 2 of the title, strike the remainder of the title and insert "and adding a new chapter to Title 28B RCW."

WITHDRAWAL OF AMENDMENT

On motion of Senator Wilson, L. and without objection, amendment no. 1474 by Senator Wilson, L. on page 1, line 27 to the committee striking amendment to was withdrawn.

The President declared the question before the Senate to be the adoption of the committee striking amendment by the Committee on Ways & Means to Engrossed Second Substitute House Bill No. 1736.

The motion by Senator Mullet carried and the committee striking amendment was adopted by voice vote.

## MOTION

On motion of Senator Mullet, the rules were suspended, Engrossed Second Substitute House Bill No. 1736 as amended by the Senate was advanced to third reading, the second reading considered the third and the bill was placed on final passage.

Senator Mullet spoke in favor of passage of the bill.

Senator Holy spoke against passage of the bill.

The President declared the question before the Senate to be the final passage of Engrossed Second Substitute House Bill No. 1736 as amended by the Senate.

## ROLL CALL

The Secretary called the roll on the final passage of Engrossed Second Substitute House Bill No. 1736 as amended by the Senate and the bill passed the Senate by the following vote: Yeas, 27; Nays, 21; Absent, 0; Excused, 1.

Voting yea: Senators Billig, Carlyle, Cleveland, Conway, Das, Dhingra, Frockt, Hasegawa, Hunt, Keiser, Kuderer, Lias, Lovelett, Lovick, Mullet, Nguyen, Nobles, Pedersen, Randall, Rolfes, Saldaña, Salomon, Stanford, Trudeau, Van De Wege, Wellman and Wilson, C.

Voting nay: Senators Braun, Brown, Dozier, Fortunato, Gildon, Hawkins, Holy, Honeyford, King, McCune, Muzzall, Padden, Rivers, Schoesler, Sefzik, Sheldon, Short, Wagoner, Warnick, Wilson, J. and Wilson, L.

Excused: Senator Robinson

ENGROSSED SECOND SUBSTITUTE HOUSE BILL NO. 1736 as amended by the Senate, having received the constitutional majority, was declared passed. There being no objection, the title of the bill was ordered to stand as the title of the act.

## SECOND READING

HOUSE BILL NO. 1739, by Representatives Maycumber, Cody and Ramos

Modernizing hospital policies related to pathogens of epidemiological concern.

The measure was read the second time.

## MOTION

On motion of Senator Cleveland, the rules were suspended, House Bill No. 1739 was advanced to third reading, the second reading considered the third and the bill was placed on final passage.

Senators Cleveland and Muzzall spoke in favor of passage of the bill.

The President declared the question before the Senate to be the final passage of House Bill No. 1739.

#### ROLL CALL

The Secretary called the roll on the final passage of House Bill No. 1739 and the bill passed the Senate by the following vote: Yeas, 48; Nays, 0; Absent, 0; Excused, 1.

Voting yea: Senators Billig, Braun, Brown, Carlyle, Cleveland, Conway, Das, Dhingra, Dozier, Fortunato, Frockt, Gildon, Hasegawa, Hawkins, Holy, Honeyford, Hunt, Keiser, King, Kuderer, Liias, Lovelett, Lovick, McCune, Mullet, Muzzall, Nguyen, Nobles, Padden, Pedersen, Randall, Rivers, Rolfes, Saldaña, Salomon, Schoesler, Sefzik, Sheldon, Short, Stanford, Trudeau, Van De Wege, Wagoner, Warnick, Wellman, Wilson, C., Wilson, J. and Wilson, L.

Excused: Senator Robinson

HOUSE BILL NO. 1739, having received the constitutional majority, was declared passed. There being no objection, the title of the bill was ordered to stand as the title of the act.

#### SECOND READING

ENGROSSED SECOND SUBSTITUTE HOUSE BILL NO. 1815, by House Committee on Transportation (originally sponsored by Ryu, Boehnke, Johnson, J., Berry, Fitzgibbon, Orwall, Shewmake, Leavitt, Chase, Sells, Gregerson, Bateman, Fey, Goodman, Robertson, Macri, Ramos, Santos, Wylie, Simmons, Slater, Bergquist, Tharinger, Valdez, Thai, Wicks, Pollet, Graham, Young and Frame)

Detering catalytic converter theft.

The measure was read the second time.

#### MOTION

Senator Dhingra moved that the following committee striking amendment by the Committee on Transportation be not adopted:

Strike everything after the enacting clause and insert the following:

**"NEW SECTION. Sec. 1.** The legislature finds that rates of catalytic converter theft have rapidly increased statewide and nationwide, due in part to existing challenges with accurately identifying stolen catalytic converters. The legislature further finds that victims of catalytic converter theft often incur costs that far exceed the monetary value of the catalytic converters themselves. The legislature further finds that catalytic converter theft is a multifaceted issue that requires collaborative effort between law enforcement agencies, insurance companies, scrap metal dealers, and other involved parties to identify comprehensive solutions.

Therefore, the legislature intends to carefully examine the catalytic converter theft issues in Washington state and conduct a study to make a variety of recommendations to the legislature, including recommendations for a potential pilot program, to reduce the occurrence of catalytic converter theft. The legislature further intends to provide funding for a grant program focused on metal theft and unlawfully obtained metal.

**NEW SECTION. Sec. 2.** (1) The Washington State University shall convene a catalytic converter theft work group to study and provide options and recommendations related to reducing catalytic converter theft in Washington state.

(2) The work group shall consist of, but is not limited to,

members representing the following:

- (a) One member representing the Washington state patrol;
  - (b) One member representing the Washington association of sheriffs and police chiefs;
  - (c) One member representing the Washington association of prosecuting attorneys;
  - (d) One member representing the office of public defense;
  - (e) One member representing the superior court judges' association;
  - (f) One member representing the district and municipal court judges' association;
  - (g) One member representing the association of Washington cities;
  - (h) One member representing the office of the attorney general;
  - (i) One member representing the property and casualty insurance industry;
  - (j) One member representing the scrap metal recycling industry;
  - (k) One member representing the auto dealer industry;
  - (l) One member representing the auto manufacturer industry;
  - (m) One member representing the catalytic converter manufacturer industry;
  - (n) One member representing the towing and recovery association of Washington;
  - (o) One member representing the Washington state independent auto dealers association;
  - (p) One member representing the Washington independent business association;
  - (q) One member representing the Washington organized retail crime association; and
  - (r) Two members representing individuals with lived experience being charged with, or convicted of, organized theft.
- (3) The work group's study shall include, but is not limited to, the following:
- (a) A review of state laws related to catalytic converter theft;
  - (b) A review of national efforts to address catalytic converter theft to determine whether there are best practices from other jurisdictions on how to effectively deter and end catalytic converter theft;
  - (c) Data collection and analysis of catalytic converter theft incidents across the state;
  - (d) Options to deter and end catalytic converter theft, including marking of catalytic converters;
  - (e) Options and opportunities to reduce costs to victims of catalytic converter theft; and
  - (f) A review of the effectiveness of the grant and training program created under RCW 36.28A.240.
- (4) The work group's recommendations shall include, but are not limited to, the following:
- (a) Changes to state law to reduce catalytic converter theft;
  - (b) A potential pilot program that could be implemented to decrease catalytic converter theft, including by prioritizing communities with the highest incidence of catalytic converter theft or communities experiencing the most financial impact due to catalytic converter theft; and
  - (c) Cost estimates for the pilot program and recommendations on evaluation criteria and metrics to determine the efficacy and benefits of the pilot program.
- (5) The work group shall provide a preliminary report and recommendations to the transportation and public safety committees of the legislature by November 1, 2022. The work group shall provide a final report and recommendations, including recommendations on a potential pilot program, to the transportation and public safety committees of the legislature by January 1, 2023.

**Sec. 3.** RCW 19.290.020 and 2013 c 322 s 5 are each

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amended to read as follows:

(1) At the time of a transaction, every scrap metal business doing business in this state shall produce wherever that business is conducted an accurate and legible record of each transaction involving private metal property or nonferrous metal property. This record must be written in the English language, documented on a standardized form or in electronic form, and contain the following information:

(a) The signature of the person with whom the transaction is made;

(b) The time, date, location, and value of the transaction;

(c) The name of the employee representing the scrap metal business in the transaction;

(d) The name, street address, and telephone number of the person with whom the transaction is made;

(e) The license plate number and state of issuance of the license plate on the motor vehicle used to deliver the private metal property or nonferrous metal property subject to the transaction;

(f) A description of the motor vehicle used to deliver the private metal property or nonferrous metal property subject to the transaction;

(g) The current driver's license number or other government-issued picture identification card number of the seller or a copy of the seller's government-issued picture identification card; ~~((and))~~

(h) A description of the predominant types of private metal property or nonferrous metal property subject to the transaction, utilizing the institute of scrap recycling industries' generally accepted terminology, and including weight, quantity, or volume; and

(i) For every transaction specifically involving a catalytic converter that has been removed from a vehicle, documentation indicating that the private metal property in the seller's possession is the result of the seller replacing private metal property from a vehicle registered in the seller's name.

(2) For every transaction that involves private metal property or nonferrous metal property, every scrap metal business doing business in the state shall require the person with whom a transaction is being made to sign a declaration. The declaration may be included as part of the transactional record required under subsection (1) of this section, or on a receipt for the transaction. The declaration must state substantially the following:

"I, the undersigned, affirm under penalty of law that the property that is subject to this transaction is not to the best of my knowledge stolen property."

The declaration must be signed and dated by the person with whom the transaction is being made. An employee of the scrap metal business must witness the signing and dating of the declaration and sign the declaration accordingly before any transaction may be consummated.

(3) The record and declaration required under this section must be open to the inspection of any commissioned law enforcement officer of the state or any of its political subdivisions at all times during the ordinary hours of business, or at reasonable times if ordinary hours of business are not kept, and must be maintained wherever that business is conducted for five years following the date of the transaction.

**Sec. 4.** RCW 19.290.030 and 2013 c 322 s 6 are each amended to read as follows:

(1) No scrap metal business may enter into a transaction to purchase or receive private metal property or nonferrous metal property from any person who cannot produce at least one piece of current government-issued picture identification, including a valid driver's license or identification card issued by any state.

(2) No scrap metal business may purchase or receive private

metal property or commercial metal property unless the seller: (a) Has a commercial account with the scrap metal business; (b) can prove ownership of the property by producing written documentation that the seller is the owner of the property; or (c) can produce written documentation that the seller is an employee or agent authorized to sell the property on behalf of a commercial enterprise.

(3) No scrap metal business may enter into a transaction to purchase or receive metallic wire that was burned in whole or in part to remove insulation unless the seller can produce written proof to the scrap metal business that the wire was lawfully burned.

(4)(a) No transaction involving private metal property or nonferrous metal property may be made in cash or with any person who does not provide a street address and photographic identification under the requirements of RCW 19.290.020(1) (d) and (g) except as described in (b) and (c) of this subsection. The person with whom the transaction is being made may only be paid by a nontransferable check, mailed by the scrap metal business to a street address provided under RCW 19.290.020, no earlier than three days after the transaction was made. A transaction occurs on the date provided in the record required under RCW 19.290.020.

(b) A scrap metal business that is in compliance with this chapter ~~((that))~~ may pay up to a maximum of \$30 in cash, stored value device, or electronic funds transfer for nonferrous metal property. The balance of the value of the transaction may be made by nontransferable check, stored value device, or electronic funds transfer at the time the transaction is made if the scrap metal business digitally captures:

(i) A copy of one piece of current government-issued picture identification, including a current driver's license or identification card issued by any state; and

(ii) ~~((either))~~ Either a picture or video of either the material subject to the transaction in the form received or the material subject to the transaction within the vehicle which the material was transported to the scrap metal business ~~((, may pay up to a maximum of thirty dollars in cash, stored value device, or electronic funds transfer. The balance of the value of the transaction may be made by nontransferable check, stored value device, or electronic funds transfer at the time the transaction is made. A scrap metal business's usage of video surveillance shall be sufficient to comply with this subsection (4)(b)(ii) as long as the video captures the material subject to the transaction. A digital image or picture taken under this subsection must be available for two years from the date of transaction, while a video recording must be available for thirty days)).~~

(c) Payment to individual sellers of private metal property as defined in this chapter may not be made at the time of the transaction and shall not be paid earlier than three business days after the transaction was made. Records of payment for private metal property as defined in this chapter must be kept in the same file or record as all records collected under this subsection and retained and be available for review for two years from the date of the transaction.

(5)(a) A scrap metal business's usage of video surveillance shall be sufficient to comply with subsection (4)(b) of this section so long as the video captures the material subject to the transaction.

(b) A digital image or picture taken under this section must be available for two years from the date of transaction, while a video recording must be available for 30 days.

(6) No scrap metal business may purchase or receive beer kegs from anyone except a manufacturer of beer kegs or licensed brewery.

**Sec. 5.** RCW 19.290.070 and 2013 c 322 s 10 are each amended to read as follows:

(1) It is a gross misdemeanor under chapter 9A.20 RCW for:

~~((4))~~ (a) Any person to deliberately remove, alter, or obliterate any manufacturer's make, model, or serial number, personal identification number, or identifying marks engraved or etched upon an item of private metal property, nonferrous metal property, or commercial metal property in order to deceive a scrap metal business;

~~((2))~~ (b) Any scrap metal business to enter into a transaction to purchase or receive any private metal property, nonferrous metal property, or commercial metal property where the manufacturer's make, model, or serial number, personal identification number, or identifying marks engraved or etched upon the property have been deliberately and conspicuously removed, altered, or obliterated;

~~((3))~~ (c) Any person to knowingly make, cause, or allow to be made any false entry or misstatement of any material matter in any book, record, or writing required to be kept under this chapter;

~~((4))~~ (d) Any scrap metal business to enter into a transaction to purchase or receive private metal property, nonferrous metal property, or commercial metal property from any person under the age of ~~((eighteen))~~ 18 years or any person who is discernibly under the influence of intoxicating liquor or drugs;

~~((5))~~ (e) Any scrap metal business to enter into a transaction to purchase or receive private metal property, nonferrous metal property, or commercial metal property with anyone whom the scrap metal business has been informed by a law enforcement agency to have been convicted of a crime involving drugs, burglary, robbery, theft, or possession of or receiving stolen property, manufacturing, delivering, or possessing with intent to deliver methamphetamine, or possession of ephedrine or any of its salts or isomers or salts of isomers, pseudoephedrine or any of its salts or isomers or salts of isomers, or anhydrous ammonia with intent to manufacture methamphetamine within the past four years whether the person is acting in his or her own behalf or as the agent of another;

~~((6))~~ (f) Any person to sign the declaration required under RCW 19.290.020 knowing that the private metal property or nonferrous metal property subject to the transaction is stolen. The signature of a person on the declaration required under RCW 19.290.020 constitutes evidence of intent to defraud a scrap metal business if that person is found to have known that the private metal property or nonferrous metal property subject to the transaction was stolen;

~~((7))~~ (g) Any scrap metal business to possess private metal property or commercial metal property that was not lawfully purchased or received under the requirements of this chapter;

~~((8))~~ (h) Any scrap metal business to engage in a series of transactions valued at less than ~~((thirty dollars))~~ \$30 with the same seller for the purposes of avoiding the requirements of RCW 19.290.030(4); or

~~((9))~~ (i) Any person to knowingly make a false or fictitious oral or written statement or to furnish or exhibit any false, fictitious, or misrepresented identification, with the intent to deceive a scrap metal business as to the actual seller of the scrap metal.

(2) Notwithstanding any fines imposed as part of the sentence under this section, each offense is punishable by a \$1,000 fine per catalytic converter, 10 percent of which shall be directed to the no-buy list database program in RCW 43.43.885, and the remainder shall be directed to the Washington association of sheriffs and police chiefs solely for grants issued under RCW 36.28A.240.

**NEW SECTION. Sec. 6.** A new section is added to chapter 9A.56 RCW to read as follows:

(1) A person is guilty of unlawful possession of a catalytic converter that has been removed from a vehicle if, upon contact by law enforcement, the person is unable to produce proof of ownership of the catalytic converter. Unlawful possession of a catalytic converter is a gross misdemeanor.

(2) Proof of ownership may be demonstrated by:

(a) Presenting documentation that the catalytic converter in the seller's possession is the result of the seller replacing a catalytic converter from a vehicle registered in the seller's name;

(b) Production of a unique catalytic converter serial number, or successor catalytic converter identification number program created under chapter 19.290 RCW, that corresponds to a vehicle for which the person can provide documentation of proof of ownership; or

(c) Proof that the person is an agent of a corporation, partnership, limited liability company, association, state agency, political subdivision of the state, public corporation, or any other legal or commercial entity engaged in the scrap metal business including, but not limited to, licensed hulk hauling and processing, scrap metal dismantlers, scrap metal repair shops, and other licensed scrap metal businesses.

(3) Each catalytic converter is subject to an additional criminal penalty of \$2,000 per catalytic converter. Half of the additional criminal penalty shall be retained by the local jurisdiction; 10 percent shall be directed to the no-buy list database program in RCW 43.43.885; and the remainder shall be directed to the Washington association of sheriffs and police chiefs solely for grants issued under RCW 36.28A.240.

**NEW SECTION. Sec. 7.** A new section is added to chapter 9A.56 RCW to read as follows:

(1) A person is guilty of attempting the unlawful sale of a catalytic converter that has been removed from a vehicle if, upon contact by law enforcement, the person is unable to produce documentation of proof of ownership of the catalytic converter for which the person is offering to sell or advertise the sale, without being an agent of a corporation, partnership, limited liability company, association, state agency, political subdivision of the state, public corporation, or any other legal or commercial entity engaged in the scrap metal business including, but not limited to, licensed vehicle wreckers, licensed hulk hauling and processing, scrap metal dismantlers, scrap metal repair shops, and other licensed scrap metal businesses.

(2) A person is guilty of attempting the unlawful purchase of a catalytic converter that has been removed from a vehicle if the person is offering to purchase or advertising for the purchase, without maintaining a scrap metal business license under chapter 19.290 RCW or a vehicle wrecker's license under chapter 46.80 RCW.

(3) Attempted unlawful sale or purchase of a catalytic converter is a class C felony.

(4) Each catalytic converter is subject to an additional criminal penalty of \$5,000 per catalytic converter. Half of the additional criminal penalty shall be retained by the local jurisdiction; 10 percent shall be directed to the no-buy list database program in RCW 43.43.885; and the remainder shall be directed to the Washington association of sheriffs and police chiefs solely for grants issued under RCW 36.28A.240.

(5)(a) Facilitating the offer of used catalytic converters for sale without first verifying proof of ownership of the catalytic converter, or failing to retain verified records of ownership of used catalytic converters offered for sale for at least two years, is an unfair or deceptive act or practice or unfair method of competition in the conduct of trade or commerce for purposes of the consumer protection act, chapter 19.86 RCW.

(b) All damages awarded to the state of Washington under chapter 19.86 RCW shall be distributed as follows:

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- (i) Ninety percent to the grant and training program in RCW 36.28A.240; and
- (ii) Ten percent to the no-buy list database program in RCW 43.43.885.

**Sec. 8.** RCW 36.28A.240 and 2013 c 322 s 24 are each amended to read as follows:

(1) ~~((When funded, the))~~ The Washington association of sheriffs and police chiefs shall ((establish)) develop a comprehensive state law enforcement strategy targeting metal theft in consultation with the criminal justice training commission, including:

(a) Development of best practices for targeting illegal purchasers and sellers involved in metal theft, with specific enforcement focus on catalytic converter theft;

(b) Strategies for development and maintenance of relationships between local law enforcement agencies and licensed scrap metal recyclers, including recommendations for scheduled or regular interactions, with a focus on deterring unlawful purchases and identifying individuals suspected of involvement in unlawful metal theft and individuals who attempt to conduct a transaction while under the influence of controlled substances; and

(c) Establishment of a grant and training program to assist local law enforcement agencies in the support of special enforcement ((emphasis)) targeting metal theft. Grant applications shall be reviewed ((and awarded through peer review panels)) by the Washington association of sheriffs and police chiefs in consultation with the criminal justice training commission after coordination with county and city elected officials in areas with a demonstrated increase in metal theft over the previous 24 months. Grant applicants are encouraged to ((utilize multi-jurisdictional efforts)) focus solely on metal theft and unlawful purchasing and selling of unlawfully obtained metal in their jurisdiction, but may coordinate with other jurisdictions.

(2) Each grant applicant shall:

(a) Show a significant metal theft problem in the jurisdiction or jurisdictions receiving the grant;

~~(b) ((Verify that grant awards are sufficient to cover increased investigation, prosecution, and jail costs;~~

~~((Design))~~ Propose an enforcement program that best suits the specific metal theft problem in the jurisdiction ((or jurisdictions receiving the grant)), including the number of enforcement stings to be conducted under the program;

~~((d))~~ (c) Demonstrate community coordination focusing on prevention, intervention, and suppression; and

~~((e))~~ (d) Collect data on performance, including the number of enforcement stings to be conducted.

~~(3) ((The cost of administering the grants shall not exceed sixty thousand dollars, or three percent of appropriated funding, whichever is greater.~~

~~(4))~~ Grant awards may not be used to supplant preexisting funding sources for special enforcement targeting metal theft.

**Sec. 9.** RCW 43.43.885 and 2013 c 322 s 31 are each amended to read as follows:

(1) Beginning on July 1, 2014, ~~((when funded,))~~ the Washington association of sheriffs and police chiefs shall implement and operate an ongoing electronic statewide no-buy list database program.

(2) The database must be made available on a secured network or website.

(3) The no-buy list database program shall allow for any scrap metal business to enter a customer's name and date of birth into the database. The database must determine if the customer pursuing the transaction with the scrap metal business has been convicted in Washington of any crime involving burglary,

robbery, theft, or possession of or receiving stolen property within the past four years.

(4) If the customer has been convicted of any crime involving burglary, robbery, theft, or possession of or receiving stolen property within the past four years despite whether the person was acting in his or her own behalf or as the agent of another then, at a minimum, the no-buy list database program must immediately send an alert to the scrap metal business stating: (a) That the customer is listed on a current no-buy list, (b) the four-year expiration period for the customer's most recent crime listed, and (c) a notification that entering into a transaction with the customer is prohibited under RCW 19.290.070 ~~(as recodified by this act).~~

(5) The database shall also include individuals who have attempted to purchase or sell unlawfully obtained metals at licensed scrap metal recyclers and individuals who attempt to conduct a transaction while under the influence of controlled substances.

(6) Local jurisdictions applying for grants under RCW 36.28A.240 must provide updates to the no-buy list database annually and 120 days after a grant is distributed.

NEW SECTION. Sec. 10. RCW 19.290.070 is recodified as a section in chapter 9A.56 RCW.

NEW SECTION. Sec. 11. Section 4 of this act is necessary for the immediate preservation of the public peace, health, or safety, or support of the state government and its existing public institutions, and takes effect May 1, 2022.

NEW SECTION. Sec. 12. Except for section 4 of this act, this act is necessary for the immediate preservation of the public peace, health, or safety, or support of the state government and its existing public institutions, and takes effect immediately."

On page 1, line 1 of the title, after "theft;" strike the remainder of the title and insert "amending RCW 19.290.020, 19.290.030, 19.290.070, 36.28A.240, and 43.43.885; adding new sections to chapter 9A.56 RCW; creating new sections; recodifying RCW 19.290.070; prescribing penalties; providing an effective date; and declaring an emergency."

The President declared the question before the Senate to be to not adopt the committee striking amendment by the Committee on Transportation to Engrossed Second Substitute House Bill No. 1815.

The motion by Senator Dhingra carried and the committee striking amendment was not adopted by voice vote.

MOTION

Senator Dhingra moved that the following committee striking amendment by the Committee on Law & Justice be not adopted:

Strike everything after the enacting clause and insert the following:

"NEW SECTION. Sec. 1. The legislature finds that rates of catalytic converter theft have rapidly increased statewide and nationwide, due in part to existing challenges with accurately identifying stolen catalytic converters. The legislature further finds that victims of catalytic converter theft often incur costs that far exceed the monetary value of the catalytic converters themselves. The legislature further finds that catalytic converter theft is a multifaceted issue that requires collaborative effort between law enforcement agencies, insurance companies, scrap metal dealers, and other involved parties to identify comprehensive solutions.

Therefore, the legislature intends to carefully examine the catalytic converter theft issues in Washington state and conduct a study to make a variety of recommendations to the legislature,

including recommendations for a potential pilot program, to reduce the occurrence of catalytic converter theft. The legislature further intends to provide funding for a grant program focused on metal theft and unlawfully obtained metal.

**NEW SECTION. Sec. 2.** (1) The joint transportation committee shall convene a catalytic converter theft work group to study and provide options and recommendations related to reducing catalytic converter theft in Washington state.

(2) The work group shall consist of, but is not limited to, members representing the following:

- (a) One member representing the Washington state patrol;
- (b) One member representing the Washington association of sheriffs and police chiefs;
- (c) One member representing the Washington association of prosecuting attorneys;
- (d) One member representing the office of public defense;
- (e) One member representing the superior court judges' association;
- (f) One member representing the district and municipal court judges' association;
- (g) One member representing the association of Washington cities;
- (h) One member representing the office of the attorney general;
- (i) One member representing the property and casualty insurance industry;
- (j) One member representing the scrap metal recycling industry;
- (k) One member representing the auto dealer industry;
- (l) One member representing the auto manufacturer industry;
- (m) One member representing the catalytic converter manufacturer industry;
- (n) One member representing the towing and recovery association of Washington;
- (o) One member representing the Washington state independent auto dealers association;
- (p) One member representing the Washington independent business association;
- (q) One member representing the Washington organized retail crime association; and
- (r) Two members representing individuals with lived experience being charged with, or convicted of, organized theft.

(3) The work group's study shall include, but is not limited to, the following:

- (a) A review of state laws related to catalytic converter theft;
- (b) A review of national efforts to address catalytic converter theft to determine whether there are best practices from other jurisdictions on how to effectively deter and end catalytic converter theft;
- (c) Data collection and analysis of catalytic converter theft incidents across the state;
- (d) Options to deter and end catalytic converter theft, including marking of catalytic converters;
- (e) Options and opportunities to reduce costs to victims of catalytic converter theft; and
- (f) A review of the effectiveness of the grant and training program created under RCW 36.28A.240.

(4) The work group's recommendations shall include, but are not limited to, the following:

- (a) Changes to state law to reduce catalytic converter theft;
- (b) A potential pilot program that could be implemented to decrease catalytic converter theft, including by prioritizing communities with the highest incidence of catalytic converter theft or communities experiencing the most financial impact due to catalytic converter theft; and
- (c) Cost estimates for the pilot program and recommendations on evaluation criteria and metrics to determine the efficacy and

benefits of the pilot program.

(5) The work group shall provide a preliminary report and recommendations to the transportation and public safety committees of the legislature by November 1, 2022. The work group shall provide a final report and recommendations, including recommendations on a potential pilot program, to the transportation and public safety committees of the legislature by January 1, 2023.

**Sec. 3.** RCW 19.290.020 and 2013 c 322 s 5 are each amended to read as follows:

(1) At the time of a transaction, every scrap metal business doing business in this state shall produce wherever that business is conducted an accurate and legible record of each transaction involving private metal property or nonferrous metal property. This record must be written in the English language, documented on a standardized form or in electronic form, and contain the following information:

- (a) The signature of the person with whom the transaction is made;
- (b) The time, date, location, and value of the transaction;
- (c) The name of the employee representing the scrap metal business in the transaction;
- (d) The name, street address, and telephone number of the person with whom the transaction is made;
- (e) The license plate number and state of issuance of the license plate on the motor vehicle used to deliver the private metal property or nonferrous metal property subject to the transaction;
- (f) A description of the motor vehicle used to deliver the private metal property or nonferrous metal property subject to the transaction;
- (g) The current driver's license number or other government-issued picture identification card number of the seller or a copy of the seller's government-issued picture identification card; ~~(and)~~
- (h) A description of the predominant types of private metal property or nonferrous metal property subject to the transaction, utilizing the institute of scrap recycling industries' generally accepted terminology, and including weight, quantity, or volume; and

(i) For every transaction specifically involving a catalytic converter that has been removed from a vehicle, documentation indicating that the private metal property in the seller's possession is the result of the seller replacing private metal property from a vehicle registered in the seller's name.

(2) For every transaction that involves private metal property or nonferrous metal property, every scrap metal business doing business in the state shall require the person with whom a transaction is being made to sign a declaration. The declaration may be included as part of the transactional record required under subsection (1) of this section, or on a receipt for the transaction. The declaration must state substantially the following:

"I, the undersigned, affirm under penalty of law that the property that is subject to this transaction is not to the best of my knowledge stolen property."

The declaration must be signed and dated by the person with whom the transaction is being made. An employee of the scrap metal business must witness the signing and dating of the declaration and sign the declaration accordingly before any transaction may be consummated.

(3) The record and declaration required under this section must be open to the inspection of any commissioned law enforcement officer of the state or any of its political subdivisions at all times during the ordinary hours of business, or at reasonable times if ordinary hours of business are not kept, and must be maintained wherever that business is conducted for five years following the date of the transaction.

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**Sec. 4.** RCW 19.290.030 and 2013 c 322 s 6 are each amended to read as follows:

(1) No scrap metal business may enter into a transaction to purchase or receive private metal property or nonferrous metal property from any person who cannot produce at least one piece of current government-issued picture identification, including a valid driver's license or identification card issued by any state.

(2) No scrap metal business may purchase or receive private metal property or commercial metal property unless the seller: (a) Has a commercial account with the scrap metal business; (b) can prove ownership of the property by producing written documentation that the seller is the owner of the property; or (c) can produce written documentation that the seller is an employee or agent authorized to sell the property on behalf of a commercial enterprise.

(3) No scrap metal business may enter into a transaction to purchase or receive metallic wire that was burned in whole or in part to remove insulation unless the seller can produce written proof to the scrap metal business that the wire was lawfully burned.

(4)(a) No transaction involving private metal property or nonferrous metal property may be made in cash or with any person who does not provide a street address and photographic identification under the requirements of RCW 19.290.020(1) (d) and (g) except as described in (b) and (c) of this subsection. The person with whom the transaction is being made may only be paid by a nontransferable check, mailed by the scrap metal business to a street address provided under RCW 19.290.020, no earlier than three days after the transaction was made. A transaction occurs on the date provided in the record required under RCW 19.290.020.

(b) A scrap metal business that is in compliance with this chapter ~~((that))~~ may pay up to a maximum of \$30 in cash, stored value device, or electronic funds transfer for nonferrous metal property. The balance of the value of the transaction may be made by nontransferable check, stored value device, or electronic funds transfer at the time the transaction is made if the scrap metal business digitally captures:

(i) A copy of one piece of current government-issued picture identification, including a current driver's license or identification card issued by any state; and

(ii) ~~((either))~~ Either a picture or video of either the material subject to the transaction in the form received or the material subject to the transaction within the vehicle which the material was transported to the scrap metal business ~~(, may pay up to a maximum of thirty dollars in cash, stored value device, or electronic funds transfer. The balance of the value of the transaction may be made by nontransferable check, stored value device, or electronic funds transfer at the time the transaction is made. A scrap metal business's usage of video surveillance shall be sufficient to comply with this subsection (4)(b)(ii) as long as the video captures the material subject to the transaction. A digital image or picture taken under this subsection must be available for two years from the date of transaction, while a video recording must be available for thirty days).~~

(c) Payment to individual sellers of private metal property as defined in this chapter may not be made at the time of the transaction and shall not be paid earlier than three business days after the transaction was made. Records of payment for private metal property as defined in this chapter must be kept in the same file or record as all records collected under this subsection and retained and be available for review for two years from the date of the transaction.

(5)(a) A scrap metal business's usage of video surveillance shall be sufficient to comply with subsection (4)(b) of this section

so long as the video captures the material subject to the transaction.

(b) A digital image or picture taken under this section must be available for two years from the date of transaction, while a video recording must be available for 30 days.

(6) No scrap metal business may purchase or receive beer kegs from anyone except a manufacturer of beer kegs or licensed brewery.

**Sec. 5.** RCW 19.290.070 and 2013 c 322 s 10 are each amended to read as follows:

(1) It is a gross misdemeanor under chapter 9A.20 RCW for:

~~((4))~~ (a) Any person to deliberately remove, alter, or obliterate any manufacturer's make, model, or serial number, personal identification number, or identifying marks engraved or etched upon an item of private metal property, nonferrous metal property, or commercial metal property in order to deceive a scrap metal business;

~~((2))~~ (b) Any scrap metal business to enter into a transaction to purchase or receive any private metal property, nonferrous metal property, or commercial metal property where the manufacturer's make, model, or serial number, personal identification number, or identifying marks engraved or etched upon the property have been deliberately and conspicuously removed, altered, or obliterated;

~~((3))~~ (c) Any person to knowingly make, cause, or allow to be made any false entry or misstatement of any material matter in any book, record, or writing required to be kept under this chapter;

~~((4))~~ (d) Any scrap metal business to enter into a transaction to purchase or receive private metal property, nonferrous metal property, or commercial metal property from any person under the age of ~~((eighteen))~~ 18 years or any person who is discernibly under the influence of intoxicating liquor or drugs;

~~((5))~~ (e) Any scrap metal business to enter into a transaction to purchase or receive private metal property, nonferrous metal property, or commercial metal property with anyone whom the scrap metal business has been informed by a law enforcement agency to have been convicted of a crime involving drugs, burglary, robbery, theft, or possession of or receiving stolen property, manufacturing, delivering, or possessing with intent to deliver methamphetamine, or possession of ephedrine or any of its salts or isomers or salts of isomers, pseudoephedrine or any of its salts or isomers or salts of isomers, or anhydrous ammonia with intent to manufacture methamphetamine within the past four years whether the person is acting in his or her own behalf or as the agent of another;

~~((6))~~ (f) Any person to sign the declaration required under RCW 19.290.020 knowing that the private metal property or nonferrous metal property subject to the transaction is stolen. The signature of a person on the declaration required under RCW 19.290.020 constitutes evidence of intent to defraud a scrap metal business if that person is found to have known that the private metal property or nonferrous metal property subject to the transaction was stolen;

~~((7))~~ (g) Any scrap metal business to possess private metal property or commercial metal property that was not lawfully purchased or received under the requirements of this chapter;

~~((8))~~ (h) Any scrap metal business to engage in a series of transactions valued at less than ~~((thirty dollars))~~ \$30 with the same seller for the purposes of avoiding the requirements of RCW 19.290.030(4); or

~~((9))~~ (i) Any person to knowingly make a false or fictitious oral or written statement or to furnish or exhibit any false, fictitious, or misrepresented identification, with the intent to deceive a scrap metal business as to the actual seller of the scrap metal.

(2) Notwithstanding any fines imposed as part of the sentence under this section, each offense is punishable by a \$1,000 fine per catalytic converter, 10 percent of which shall be directed to the no-buy list database program in RCW 43.43.885, and the remainder shall be directed to the Washington association of sheriffs and police chiefs solely for grants issued under RCW 36.28A.240.

**NEW SECTION. Sec. 6.** A new section is added to chapter 9A.56 RCW to read as follows:

(1) A person is guilty of unlawful possession of a catalytic converter that has been removed from a vehicle if, upon contact by law enforcement, the person is unable to produce proof of ownership of the catalytic converter. Unlawful possession of a catalytic converter is a gross misdemeanor.

(2) Proof of ownership may be demonstrated by:

(a) Presenting documentation that the catalytic converter in the seller's possession is the result of the seller replacing a catalytic converter from a vehicle registered in the seller's name;

(b) Production of a unique catalytic converter serial number, or successor catalytic converter identification number program created under chapter 19.290 RCW, that corresponds to a vehicle for which the person can provide documentation of proof of ownership; or

(c) Proof that the person is an agent of a corporation, partnership, limited liability company, association, state agency, political subdivision of the state, public corporation, or any other legal or commercial entity engaged in the scrap metal business including, but not limited to, licensed hulk hauling and processing, scrap metal dismantlers, scrap metal repair shops, and other licensed scrap metal businesses.

(3) Each catalytic converter is subject to an additional criminal penalty of \$2,000 per catalytic converter. Half of the additional criminal penalty shall be retained by the local jurisdiction; 10 percent shall be directed to the no-buy list database program in RCW 43.43.885; and the remainder shall be directed to the Washington association of sheriffs and police chiefs solely for grants issued under RCW 36.28A.240.

**NEW SECTION. Sec. 7.** A new section is added to chapter 9A.56 RCW to read as follows:

(1) A person is guilty of attempting the unlawful sale of a catalytic converter that has been removed from a vehicle if, upon contact by law enforcement, the person is unable to produce documentation of proof of ownership of the catalytic converter for which the person is offering to sell or advertise the sale, without being an agent of a corporation, partnership, limited liability company, association, state agency, political subdivision of the state, public corporation, or any other legal or commercial entity engaged in the scrap metal business including, but not limited to, licensed vehicle wreckers, licensed hulk hauling and processing, scrap metal dismantlers, scrap metal repair shops, and other licensed scrap metal businesses.

(2) A person is guilty of attempting the unlawful purchase of a catalytic converter that has been removed from a vehicle if the person is offering to purchase or advertising for the purchase, without maintaining a scrap metal business license under chapter 19.290 RCW or a vehicle wrecker's license under chapter 46.80 RCW.

(3) Attempted unlawful sale or purchase of a catalytic converter is a class C felony.

(4) Each catalytic converter is subject to an additional criminal penalty of \$5,000 per catalytic converter. Half of the additional criminal penalty shall be retained by the local jurisdiction; 10 percent shall be directed to the no-buy list database program in RCW 43.43.885; and the remainder shall be directed to the Washington association of sheriffs and police chiefs solely for grants issued under RCW 36.28A.240.

(5)(a) Facilitating the offer of used catalytic converters for sale without first verifying proof of ownership of the catalytic converter, or failing to retain verified records of ownership of used catalytic converters offered for sale for at least two years, is an unfair or deceptive act or practice or unfair method of competition in the conduct of trade or commerce for purposes of the consumer protection act, chapter 19.86 RCW.

(b) All damages awarded to the state of Washington under chapter 19.86 RCW shall be distributed as follows:

(i) Ninety percent to the grant and training program in RCW 36.28A.240; and

(ii) Ten percent to the no-buy list database program in RCW 43.43.885.

**Sec. 8.** RCW 36.28A.240 and 2013 c 322 s 24 are each amended to read as follows:

(1) ~~((When funded, the))~~ The Washington association of sheriffs and police chiefs shall ((establish)) develop a comprehensive state law enforcement strategy targeting metal theft in consultation with the criminal justice training commission, including:

(a) Development of best practices for targeting illegal purchasers and sellers involved in metal theft, with specific enforcement focus on catalytic converter theft;

(b) Strategies for development and maintenance of relationships between local law enforcement agencies and licensed scrap metal recyclers, including recommendations for scheduled or regular interactions, with a focus on deterring unlawful purchases and identifying individuals suspected of involvement in unlawful metal theft and individuals who attempt to conduct a transaction while under the influence of controlled substances; and

(c) Establishment of a grant and training program to assist local law enforcement agencies in the support of special enforcement ((emphasis)) targeting metal theft. Grant applications shall be reviewed ((and awarded through peer review panels)) by the Washington association of sheriffs and police chiefs in consultation with the criminal justice training commission after coordination with county and city elected officials in areas with a demonstrated increase in metal theft over the previous 24 months. Grant applicants are encouraged to ((utilize multi-jurisdictional efforts)) focus solely on metal theft and unlawful purchasing and selling of unlawfully obtained metal in their jurisdiction, but may coordinate with other jurisdictions.

(2) Each grant applicant shall:

(a) Show a significant metal theft problem in the jurisdiction or jurisdictions receiving the grant;

~~(b) ((Verify that grant awards are sufficient to cover increased investigation, prosecution, and jail costs;~~

~~(c) Design))~~ Propose an enforcement program that best suits the specific metal theft problem in the jurisdiction ((or jurisdictions receiving the grant)), including the number of enforcement stings to be conducted under the program;

~~((d))~~ (c) Demonstrate community coordination focusing on prevention, intervention, and suppression; and

~~((e))~~ (d) Collect data on performance, including the number of enforcement stings to be conducted.

~~(3) ((The cost of administering the grants shall not exceed sixty thousand dollars, or three percent of appropriated funding, whichever is greater.~~

~~((4))~~ Grant awards may not be used to supplant preexisting funding sources for special enforcement targeting metal theft.

**Sec. 9.** RCW 43.43.885 and 2013 c 322 s 31 are each amended to read as follows:

(1) Beginning on July 1, 2014, ~~((when funded,))~~ the Washington association of sheriffs and police chiefs shall implement and operate an ongoing electronic statewide no-buy



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list database program.

(2) The database must be made available on a secured network or website.

(3) The no-buy list database program shall allow for any scrap metal business to enter a customer's name and date of birth into the database. The database must determine if the customer pursuing the transaction with the scrap metal business has been convicted in Washington of any crime involving burglary, robbery, theft, or possession of or receiving stolen property within the past four years.

(4) If the customer has been convicted of any crime involving burglary, robbery, theft, or possession of or receiving stolen property within the past four years despite whether the person was acting in his or her own behalf or as the agent of another then, at a minimum, the no-buy list database program must immediately send an alert to the scrap metal business stating: (a) That the customer is listed on a current no-buy list, (b) the four-year expiration period for the customer's most recent crime listed, and (c) a notification that entering into a transaction with the customer is prohibited under RCW 19.290.070 (as recodified by this act).

(5) The database shall also include individuals who have attempted to purchase or sell unlawfully obtained metals at licensed scrap metal recyclers and individuals who attempt to conduct a transaction while under the influence of controlled substances.

(6) Local jurisdictions applying for grants under RCW 36.28A.240 must provide updates to the no-buy list database annually and 120 days after a grant is distributed.

NEW SECTION. Sec. 10. RCW 19.290.070 is recodified as a section in chapter 9A.56 RCW.

NEW SECTION. Sec. 11. Section 4 of this act is necessary for the immediate preservation of the public peace, health, or safety, or support of the state government and its existing public institutions, and takes effect May 1, 2022.

NEW SECTION. Sec. 12. Except for section 4 of this act, is necessary for the immediate preservation of the public peace, health, or safety, or support of the state government and its existing public institutions, and takes effect immediately."

On page 1, line 1 of the title, after "theft;" strike the remainder of the title and insert "amending RCW 19.290.020, 19.290.030, 19.290.070, 36.28A.240, and 43.43.885; adding new sections to chapter 9A.56 RCW; creating new sections; recodifying RCW 19.290.070; prescribing penalties; providing an effective date; and declaring an emergency."

Senator Dhingra spoke in favor of not adopting the committee striking amendment.

The President declared the question before the Senate to be to not adopt the committee striking amendment by the Committee on Law & Justice to Engrossed Second Substitute House Bill No. 1815.

The motion by Senator Dhingra carried and the committee striking amendment was not adopted by voice vote.

MOTION

Senator Wilson, J. moved that the following striking amendment no. 1389 by Senator Wilson, J. be adopted:

Strike everything after the enacting clause and insert the following:

"NEW SECTION. Sec. 1. The legislature finds that rates of catalytic converter theft have rapidly increased statewide and nationwide, due in part to existing challenges with accurately identifying stolen catalytic converters. The legislature further

finds that victims of catalytic converter theft often incur costs that far exceed the monetary value of the catalytic converters themselves. The legislature further finds that catalytic converter theft is a multifaceted issue that requires collaborative effort between law enforcement agencies, insurance companies, scrap metal dealers, and other involved parties to identify comprehensive solutions.

Therefore, the legislature intends to carefully examine the catalytic converter theft issues in Washington state and conduct a study to make a variety of recommendations to the legislature, including recommendations for a potential pilot program, to reduce the occurrence of catalytic converter theft. The legislature further intends to provide funding for a grant program focused on metal theft and unlawfully obtained metal.

NEW SECTION. Sec. 2. (1) The Washington State University shall convene a catalytic converter theft work group to study and provide options and recommendations related to reducing catalytic converter theft in Washington state.

(2) The work group shall consist of, but is not limited to, members representing the following:

- (a) One member representing the Washington state patrol;
  - (b) One member representing the Washington association of sheriffs and police chiefs;
  - (c) One member representing the Washington association of prosecuting attorneys;
  - (d) One member representing the office of public defense;
  - (e) One member representing the superior court judges' association;
  - (f) One member representing the district and municipal court judges' association;
  - (g) One member representing the association of Washington cities;
  - (h) One member representing the office of the attorney general;
  - (i) One member representing the property and casualty insurance industry;
  - (j) One member representing the scrap metal recycling industry;
  - (k) One member representing the auto dealer industry;
  - (l) One member representing the auto manufacturer industry;
  - (m) One member representing the catalytic converter manufacturer industry;
  - (n) One member representing the towing and recovery association of Washington;
  - (o) One member representing the Washington state independent auto dealers association;
  - (p) One member representing the Washington independent business association;
  - (q) One member representing the Washington organized retail crime association; and
  - (r) Two members representing individuals with lived experience being charged with, or convicted of, organized theft.
- (3) The work group's study shall include, but is not limited to, the following:
- (a) A review of state laws related to catalytic converter theft;
  - (b) A review of national efforts to address catalytic converter theft to determine whether there are best practices from other jurisdictions on how to effectively deter and end catalytic converter theft;
  - (c) Data collection and analysis of catalytic converter theft incidents across the state;
  - (d) Options to deter and end catalytic converter theft, including marking of catalytic converters;
  - (e) Options and opportunities to reduce costs to victims of catalytic converter theft; and
  - (f) A review of the effectiveness of the grant and training

program created under RCW 36.28A.240.

(4) The work group's recommendations shall include, but are not limited to, the following:

(a) Changes to state law to reduce catalytic converter theft;

(b) A potential pilot program that could be implemented to decrease catalytic converter theft, including by prioritizing communities with the highest incidence of catalytic converter theft or communities experiencing the most financial impact due to catalytic converter theft; and

(c) Cost estimates for the pilot program and recommendations on evaluation criteria and metrics to determine the efficacy and benefits of the pilot program.

(5) The work group shall provide a preliminary report and recommendations to the transportation and public safety committees of the legislature by November 1, 2022. The work group shall provide a final report and recommendations, including recommendations on a potential pilot program, to the transportation and public safety committees of the legislature by January 1, 2023.

**Sec. 3.** RCW 19.290.020 and 2013 c 322 s 5 are each amended to read as follows:

(1) At the time of a transaction, every scrap metal business doing business in this state shall produce wherever that business is conducted an accurate and legible record of each transaction involving private metal property or nonferrous metal property. This record must be written in the English language, documented on a standardized form or in electronic form, and contain the following information:

(a) The signature of the person with whom the transaction is made;

(b) The time, date, location, and value of the transaction;

(c) The name of the employee representing the scrap metal business in the transaction;

(d) The name, street address, and telephone number of the person with whom the transaction is made;

(e) The license plate number and state of issuance of the license plate on the motor vehicle used to deliver the private metal property or nonferrous metal property subject to the transaction;

(f) A description of the motor vehicle used to deliver the private metal property or nonferrous metal property subject to the transaction;

(g) The current driver's license number or other government-issued picture identification card number of the seller or a copy of the seller's government-issued picture identification card; ~~(and)~~

(h) A description of the predominant types of private metal property or nonferrous metal property subject to the transaction, utilizing the institute of scrap recycling industries' generally accepted terminology, and including weight, quantity, or volume; and

(i) For every transaction specifically involving a catalytic converter that has been removed from a vehicle, documentation indicating that the private metal property in the seller's possession is the result of the seller replacing private metal property from a vehicle registered in the seller's name.

(2) For every transaction that involves private metal property or nonferrous metal property, every scrap metal business doing business in the state shall require the person with whom a transaction is being made to sign a declaration. The declaration may be included as part of the transactional record required under subsection (1) of this section, or on a receipt for the transaction. The declaration must state substantially the following:

"I, the undersigned, affirm under penalty of law that the property that is subject to this transaction is not to the best of my knowledge stolen property."

The declaration must be signed and dated by the person with

whom the transaction is being made. An employee of the scrap metal business must witness the signing and dating of the declaration and sign the declaration accordingly before any transaction may be consummated.

(3) The record and declaration required under this section must be open to the inspection of any commissioned law enforcement officer of the state or any of its political subdivisions at all times during the ordinary hours of business, or at reasonable times if ordinary hours of business are not kept, and must be maintained wherever that business is conducted for five years following the date of the transaction.

**Sec. 4.** RCW 19.290.030 and 2013 c 322 s 6 are each amended to read as follows:

(1) No scrap metal business may enter into a transaction to purchase or receive private metal property or nonferrous metal property from any person who cannot produce at least one piece of current government-issued picture identification, including a valid driver's license or identification card issued by any state.

(2) No scrap metal business may purchase or receive private metal property or commercial metal property unless the seller: (a) Has a commercial account with the scrap metal business; (b) can prove ownership of the property by producing written documentation that the seller is the owner of the property; or (c) can produce written documentation that the seller is an employee or agent authorized to sell the property on behalf of a commercial enterprise.

(3) No scrap metal business may enter into a transaction to purchase or receive metallic wire that was burned in whole or in part to remove insulation unless the seller can produce written proof to the scrap metal business that the wire was lawfully burned.

(4)(a) No transaction involving private metal property or nonferrous metal property may be made in cash or with any person who does not provide a street address and photographic identification under the requirements of RCW 19.290.020(1) (d) and (g) except as described in (b) and (c) of this subsection. The person with whom the transaction is being made may only be paid by a nontransferable check, mailed by the scrap metal business to a street address provided under RCW 19.290.020, no earlier than three days after the transaction was made. A transaction occurs on the date provided in the record required under RCW 19.290.020.

(b) A scrap metal business that is in compliance with this chapter ~~((that))~~ may pay up to a maximum of \$30 in cash, stored value device, or electronic funds transfer for nonferrous metal property. The balance of the value of the transaction may be made by nontransferable check, stored value device, or electronic funds transfer at the time the transaction is made if the scrap metal business digitally captures:

(i) A copy of one piece of current government-issued picture identification, including a current driver's license or identification card issued by any state; and

(ii) ~~((either))~~ Either a picture or video of either the material subject to the transaction in the form received or the material subject to the transaction within the vehicle which the material was transported to the scrap metal business((, may pay up to a maximum of thirty dollars in cash, stored value device, or electronic funds transfer. The balance of the value of the transaction may be made by nontransferable check, stored value device, or electronic funds transfer at the time the transaction is made. A scrap metal business's usage of video surveillance shall be sufficient to comply with this subsection (4)(b)(ii) as long as the video captures the material subject to the transaction. A digital image or picture taken under this subsection must be available for two years from the date of transaction, while a video recording must be available for thirty days)).

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(c) Payment to individual sellers of private metal property as defined in this chapter may not be made at the time of the transaction and shall not be paid earlier than three business days after the transaction was made. Records of payment for private metal property as defined in this chapter must be kept in the same file or record as all records collected under this subsection and retained and be available for review for two years from the date of the transaction.

(5)(a) A scrap metal business's usage of video surveillance shall be sufficient to comply with subsection (4)(b)(ii) of this section so long as the video captures the material subject to the transaction.

(b) A digital image or picture taken under this section must be available for two years from the date of transaction, while a video recording must be available for 30 days.

(6) No scrap metal business may purchase or receive beer kegs from anyone except a manufacturer of beer kegs or licensed brewery.

**Sec. 5.** RCW 19.290.070 and 2013 c 322 s 10 are each amended to read as follows:

(1) It is a gross misdemeanor under chapter 9A.20 RCW for:

~~((4))~~ (a) Any person to deliberately remove, alter, or obliterate any manufacturer's make, model, or serial number, personal identification number, or identifying marks engraved or etched upon an item of private metal property, nonferrous metal property, or commercial metal property in order to deceive a scrap metal business;

~~((2))~~ (b) Any scrap metal business to enter into a transaction to purchase or receive any private metal property, nonferrous metal property, or commercial metal property where the manufacturer's make, model, or serial number, personal identification number, or identifying marks engraved or etched upon the property have been deliberately and conspicuously removed, altered, or obliterated;

~~((3))~~ (c) Any person to knowingly make, cause, or allow to be made any false entry or misstatement of any material matter in any book, record, or writing required to be kept under this chapter;

~~((4))~~ (d) Any scrap metal business to enter into a transaction to purchase or receive private metal property, nonferrous metal property, or commercial metal property from any person under the age of ~~((eighteen))~~ 18 years or any person who is discernibly under the influence of intoxicating liquor or drugs;

~~((5))~~ (e) Any scrap metal business to enter into a transaction to purchase or receive private metal property, nonferrous metal property, or commercial metal property with anyone whom the scrap metal business has been informed by a law enforcement agency to have been convicted of a crime involving drugs, burglary, robbery, theft, or possession of or receiving stolen property, manufacturing, delivering, or possessing with intent to deliver methamphetamine, or possession of ephedrine or any of its salts or isomers or salts of isomers, pseudoephedrine or any of its salts or isomers or salts of isomers, or anhydrous ammonia with intent to manufacture methamphetamine within the past four years whether the person is acting in his or her own behalf or as the agent of another;

~~((6))~~ (f) Any person to sign the declaration required under RCW 19.290.020 knowing that the private metal property or nonferrous metal property subject to the transaction is stolen. The signature of a person on the declaration required under RCW 19.290.020 constitutes evidence of intent to defraud a scrap metal business if that person is found to have known that the private metal property or nonferrous metal property subject to the transaction was stolen;

~~((7))~~ (g) Any scrap metal business to possess private metal property or commercial metal property that was not lawfully

purchased or received under the requirements of this chapter;

~~((8))~~ (h) Any scrap metal business to engage in a series of transactions valued at less than ~~((thirty dollars))~~ \$30 with the same seller for the purposes of avoiding the requirements of RCW 19.290.030(4); or

~~((9))~~ (i) Any person to knowingly make a false or fictitious oral or written statement or to furnish or exhibit any false, fictitious, or misrepresented identification, with the intent to deceive a scrap metal business as to the actual seller of the scrap metal.

(2) Notwithstanding any fines imposed as part of the sentence under this section, each offense is punishable by a \$1,000 fine per catalytic converter, 10 percent of which shall be directed to the no-buy list database program in RCW 43.43.885, and the remainder shall be directed to the Washington association of sheriffs and police chiefs solely for grants issued under RCW 36.28A.240.

(3)(a) Facilitating the offer of used catalytic converters for sale without first verifying proof of ownership of the catalytic converter, or failing to retain verified records of ownership of used catalytic converters offered for sale for at least two years, is an unfair or deceptive act or practice or unfair method of competition in the conduct of trade or commerce for purposes of the consumer protection act, chapter 19.86 RCW.

(b) All damages awarded to the state of Washington under chapter 19.86 RCW shall be distributed as follows:

(i) Ninety percent to the grant and training program in RCW 36.28A.240; and

(ii) Ten percent to the no-buy list database program in RCW 43.43.885.

NEW SECTION. Sec. 6. A new section is added to chapter 46.80 RCW to read as follows:

Payment to individual sellers of private metal property as defined in RCW 19.290.010 may not be made at the time of the transaction and shall not be paid earlier than three business days after the transaction was made.

**Sec. 7.** RCW 46.80.080 and 1999 c 278 s 2 are each amended to read as follows:

(1) Every vehicle wrecker shall maintain books or files in which the wrecker shall keep a record and a description of:

(a) Every vehicle wrecked, dismantled, disassembled, or substantially altered by the wrecker; and

(b) Every major component part, including catalytic converters, acquired by the wrecker; together with a bill of sale signed by a seller whose identity has been verified and the name and address of the person, firm, or corporation from whom the wrecker purchased the vehicle or part. Major component parts other than cores shall be further identified by the vehicle identification number of the vehicle from which the part came.

(2) The record shall also contain the following data regarding the wrecked or acquired vehicle or vehicle that is the source of a major component part, including catalytic converters, other than a core:

(a) The certificate of title number (if previously titled in this or any other state);

(b) Name of state where last registered;

(c) Number of the last license number plate issued;

(d) Name of vehicle;

(e) Motor or identification number and serial number of the vehicle;

(f) Date purchased;

(g) Disposition of the motor and chassis;

(h) Yard number assigned by the licensee to the vehicle or major component part, which shall also appear on the identified vehicle or part; and

(i) Such other information as the department may require.

(3) The records shall also contain a bill of sale signed by the seller for other minor component parts, including catalytic converters, acquired by the licensee, identifying the seller by name, address, and date of sale.

(4) The records shall be maintained by the licensee at his or her established place of business for a period of three years from the date of acquisition.

(5) The record is subject to inspection at all times during regular business hours by members of the police department, sheriff's office, members of the Washington state patrol, or officers or employees of the department.

(6) A vehicle wrecker shall also maintain a similar record of all disabled vehicles that have been towed or transported to the vehicle wrecker's place of business or to other places designated by the owner of the vehicle or his or her representative. This record shall specify the name and description of the vehicle, name of owner, number of license plate, condition of the vehicle and place to which it was towed or transported.

(7) Failure to comply with this section is a gross misdemeanor.

**Sec. 8.** RCW 36.28A.240 and 2013 c 322 s 24 are each amended to read as follows:

(1) ~~((When funded))~~ To the extent funds are appropriated, the Washington association of sheriffs and police chiefs shall ~~((establish))~~ develop a comprehensive state law enforcement strategy targeting metal theft in consultation with the criminal justice training commission, including:

(a) Development of best practices for targeting illegal purchasers and sellers involved in metal theft, with specific enforcement focus on catalytic converter theft;

(b) Strategies for development and maintenance of relationships between local law enforcement agencies and licensed scrap metal recyclers, including recommendations for scheduled or regular interactions, with a focus on deterring unlawful purchases and identifying individuals suspected of involvement in unlawful metal theft and individuals who attempt to conduct a transaction while under the influence of controlled substances; and

(c) Establishment of a grant and training program to assist local law enforcement agencies in the support of special enforcement ((emphasis)) targeting metal theft. Grant applications shall be reviewed ((and awarded through peer review panels)) by the Washington association of sheriffs and police chiefs in consultation with other appropriate entities, such as those involved in enforcement against metal theft. Grant applicants with a demonstrated increase in metal theft over the previous 24 months are encouraged to ((utilize multijurisdictional efforts)) focus solely on metal theft and unlawful purchasing and selling of unlawfully obtained metal in their jurisdiction, but may coordinate with other jurisdictions.

(2) Each grant applicant shall:

(a) Show a significant metal theft problem in the jurisdiction or jurisdictions receiving the grant;

(b) ~~((Verify that grant awards are sufficient to cover increased investigation, prosecution, and jail costs;~~

~~((Design))~~ Propose an enforcement program that best suits the specific metal theft problem in the jurisdiction ~~((or jurisdictions receiving the grant))~~, including the number of enforcement stings to be conducted under the program;

~~((d))~~ (c) Demonstrate community coordination focusing on prevention, intervention, and suppression; and

~~((e))~~ (d) Collect data on performance, including the number of enforcement stings to be conducted.

(3) ~~((The cost of administering the grants shall not exceed sixty thousand dollars, or three percent of appropriated funding, whichever is greater.~~

~~((4))~~ Grant awards may not be used to supplant preexisting funding sources for special enforcement targeting metal theft.

**Sec. 9.** RCW 43.43.885 and 2013 c 322 s 31 are each amended to read as follows:

(1) Beginning on July 1, 2014, ~~((when funded))~~ to the extent funds are appropriated, the Washington association of sheriffs and police chiefs shall implement and operate an ongoing electronic statewide no-buy list database program.

(2) The database must be made available on a secured network or website.

(3) The no-buy list database program shall allow for any scrap metal business to enter a customer's name and date of birth into the database. The database must determine if the customer pursuing the transaction with the scrap metal business has been convicted in Washington of any crime involving burglary, robbery, theft, or possession of or receiving stolen property within the past four years.

(4) If the customer has been convicted of any crime involving burglary, robbery, theft, or possession of or receiving stolen property within the past four years despite whether the person was acting in his or her own behalf or as the agent of another then, at a minimum, the no-buy list database program must immediately send an alert to the scrap metal business stating: (a) that the customer is listed on a current no-buy list, (b) the four-year expiration period for the customer's most recent crime listed, and (c) a notification that entering into a transaction with the customer is prohibited under RCW 19.290.070 (as recodified by this act).

(5) The database shall also include individuals who have attempted to purchase or sell unlawfully obtained metals at licensed scrap metal recyclers and individuals who attempt to conduct a transaction while under the influence of controlled substances.

(6) Local jurisdictions applying for grants under RCW 36.28A.240 must provide updates to the no-buy list database annually and 120 days after a grant is distributed.

**NEW SECTION. Sec. 10.** RCW 19.290.070 is recodified as a section in chapter 9A.56 RCW.

**NEW SECTION. Sec. 11.** Section 4 of this act is necessary for the immediate preservation of the public peace, health, or safety, or support of the state government and its existing public institutions, and takes effect May 1, 2022.

**NEW SECTION. Sec. 12.** Except for section 4 of this act, this act is necessary for the immediate preservation of the public peace, health, or safety, or support of the state government and its existing public institutions, and takes effect immediately."

On page 1, line 1 of the title, after "theft;" strike the remainder of the title and insert "amending RCW 19.290.020, 19.290.030, 19.290.070, 46.80.080, 36.28A.240, and 43.43.885; adding a new section to chapter 46.80 RCW; adding a new section to chapter 9A.56 RCW; creating new sections; recodifying RCW 19.290.070; prescribing penalties; providing an effective date; and declaring an emergency."

#### MOTION

Senator Wilson, J. moved that the following amendment no. 1431 by Senator Wilson, J. be adopted:

On page 8, after line 25, insert the following:

"No transaction involving catalytic converters may be made in cash or with any person who does not provide a street address and photographic identification. The person with whom the transaction is being made may only be paid by a nontransferable check, mailed by the licensed auto wrecker to a street address recorded according to RCW 46.80.080, no earlier than three days after the transaction was made. A transaction occurs on the date

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provided in the record required under RCW 46.80.080."

Senators Wilson, J., Padden, Honeyford, Sheldon and McCune spoke in favor of adoption of the amendment to the striking amendment.

Senator Dhingra spoke against adoption of the amendment to the striking amendment.

The President declared the question before the Senate to be the adoption of amendment no. 1431 by Senator Wilson, J. on page 8, after line 25 to striking amendment no. 1389.

The motion by Senator Wilson, J. carried and amendment no. 1431 was adopted by voice vote.

#### MOTION

Senator Wilson, J. moved that the following amendment no. 1386 by Senator Wilson, J. be adopted:

On page 11, after line 37, insert the following:

**"NEW SECTION. Sec. 10.** A new section is added to chapter 9A.56 RCW to read as follows:

(1) Where neither party to a transaction involving the sale of a catalytic converter that has been removed from a vehicle maintains a scrap metal business license under chapter 19.290 RCW or a vehicle wrecker's license under chapter 46.80 RCW, the seller shall prepare and furnish to the purchaser a bill of sale. The bill of sale shall include:

(a) The date of the sale;  
(b) The full name, address, and verification of the seller's identity; and

(c) The vehicle identification number from which the catalytic converter was removed.

(2) A copy of each bill of sale must be maintained on acquired catalytic converters for three years from the date of sale.

(3) A person who knowingly fails to furnish a bill of sale at the time of the transaction, or knowingly makes a false representation on a bill of sale, as required by this section is guilty of a class C felony.

(4) A person who knowingly fails to maintain a bill of sale as required by this section is guilty of a gross misdemeanor.

(5) Each catalytic converter involved in a violation of this section is subject to an additional criminal penalty of \$5,000 per catalytic converter. Half of the additional criminal penalty shall be retained by the local jurisdiction; 10 percent shall be directed to the no-buy list database program in RCW 43.43.885; and the remainder shall be directed to the Washington association of sheriffs and police chiefs solely for grants issued under RCW 36.28A.240."

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

On page 12, line 14, after "adding" strike "a new section" and insert "new sections"

Senators Wilson, J. and Padden spoke in favor of adoption of the amendment to the striking amendment.

Senators Dhingra and Liias spoke against adoption of the amendment to the striking amendment.

The President declared the question before the Senate to be the adoption of amendment no. 1386 by Senator Wilson, J. on page 11, after line 37 to striking amendment no. 1389.

The motion by Senator Wilson, J. did not carry, and amendment no. 1386 was not adopted by voice vote.

#### MOTION

Senator Dhingra moved that the following amendment no. 1427 by Senator Dhingra be adopted:

On page 12, line 7, after "for" strike "section 4" and insert "sections 4 through 7"

On page 12, after line 10, insert the following:

**"NEW SECTION. Sec. 13.** Sections 5 through 7 of this act take effect July 1, 2022."

On page 12, line 16, after "providing" strike "an effective date" and insert "effective dates"

Senator Dhingra spoke in favor of adoption of the amendment to the striking amendment.

The President declared the question before the Senate to be the adoption of amendment no. 1427 by Senator Dhingra on page 12, line 7 to striking amendment no. 1389.

The motion by Senator Dhingra carried and amendment no. 1427 was adopted by voice vote.

Senator Padden spoke in favor of adoption of the striking amendment as amended.

The President declared the question before the Senate to be the adoption of striking amendment no. 1389 by Senator Wilson, J. as amended to Engrossed Second Substitute House Bill No. 1815.

The motion by Senator Wilson, J. carried and striking amendment no. 1389 as amended was adopted by voice vote.

#### MOTION

On motion of Senator Dhingra, the rules were suspended, Engrossed Second Substitute House Bill No. 1815 as amended by the Senate was advanced to third reading, the second reading considered the third and the bill was placed on final passage.

Senators Dhingra, Wilson, J., King and McCune spoke in favor of passage of the bill.

The President declared the question before the Senate to be the final passage of Engrossed Second Substitute House Bill No. 1815 as amended by the Senate.

#### ROLL CALL

The Secretary called the roll on the final passage of Engrossed Second Substitute House Bill No. 1815 as amended by the Senate and the bill passed the Senate by the following vote: Yeas, 48; Nays, 0; Absent, 0; Excused, 1.

Voting yea: Senators Billig, Braun, Brown, Carlyle, Cleveland, Conway, Das, Dhingra, Dozier, Fortunato, Frockt, Gildon, Hasegawa, Hawkins, Holy, Honeyford, Hunt, Keiser, King, Kuderer, Liias, Lovelett, Lovick, McCune, Mullet, Muzzall, Nguyen, Nobles, Padden, Pedersen, Randall, Rivers, Rolfes, Saldaña, Salomon, Schoesler, Sefzik, Sheldon, Short, Stanford, Trudeau, Van De Wege, Wagoner, Warnick, Wellman, Wilson, C., Wilson, J. and Wilson, L.

Excused: Senator Robinson

ENGROSSED SECOND SUBSTITUTE HOUSE BILL NO. 1815 as amended by the Senate, having received the constitutional majority, was declared passed. There being no objection, the title of the bill was ordered to stand as the title of the act.

#### SECOND READING

ENGROSSED SECOND SUBSTITUTE HOUSE BILL NO.

1663, by House Committee on Appropriations (originally sponsored by Duerr, Fitzgibbon, Ryu, Berry, Leavitt, Ramel, Thai, Walen, Valdez, Goodman, Gregerson, Macri, Peterson, Slatter, Tharinger, Kloba, Pollet, Harris-Talley and Hackney)

Reducing methane emissions from landfills.

The measure was read the second time.

### MOTION

Senator Lovelett moved that the following committee striking amendment by the Committee on Ways & Means be adopted:

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) "Active municipal solid waste landfill" means a municipal solid waste landfill that has accepted or is accepting solid waste for disposal and has not been closed in accordance with the requirements set forth in WAC 173-351-500 as it existed on January 10, 2022.

(2) "Air pollution" is presence in the outdoor atmosphere of one or more air contaminants in sufficient quantities and of such characteristics and duration as is, or is likely to be, injurious to human health, plant or animal life, or property, or which unreasonably interfere with enjoyment of life and property. For the purpose of this chapter, air pollution does not include air contaminants emitted in compliance with chapter 17.21 RCW.

(3) "Ambient air" means the surrounding outside air.

(4) "Authority" means any air pollution control agency whose jurisdictional boundaries are coextensive with the boundaries of one or more counties.

(5) "Closed municipal solid waste landfill" means a municipal solid waste landfill that is no longer accepting solid waste for disposal and has been closed in accordance with the requirements set forth in WAC 173-351-500 as it existed on January 10, 2022.

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

(7) "Emission" means a release of air contaminants into the ambient air.

(8) "Gas collection system" means any system that employs various gas collection wells and connected piping, and mechanical blowers, fans, pumps, or compressors to create a pressure gradient and actively extract landfill gas.

(9) "Gas control device" means any device used to dispose of or treat collected landfill gas including, but not limited to, enclosed flares, internal combustion engines, boilers and boiler-steam turbine systems, fuel cells, and gas turbines.

(10) "Gas control system" means any system that disposes of or treats collected landfill gas by one or more of the following means: Combustion; gas treatment for subsequent sale, or sale for processing offsite, including for transportation fuel and injection into a natural gas pipeline.

(11) "Municipal solid waste landfill" means a discrete area of land or an excavation that receives household waste and that is not a land application site, surface impoundment, injection well, or pile.

(12) "Person" means an individual, firm, public or private corporation, association, partnership, political subdivision of the state, municipality, or governmental agency.

**NEW SECTION. Sec. 2.** (1) This chapter applies to all municipal solid waste landfills that received solid waste after January 1, 1992, except as provided in subsection (2) of this section.

(2) This chapter does not apply to the following landfills:

(a) Landfills that receive only hazardous waste, or are currently regulated under the comprehensive environmental response, compensation, and liability act, 42 U.S.C. chapter 103; and

(b) Landfills that receive only inert waste or nondecomposable wastes.

(3) The department must adopt rules to implement this chapter. The rules adopted by the department must be informed by landfill methane regulations adopted by the California air resources board, the Oregon environmental quality commission, and the United States environmental protection agency.

**NEW SECTION. Sec. 3.** (1) Each owner or operator of an active municipal solid waste landfill having fewer than 450,000 tons of waste in place must submit an annual waste in place report to the department or local authority pursuant to section 7 of this act.

(a) The waste in place report must be prepared for the period of January 1st through December 31st of each year. The report must be submitted to the department or local authority during the subsequent calendar year, with the date of submission to be established by rule as adopted by the department.

(b) The waste in place report must be submitted annually until either:

(i) The active municipal solid waste landfill reaches a size greater than or equal to 450,000 tons of waste in place; or

(ii) The owner or operator submits a closure notification pursuant to section 7 of this act.

(2) Each owner or operator of either an active municipal solid waste landfill having greater than or equal to 450,000 tons of waste in place or a closed municipal solid waste landfill having greater than or equal to 750,000 tons of waste in place must calculate the landfill gas heat input capacity pursuant to section 8 of this act and the department's implementing rules and must submit a landfill gas heat input capacity report to the department or local authority.

(a) If the calculated landfill gas heat input capacity is less than 3,000,000 British thermal units per hour recovered, the owner or operator must:

(i) Recalculate the landfill gas heat input capacity annually using the procedures specified in section 8 of this act and the department's implementing rules; and

(ii) Submit an annual landfill gas heat input capacity report to the department or local authority until either of the following conditions are met:

(A) The calculated landfill gas heat input capacity is greater than or equal to 3,000,000 British thermal units per hour recovered; or

(B) If the municipal solid waste landfill is active, the owner or operator submits a closure notification pursuant to section 7 of this act.

(b) If the landfill gas heat input capacity is greater than or equal to 3,000,000 British thermal units per hour recovered, the owner or operator must either:

(i) Comply with the requirements of this chapter and the department's implementing rules; or

(ii) Demonstrate to the satisfaction of the department or local authority that after four consecutive quarterly monitoring periods there is no measured concentration of methane of 200 parts per million by volume or greater using the instantaneous surface monitoring procedures specified in section 8 of this act and the department's implementing rules. Based on the monitoring results, the owner or operator must do one of the following:

(A) If there is any measured concentration of methane of 200 parts per million by volume or greater from the surface of an active, inactive, or closed municipal solid waste landfill, comply with this chapter and the department's implementing rules

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adopted pursuant to section 2 of this act;

(B) If there is no measured concentration of methane of 200 parts per million by volume or greater from the surface of an active municipal solid waste landfill, recalculate the landfill gas heat input capacity annually as required in (a) of this subsection until such time that the owner or operator submits a closure notification pursuant to section 7 of this act and the department's implementing rules adopted pursuant to section 2 of this act; or

(C) If there is no measured concentration of methane of 200 parts per million by volume or greater from the surface of a closed or inactive municipal solid waste landfill, the requirements of this chapter and the department's implementing rules adopted pursuant to section 2 of this act no longer apply, provided that the following information is submitted to and approved by the department or local authority:

(I) A waste in place report pursuant to section 7 of this act and the department's implementing rules adopted pursuant to section 2 of this act; and

(II) All instantaneous surface monitoring records.

**NEW SECTION. Sec. 4.** (1) The owner or operator of any municipal solid waste landfill that has a calculated landfill gas heat input capacity greater than or equal to 3,000,000 British thermal units per hour recovered must install a gas collection and control system that meets the requirements of this section and the department's implementing rules adopted pursuant to section 2 of this act, unless the owner or operator demonstrates to the satisfaction of the department or local authority that after four consecutive quarterly monitoring periods there is no measured concentration of methane of 200 parts per million by volume or greater using the instantaneous surface monitoring procedures specified in section 8 of this act and the department's implementing rules adopted pursuant to section 2 of this act. If a municipal solid waste landfill partners with a third party to operate all or a portion of the gas collection and control system or energy recovery device, the obligation to comply with the requirements of this chapter are the responsibility of the owner or operator of the relevant portion of the gas collection and control system or energy recovery device.

(2) The gas collection and control system must handle the expected gas generation flow rate from the entire area of the municipal solid waste landfill and must collect gas at an extraction rate to comply with the surface methane emission limits set forth in section 5 of this act and the department's implementing rules.

(3) The gas collection and control system must be designed and operated so that there is no landfill gas leak that exceeds 500 parts per million by volume, measured as methane, at any component under positive pressure.

(4) The gas collection and control system, if it uses a flare, must achieve a methane destruction efficiency of at least 99 percent by weight and must use either an enclosed flare or, if the system uses an open flare, the open flare must comply with the following requirements:

(a) The open flare must meet the requirements of 40 C.F.R. Sec. 60.18 (as last amended by 73 Fed. Reg. 78209, December 22, 2008);

(b) An open flare installed and operating prior to December 31, 2022, may operate until January 1, 2032, unless the owner or operator demonstrates to the satisfaction of the department or local authority that the landfill gas heat input capacity is less than 3,000,000 British thermal units per hour pursuant to section 8 of this act and the department's implementing rules adopted pursuant to section 2 of this act and is insufficient to support the continuous operation of an enclosed flare or other gas control device; and

(c) The owner or operator may temporarily operate an open

flare during the repair or maintenance of the gas control system, or while awaiting the installation of an enclosed flare, or to address offsite gas migration issues. Any owner or operator seeking to temporarily operate an open flare must submit a written request to the department or local authority pursuant to section 10 of this act and the department's implementing rules adopted pursuant to section 2 of this act.

(5) If the gas collection and control system does not use a flare, it must either route the collected gas to an energy recovery device or devices, or must route the collected gas to a treatment system that processes the collected gas for subsequent sale or use.

(6) If a gas collection and control system routes the collected gas to an energy recovery device or devices, the owner or operator of the energy recovery device or devices must comply with the following requirements:

(a) The device or devices must achieve a methane destruction efficiency of at least 97 percent by weight, except for lean-burn internal combustion engines that were installed and operating prior to January 1, 2022, which must reduce the outlet methane concentration to less than 3,000 parts per million by volume, dry basis corrected to 15 percent oxygen; and

(b) If a boiler or a process heater is used as the gas control device, the landfill gas stream must be introduced into the flame zone, except that where the landfill gas is not the primary fuel for the boiler or process heater, introduction of the landfill gas stream into the flame zone is not required.

(7) If a gas collection and control system routes the collected gas to a treatment system that processes the collected gas for subsequent sale or use, the owner or operator of the treatment system must ensure the system achieves a methane leak rate of three percent or less by weight. Venting of processed landfill gas to the ambient air is not allowed. If the processed landfill gas cannot be routed for subsequent sale or use, then the treated landfill gas must be controlled according to subsection (4) of this section.

(8) The owner or operator of a municipal solid waste landfill must conduct a source test for any gas control device or devices subject to this section using the test methods identified in section 8 of this act and the department's implementing rules adopted pursuant to section 2 of this act. If a gas control device is currently in compliance with source testing requirements as of the effective date of this section, the owner or operator must conduct the source test no less frequently than once every five years. If a gas control device is currently not in compliance with source testing requirements as of the effective date of this section, or if a subsequent source test shows the gas control device is out of compliance, the owner or operator must conduct the source test no less frequently than once per year until two subsequent consecutive tests both show compliance. Upon two subsequent consecutive compliant tests, the owner or operator may return to conducting the source test no less frequently than once every five years.

**NEW SECTION. Sec. 5.** (1) Except as provided in section 4 of this act, beginning January 1st of the year following the year in which the department adopts rules to implement this chapter, or upon commencing operation of a newly installed gas collection and control system or modification of an existing gas collection and control system pursuant to section 4 of this act, whichever is later, and except as provided by the department to accommodate significant technological improvements not to exceed 24 months after the department adopts rules to implement this chapter, no location on a municipal solid waste landfill surface may exceed the following methane concentration limits, dependent upon whether the owner or operator of the municipal solid waste landfills conducts, pursuant to section 6 of this act, instantaneous

surface emissions monitoring or integrated surface emissions monitoring:

(a) Five hundred parts per million by volume, other than nonrepeatable, momentary readings, as determined by instantaneous surface emissions monitoring; or

(b) An average methane concentration limit of 25 parts per million by volume as determined by integrated surface emissions monitoring.

(2) Any reading exceeding the limits set forth in subsection (1) of this section must be recorded as an exceedance and the following actions must be taken:

(a) The owner or operator must record the date, location, and value of each exceedance, along with retest dates and results. The location of each exceedance must be clearly marked and identified on a topographic map of the municipal solid waste landfill, drawn to scale, with the location of both the monitoring grids and the gas collection system clearly identified; and

(b) The owner or operator must take corrective action, which may include, but not be limited to, maintenance or repair of the cover, or well vacuum adjustments. The location or locations of any exceedance must be remonitored within 10 calendar days of a measured exceedance.

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

(a) The working face of the landfill;

(b) Areas of the landfill surface where the landfill cover material has been removed for the purpose of installing, expanding, replacing, or repairing components of the landfill cover system, the landfill gas collection and control system, the leachate collection and removal system, or a landfill gas condensate collection and removal system;

(c) Areas of the landfill surface where the landfill cover material has been removed for law enforcement activities requiring excavation; or

(d) Areas of the landfill in which the landfill owner or operator, or a designee of the owner or operator, is engaged in active mining for minerals or metals.

**NEW SECTION. Sec. 6.** (1) The owner or operator of a municipal solid waste landfill with a gas collection and control system must conduct instantaneous or integrated surface monitoring of the landfill surface according to the requirements specified in implementing rules adopted by the department pursuant to section 2 of this act.

(2) The owner or operator of a municipal solid waste landfill with a gas collection and control system must monitor the gas control system according to the requirements specified in implementing rules adopted by the department pursuant to section 2 of this act.

(3) The owner or operator of a municipal solid waste landfill with a gas collection and control system must monitor each individual wellhead to determine the gauge pressure according to the requirements specified in implementing rules adopted by the department pursuant to section 2 of this act.

**NEW SECTION. Sec. 7.** (1) The owner or operator of a municipal solid waste landfill must maintain records and prepare reports as prescribed in this section and in the department's implementing rules adopted pursuant to section 2 of this act.

(2) The owner or operator of a municipal solid waste landfill must maintain records related to monitoring, testing, landfill operations, and the operation of the gas control device, gas collection system, and gas control system. The records must be provided by the owner or operator to the department or local authority within five business days of a request from the department or local authority.

(3) The owner or operator of a municipal solid waste landfill that ceases to accept waste must submit a closure notification to the department or local authority within 30 days of ceasing to

accept waste.

(4) The owner or operator of a municipal solid waste landfill must submit a gas collection and control system equipment removal report to the department or local authority within 30 days of well capping or the removal or cessation of operation of the gas collection, treatment, or control system equipment.

(5) The owner or operator of either an active municipal solid waste landfill with 450,000 or more tons of waste in place or a closed municipal solid waste landfill with 750,000 or more tons of waste in place must prepare an annual report for the period of January 1st through December 31st of each year. The annual report must include a calculation of landfill gas heat input capacity. Each annual report must be submitted to the department and local authority during the subsequent calendar year, with the date of submission to be established through rules adopted by the department.

(6) The owner or operator of an active municipal solid waste landfill with fewer than 450,000 tons of waste in place must submit a waste in place report to the department or local authority.

**NEW SECTION. Sec. 8.** (1) Any instrument used for the measurement of methane must be a hydrocarbon detector or other equivalent instrument approved by the department or local authority based on standards adopted by the department that address calibration, specifications, and performance criteria.

(2) The determination of landfill gas heat input capacity must be calculated consistent with the department's implementing rules adopted pursuant to section 2 of this act.

(3) The owner or operator of a municipal solid waste landfill must measure the landfill surface concentration of methane using a hydrocarbon detector meeting the requirements of this section and the department's implementing rules adopted pursuant to section 2 of this act.

(4) The owner or operator of a municipal solid waste landfill must measure leaks using a hydrocarbon detector meeting the requirements of this section and the department's implementing rules adopted pursuant to section 2 of this act.

(5) The expected gas generation flow rate must be determined according to the department's implementing rules adopted pursuant to section 2 of this act.

(6) The control device destruction efficiency must be determined according to the department's implementing rules adopted pursuant to section 2 of this act.

(7) Gauge pressure must be determined using a hand-held manometer, magnehelic gauge, or other pressure measuring device approved by the department or local authority.

(8) Alternative test methods may be used if they are approved in writing by the department or local authority.

**NEW SECTION. Sec. 9.** (1) The department or local authority must allow the capping or removal of the gas collection and control system at a closed municipal solid waste landfill, provided the following three requirements are met:

(a) The gas collection and control system was in operation for at least 15 years, unless the owner or operator demonstrates to the satisfaction of the department or local authority that due to declining methane rates, the municipal solid waste landfill will be unable to operate the gas collection and control system for a 15 year period;

(b) Surface methane concentration measurements do not exceed the limits specified in section 5 of this act; and

(c) The owner or operator submits an equipment removal report to the department or local authority pursuant to section 7 of this act and the department's implementing rules adopted pursuant to section 2 of this act.

(2) Nothing in this section may be interpreted to modify or supersede requirements related to the capping or removal of gas collection and control systems that may exist under the state clean



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air act, the federal clean air act, or rules adopted pursuant to either the state clean air act or the federal clean air act.

**NEW SECTION. Sec. 10.** (1) The owner or operator of a municipal solid waste landfill may request alternatives to the compliance measures, monitoring requirements, and test methods and procedures set forth in sections 4, 6, and 8 of this act, and the department's implementing rules adopted pursuant to section 2 of this act. Any alternatives requested by the owner or operator must be submitted in writing to the department.

(2) The criteria that the department may use to evaluate alternative compliance option requests include, but are not limited to: Compliance history; documentation containing the landfill gas flow rate and measured methane concentrations for individual gas collection wells or components; permits; component testing and surface monitoring results; gas collection and control system operation, maintenance, and inspection records; and historical meteorological data.

(3) The department must review the requested alternatives and either approve or disapprove the alternatives within 120 days. The department may request that additional information be submitted as part of the review of the requested alternatives.

(4) If a request for an alternative compliance option is denied, the department must provide written reasons for the denial.

(5) The department must deny a request for alternative compliance measures if the request does not provide levels of enforceability or methane emissions control that are equivalent to those set forth in this chapter or in the department's implementing rules adopted pursuant to section 2 of this act.

**NEW SECTION. Sec. 11.** The department or local authority may request that any owner or operator of a municipal solid waste landfill demonstrate that a landfill does not meet the applicability criteria specified in section 2 of this act. Such a demonstration must be submitted to the department or local authority within 90 days of a written request received from the department or local authority.

**NEW SECTION. Sec. 12.** Any person who violates this chapter or any rules that implement this chapter may incur a civil penalty pursuant to RCW 70A.15.3160. The department shall waive penalties in the event the owner or operator of the landfill is actively taking corrective actions to control any methane exceedances. Penalties collected under this section must be deposited into the air pollution control account created in RCW 70A.15.1010 and may only be used to implement chapter 70A.-- RCW (the new chapter created in section 18 of this act).

**NEW SECTION. Sec. 13.** The department and local authorities may assess and collect such fees as may be necessary to recover the direct and indirect costs associated with the implementation of this chapter.

**NEW SECTION. Sec. 14.** The department of ecology shall:

(1) Undertake, in consultation with districts that monitor methane, monitoring and measurements of high emission methane hot spots in the state using the best available and cost-effective scientific and technical methods, which may include monitoring and mapping methane emissions using aircraft. The department may consult with federal and state agencies, independent scientific experts, and any other appropriate entities to gather or acquire the necessary information; and

(2) Submit a report with the department's findings to the legislature by January 1, 2025.

**Sec. 15.** RCW 70A.65.080 and 2021 c 316 s 10 are each amended to read as follows:

(1) A person is a covered entity as of the beginning of the first compliance period and all subsequent compliance periods if the person reported emissions under RCW 70A.15.2200 for any calendar year from 2015 through 2019, or if additional data

provided as required by this chapter indicates that emissions for any calendar year from 2015 through 2019 equaled or exceeded any of the following thresholds, or if the person is a first jurisdictional deliverer and imports electricity into the state during the compliance period:

(a) Where the person owns or operates a facility and the facility's emissions equal or exceed 25,000 metric tons of carbon dioxide equivalent;

(b) Where the person is a first jurisdictional deliverer and generates electricity in the state and emissions associated with this generation equals or exceeds 25,000 metric tons of carbon dioxide equivalent;

(c) Where the person is a first jurisdictional deliverer importing electricity into the state and the cumulative annual total of emissions associated with the imported electricity, whether from specified or unspecified sources, exceeds 25,000 metric tons of carbon dioxide equivalent. In consultation with any linked jurisdiction to the program created by this chapter, by October 1, 2026, the department, in consultation with the department of commerce and the utilities and transportation commission, shall adopt by rule a methodology for addressing imported electricity associated with a centralized electricity market;

(d) Where the person is a supplier of fossil fuel other than natural gas and from that fuel 25,000 metric tons or more of carbon dioxide equivalent emissions would result from the full combustion or oxidation, excluding the amounts for fuel products that are produced or imported with a documented final point of delivery outside of Washington and combusted outside of Washington; and

(e)(i) Where the person supplies natural gas in amounts that would result in exceeding 25,000 metric tons of carbon dioxide equivalent emissions if fully combusted or oxidized, excluding the amounts for fuel products that are produced or imported with a documented final point of delivery outside of Washington and combusted outside of Washington, and excluding the amounts: (A) Supplied to covered entities under (a) through (d) of this subsection; and (B) delivered to opt-in entities;

(ii) Where the person who is not a natural gas company and has a tariff with a natural gas company to deliver to an end-use customer in the state in amounts that would result in exceeding 25,000 metric tons of carbon dioxide equivalent emissions if fully combusted or oxidized, excluding the amounts: (A) Supplied to covered entities under (a) through (d) of this subsection; and (B) the amounts delivered to opt-in entities;

(iii) Where the person is an end-use customer in the state who directly purchases natural gas from a person that is not a natural gas company and has the natural gas delivered through an interstate pipeline to a distribution system owned by the purchaser in amounts that would result in exceeding 25,000 metric tons of carbon dioxide equivalent emissions if fully combusted or oxidized, excluding the amounts: (A) Supplied to covered entities under (a) through (d) of this subsection; and (B) delivered to opt-in entities.

(2) A person is a covered entity as of the beginning of the second compliance period and all subsequent compliance periods if the person reported emissions under RCW 70A.15.2200 or provided emissions data as required by this chapter for any calendar year from 2023 through 2025, where the person owns or operates a waste to energy facility utilized by a county and city solid waste management program and the facility's emissions equal or exceed 25,000 metric tons of carbon dioxide equivalent.

(3)~~((1))~~ A person is a covered entity beginning January 1, 2031, and all subsequent compliance periods if the person reported emissions under RCW 70A.15.2200 or provided emissions data as required by this chapter for any calendar year

from 2027 through 2029, where the person owns or operates a(~~(~~

~~(i) Landfill utilized by a county and city solid waste management program and the facility's emissions equal or exceed 25,000 metric tons of carbon dioxide equivalent; or~~

~~(ii) Railroad) railroad company, as that term is defined in RCW 81.04.010, and the railroad company's emissions equal or exceed 25,000 metric tons of carbon dioxide equivalent.~~

~~((b) Subsection (a) of this subsection does not apply to owners or operators of landfills that:~~

~~(i) Capture at least 75 percent of the landfill gas generated by the decomposition of waste using methods under 40 C.F.R. Part 98, Subpart HH—Municipal Solid Waste landfills, and subsequent updates; and~~

~~(ii) Operate a program, individually or through partnership with another entity, that results in the production of renewable natural gas or electricity from landfill gas generated by the facility.~~

~~(e) It is the intent of the legislature to adopt a greenhouse gas reduction policy specific to landfills. If such a policy is not enacted by January 1, 2030, the requirements of this subsection (2) take full effect.)~~

(4) When a covered entity reports, during a compliance period, emissions from a facility under RCW 70A.15.2200 that are below the thresholds specified in subsection (1) or (2) of this section, the covered entity continues to have a compliance obligation through the current compliance period. When a covered entity reports emissions below the threshold for each year during an entire compliance period, or has ceased all processes at the facility requiring reporting under RCW 70A.15.2200, the entity is no longer a covered entity as of the beginning of the subsequent compliance period unless the department provides notice at least 12 months before the end of the compliance period that the facility's emissions were within 10 percent of the threshold and that the person will continue to be designated as a covered entity in order to ensure equity among all covered entities. Whenever a covered entity ceases to be a covered entity, the department shall notify the appropriate policy and fiscal committees of the legislature of the name of the entity and the reason the entity is no longer a covered entity.

(5) For types of emission sources described in subsection (1) of this section that begin or modify operation after January 1, 2023, and types of emission sources described in subsection (2) of this section that begin or modify operation after 2027, coverage under the program starts in the calendar year in which emissions from the source exceed the applicable thresholds in subsection (1) or (2) of this section, or upon formal notice from the department that the source is expected to exceed the applicable emissions threshold, whichever happens first. Sources meeting these conditions are required to transfer their first allowances on the first transfer deadline of the year following the year in which their emissions were equal to or exceeded the emissions threshold.

(6) For emission sources described in subsection (1) of this section that are in operation or otherwise active between 2015 and 2019 but were not required to report emissions for those years under RCW 70A.15.2200 for the reporting periods between 2015 and 2019, coverage under the program starts in the calendar year following the year in which emissions from the source exceed the applicable thresholds in subsection (1) of this section as reported pursuant to RCW 70A.15.2200 or provided as required by this chapter, or upon formal notice from the department that the source is expected to exceed the applicable emissions threshold for the first year that source is required to report emissions, whichever happens first. Sources meeting these criteria are required to transfer their first allowances on the first transfer deadline of the year following the year in which their emissions, as reported under RCW 70A.15.2200 or provided as required by

this chapter, were equal to or exceeded the emissions threshold.

(7) The following emissions are exempt from coverage in the program, regardless of the emissions reported under RCW 70A.15.2200 or provided as required by this chapter:

(a) Emissions from the combustion of aviation fuels;

(b) Emissions from watercraft fuels supplied in Washington that are combusted outside of Washington;

(c) Emissions from a coal-fired electric generation facility exempted from additional greenhouse gas limitations, requirements, or performance standards under RCW 80.80.110;

(d) Carbon dioxide emissions from the combustion of biomass or biofuels;

(e)(i) Motor vehicle fuel or special fuel that is used exclusively for agricultural purposes by a farm fuel user. This exemption is available only if a buyer of motor vehicle fuel or special fuel provides the seller with an exemption certificate in a form and manner prescribed by the department. For the purposes of this subsection, "agricultural purposes" and "farm fuel user" have the same meanings as provided in RCW 82.08.865.

(ii) The department must determine a method for expanding the exemption provided under (e)(i) of this subsection to include fuels used for the purpose of transporting agricultural products on public highways. The department must maintain this expanded exemption for a period of five years, in order to provide the agricultural sector with a feasible transition period; ~~(and)~~

(f) Emissions from facilities with North American industry classification system code 92811 (national security); ~~and~~

(g) Emissions from municipal solid waste landfills that are subject to, and in compliance with, chapter 70A.--- RCW (the new chapter created in section 18 of this act).

(8) The department shall not require multiple covered entities to have a compliance obligation for the same emissions. The department may by rule authorize refineries, fuel suppliers, facilities using natural gas, and natural gas utilities to provide by agreement for the assumption of the compliance obligation for fuel or natural gas supplied and combusted in the state. The department must be notified of such an agreement at least 12 months prior to the compliance obligation period for which the agreement is applicable.

(9)(a) The legislature intends to promote a growing and sustainable economy and to avoid leakage of emissions from manufacturing 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.

(b) 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, including lead agencies under chapter 43.21C RCW, shall pursue the limits in a manner that recognizes that the siting and placement of new or expanded best-in-class facilities with lower carbon emitting processes is in the economic and environmental interests of the state of Washington.

(c) In conducting a life-cycle analysis, if required, for new or expanded facilities that require review under chapter 43.21C RCW, a lead agency must evaluate and attribute any potential net cumulative greenhouse gas emissions resulting from the project as compared to other existing facilities or best available technology including best-in-class facilities and emerging lower carbon processes that supply the same product or end use. The department may adopt rules to determine the appropriate threshold for applying this analysis.

(d) Covered emissions from an entity that is or will be a covered entity under this chapter may not be the basis for denial of a permit for a new or expanded facility. Covered emissions must be included in the analysis undertaken pursuant to (c) of this

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subsection. Nothing in this subsection requires a lead agency or a permitting agency to approve or issue a permit to a permit applicant, including to a new or expanded fossil fuel project.

(e) A lead agency under chapter 43.21C RCW or a permitting agency shall allow a new or expanded facility that is a covered entity or opt-in entity to satisfy a mitigation requirement for its covered emissions under chapter 316, Laws of 2021 and under any greenhouse gas emission mitigation requirements for covered emissions under chapter 43.21C RCW by submitting to the department the number of compliance instruments equivalent to its covered emissions during a compliance period.

**Sec. 16.** RCW 70A.15.3160 and 2021 c 317 s 25, 2021 c 315 s 16, and 2021 c 132 s 1 are each reenacted and 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, 70A.60, 70A.450, ((or 70A.60)) 70A.535 ((RCW)), or 70A.--- RCW (the new chapter created in section 18 of this act), RCW 76.04.205, 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. Enforcement actions related to violations of RCW 76.04.205 must be consistent with the provisions of RCW 76.04.205.

(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)(a) Except as provided in (b) of this subsection, all penalties recovered under this section by the department or the department of natural resources 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.

(b) All penalties recovered for violations of chapter 70A.60 RCW must be paid into the state treasury and credited to the refrigerant emission management account created in RCW 70A.60.050.

(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 underreporting 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. 17.** RCW 70A.15.1010 and 2021 c 315 s 13 are each amended to read as follows:

(1) The air pollution control account is established in the state treasury. All receipts collected by or on behalf of the department from RCW 70A.15.2200(2), and receipts from nonpermit program sources under RCW 70A.15.2210(1) and 70A.15.2230(7), and all receipts from RCW 70A.15.5090 ~~((and))~~, 70A.15.5120, and section 12 of this act shall be deposited into the account. Moneys in the account may be spent only after appropriation. Expenditures from the account may be used only to develop and implement the provisions of this chapter, chapters 70A.25 and 70A.--- (the new chapter created in section 18 of this act) RCW, and RCW 70A.60.060. Moneys collected under section 12 of this act may only be used to implement chapter 70A.--- RCW (the new chapter created in section 18 of this act).

(2) The amounts collected and allocated in accordance with this section shall be expended upon appropriation except as otherwise provided in this section and in accordance with the following limitations:

Portions of moneys received by the department of ecology from the air pollution control account shall be distributed by the department to local authorities based on:

(a) The level and extent of air quality problems within such authority's jurisdiction;

(b) The costs associated with implementing air pollution regulatory programs by such authority; and

(c) The amount of funding available to such authority from other sources, whether state, federal, or local, that could be used to implement such programs.

(3) The air operating permit account is created in the custody of the state treasurer. All receipts collected by or on behalf of the department from permit program sources under RCW 70A.15.2210(1), 70A.15.2260, 70A.15.2270, and 70A.15.2230(7) shall be deposited into the account. Expenditures from the account may be used only for the activities described in RCW 70A.15.2210(1), 70A.15.2260, 70A.15.2270, and 70A.15.2230(7). Moneys in the account may be spent only after appropriation.

**NEW SECTION. Sec. 18.** Sections 1 through 13 of this act constitute a new chapter in Title 70A RCW.

**NEW SECTION. Sec. 19.** 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 "landfills;" strike the remainder of the title and insert "amending RCW 70A.65.080 and 70A.15.1010; reenacting and amending RCW 70A.15.3160; adding a new chapter to Title 70A RCW; creating a new section; and prescribing penalties."

## MOTION

On motion of Senator Randall, Senator Wellman was excused.

## MOTION

Senator Braun moved that the following amendment no. 1413 by Senator Braun be adopted:

On page 7, line 6, after "improvements" insert ", which may include the installation of an energy recovery device or devices,"

Senators Braun and Lovelett spoke in favor of adoption of the amendment to the committee striking amendment.

The President declared the question before the Senate to be the adoption of amendment no. 1413 by Senator Braun on page 7, line 6 to the committee striking amendment.

The motion by Senator Braun carried and amendment no. 1413 was adopted by voice vote.

## MOTION

Senator Short moved that the following amendment no. 1419 by Senator Short be adopted:

Beginning on page 11, line 34, strike all of section 14

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

On page 20, line 10, after "RCW;" strike "creating a new section;"

Senators Short and Lovelett spoke in favor of adoption of the amendment to the committee striking amendment.

The President declared the question before the Senate to be the adoption of amendment no. 1419 by Senator Short on page 11, line 34 to the committee striking amendment.

The motion by Senator Short carried and amendment no. 1419 was adopted by voice vote.

## MOTION

Senator Short moved that the following amendment no. 1420 by Senator Short be adopted:

On page 19, after line 38, insert the following:

**"Sec. 18.** RCW 70A.65.260 and 2021 c 316 s 29 are each amended to read as follows:

(1) The climate commitment account is created in the state treasury. The account must receive moneys distributed to the account from the climate investment account created in RCW 70A.65.250. Moneys in the account may be spent only after appropriation. Projects, activities, and programs eligible for funding from the account must be physically located in Washington state and include, but are not limited to, the following:

(a) Implementing the working families tax rebate in RCW 82.08.0206;

(b) Supplementing the growth management planning and environmental review fund established in RCW 36.70A.490 for the purpose of making grants or loans to local governments for the purposes set forth in RCW 43.21C.240, 43.21C.031, 36.70A.500, and 36.70A.600, for costs associated with RCW 36.70A.610, and to cover costs associated with the adoption of optional elements of comprehensive plans consistent with RCW 43.21C.420;

(c) Programs, activities, or projects that reduce and mitigate

impacts from greenhouse gases and copollutants in overburdened communities, including strengthening the air quality monitoring network to measure, track, and better understand air pollution levels and trends and to inform the analysis, monitoring, and pollution reduction measures required in RCW 70A.65.020;

(d) Programs, activities, or projects that deploy renewable energy resources, such as solar and wind power, and projects to deploy distributed generation, energy storage, demand-side technologies and strategies, and other grid modernization projects;

(e) Programs, activities, or projects that increase the energy efficiency or reduce greenhouse gas emissions of industrial facilities including, but not limited to, proposals to implement combined heat and power, district energy, or on-site renewables, such as solar and wind power, to upgrade the energy efficiency of existing equipment, to reduce process emissions, and to switch to less emissions intensive fuel sources;

(f) Programs, activities, or projects that achieve energy efficiency or emissions reductions in the agricultural sector including:

(i) Fertilizer management;

(ii) Soil management;

(iii) Bioenergy;

(iv) Biofuels;

(v) Grants, rebates, and other financial incentives for agricultural harvesting equipment, heavy-duty trucks, agricultural pump engines, tractors, and other equipment used in agricultural operations;

(vi) Grants, loans, or any financial incentives to food processors to implement projects that reduce greenhouse gas emissions;

(vii) Renewable energy projects;

(viii) Farmworker housing weatherization programs;

(ix) Dairy digester research and development;

(x) Alternative manure management; and

(xi) Eligible fund uses under RCW 89.08.615;

(g) Programs, activities, or projects that increase energy efficiency in new and existing buildings, or that promote low carbon architecture, including use of newly emerging alternative building materials that result in a lower carbon footprint in the built environment over the life cycle of the building and component building materials;

(h) Programs, activities, or projects that promote the electrification and decarbonization of new and existing buildings, including residential, commercial, and industrial buildings;

(i) Programs, activities, or projects that improve energy efficiency, including district energy, and investments in market transformation of high efficiency electric appliances and equipment for space and water heating;

(j) Clean energy transition and assistance programs, activities, or projects that assist affected workers or people with lower incomes during the transition to a clean energy economy, or grow and expand clean manufacturing capacity in communities across Washington state including, but not limited to:

(i) Programs, activities, or projects that directly improve energy affordability and reduce the energy burden of people with lower incomes, as well as the higher transportation fuel burden of rural residents, such as bill assistance, energy efficiency, and weatherization programs;

(ii) Community renewable energy projects that allow qualifying participants to own or receive the benefits of those projects at reduced or no cost;

(iii) Programs, activities, or other worker-support projects for bargaining unit and nonsupervisory fossil fuel workers who are affected by the transition away from fossil fuels to a clean energy economy. Worker support may include, but is not limited to: (A)

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Full wage replacement, health benefits, and pension contributions for every worker within five years of retirement; (B) full wage replacement, health benefits, and pension contributions for every worker with at least one year of service for each year of service up to five years of service; (C) wage insurance for up to five years for workers reemployed who have more than five years of service; (D) up to two years of retraining costs, including tuition and related costs, based on in-state community and technical college costs; (E) peer counseling services during transition; (F) employment placement services, prioritizing employment in the clean energy sector; and (G) relocation expenses;

(iv) Direct investment in workforce development, via technical education, community college, institutions of higher education, apprenticeships, and other programs including, but not limited to:

(A) Initiatives to develop a forest health workforce established under RCW 76.04.521; and

(B) Initiatives to develop new education programs, emerging fields, or jobs pertaining to the clean energy economy;

(v) Transportation, municipal service delivery, and technology investments that increase a community's capacity for clean manufacturing, with an emphasis on communities in greatest need of job creation and economic development and potential for commute reduction;

(k) Programs, activities, or projects that reduce emissions from landfills and waste-to-energy facilities through diversion of organic materials, methane capture or conversion strategies, (~~or other means~~) installation of gas collection devices and gas control systems, monitoring and reporting of methane emissions, or other means, prioritizing funding needed for any activities by local governments to comply with chapter 70A.--- RCW (the new chapter created in section 19 of this act);

(l) Carbon dioxide removal projects, programs, and activities; and

(m) Activities to support efforts to mitigate and adapt to the effects of climate change affecting Indian tribes, including capital investments in support of the relocation of Indian tribes located in areas at heightened risk due to anticipated sea level rise, flooding, or other disturbances caused by climate change. The legislature intends to dedicate at least \$50,000,000 per biennium from the account for purposes of this subsection.

(2) Moneys in the account may not be used for projects or activities that would violate tribal treaty rights or result in significant long-term damage to critical habitat or ecological functions. Investments from this account must result in long-term environmental benefits and increased resilience to the impacts of climate change."

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

On page 20, beginning on line 8, after "70A.65.080" strike "and 70A.15.1010" and insert ", 70A.15.1010, and 70A.65.260"

Senators Short and Lovelett spoke in favor of adoption of the amendment to the committee striking amendment.

The President declared the question before the Senate to be the adoption of amendment no. 1420 by Senator Short on page 19, after line 38 to the committee striking amendment.

The motion by Senator Short carried and amendment no. 1420 was adopted by voice vote.

Senator Lovelett spoke in favor of adoption of the committee striking amendment as amended.

The President declared the question before the Senate to be the adoption of the committee striking amendment by the Committee on Ways & Means as amended to Engrossed Second Substitute House Bill No. 1663.

The motion by Senator Lovelett carried and the committee striking amendment as amended was adopted by voice vote.

MOTION

On motion of Senator Lovelett, the rules were suspended, Engrossed Second Substitute House Bill No. 1663 as amended by the Senate was advanced to third reading, the second reading considered the third and the bill was placed on final passage.

Senator Lovelett spoke in favor of passage of the bill.

Senator Short spoke against passage of the bill.

The President declared the question before the Senate to be the final passage of Engrossed Second Substitute House Bill No. 1663 as amended by the Senate.

ROLL CALL

The Secretary called the roll on the final passage of Engrossed Second Substitute House Bill No. 1663 as amended by the Senate and the bill passed the Senate by the following vote: Yeas, 30; Nays, 17; Absent, 0; Excused, 2.

Voting yea: Senators Billig, Carlyle, Cleveland, Conway, Das, Dhingra, Fortunato, Frockt, Gildon, Hasegawa, Hunt, Keiser, Kuderer, Liias, Lovelett, Lovick, Nguyen, Nobles, Pedersen, Randall, Rivers, Rolfes, Saldaña, Salomon, Sefzik, Sheldon, Stanford, Trudeau, Van De Wege and Wilson, C.

Voting nay: Senators Braun, Brown, Dozier, Hawkins, Holy, Honeyford, King, McCune, Mullet, Muzzall, Padden, Schoesler, Short, Wagoner, Warnick, Wilson, J. and Wilson, L.

Excused: Senators Robinson and Wellman

ENGROSSED SECOND SUBSTITUTE HOUSE BILL NO. 1663 as amended by the Senate, having received the constitutional majority, was declared passed. There being no objection, the title of the bill was ordered to stand as the title of the act.

SECOND READING

ENGROSSED SECOND SUBSTITUTE HOUSE BILL NO. 1659, by House Committee on Appropriations (originally sponsored by Slatter, Sullivan, Leavitt, Ryu, Morgan, Berry, Ramel, Thai, Wicks, Sells, Johnson, J., Berg, Bateman, Valdez, Chopp, Walen, Fey, Goodman, Gregerson, Taylor, Macri, Simmons, Wylie, Kloba, Pollet, Ormsby, Harris-Talley, Hackney and Frame)

Making higher education more affordable and accessible for students by bridging the gap between cost and need to reduce barriers, improve opportunity, and advance economic security.

The measure was read the second time.

MOTION

Senator Randall moved that the following striking amendment no. 1478 by Senator Randall be adopted:

Strike everything after the enacting clause and insert the following:

"NEW SECTION. **Sec. 1.** The legislature finds that Washington is not on track to meet the state's educational attainment goal that at least 70 percent of adults, aged 25 to 44, have a postsecondary credential by the year 2023. Adults without a postsecondary credential are more at risk of unemployment, less

likely to earn a living wage, and more vulnerable to economic downturns. The student achievement council has deemed that there are four areas essential to achieve the state's 70 percent attainment goal: Affordability, enrollment, completion, and student supports. In terms of affordability, the legislature recognizes that the Washington college grant is one of the country's largest and most generous financial aid programs. However, the legislature also recognizes that despite an increase in financial aid funding and eligibility, enrollments at institutions of higher education are down due to the COVID-19 pandemic. Many prospective students have made the decision to delay pursuing higher education for a myriad of reasons. However, fewer enrollments mean fewer graduates going on to work in high paying jobs, which could have a significant impact on the state's workforce and economy in the future.

The legislature intends to continue to work towards making higher education more affordable and accessible for the state's population by expanding the Washington college grant program. In addition, the legislature intends to provide additional support beyond tuition and fees with the recognition that many students struggle to pay for books, supplies, room and board, transportation, child care, and more while pursuing their education. Grants beyond tuition and fees can help bridge the gap for students who are struggling to pay for the entire cost of attendance at an institution of higher education, and are often the difference between a student staying enrolled and completing his or her education and dropping out. Since the legislature intends that the grant be provided to the student to assist with basic needs expenses, the legislature recognizes that the student should have a choice in whether the grant is received for those expenses or is applied to a student's account to cover additional institutional costs. Therefore, the legislature intends to bridge the gap and support students by making postsecondary education more affordable, encouraging more enrollments, and helping students complete their credentials so tomorrow's workforce and economy are stronger.

**Sec. 2.** RCW 28B.92.030 and 2019 c 406 s 21 are each amended to read as follows:

As used in this chapter:

(1) "Bridge grant" means an annual stipend provided in addition to the Washington college grant to provide supplementary financial support to low-income students to cover higher education expenses beyond tuition and fees, such as books, lab fees, supplies, technology, transportation, housing, and child care.

(2) "Council" means the student achievement council.

~~((2))~~ (3) "Financial aid" means either loans, grants, or both, to students who demonstrate financial need enrolled or accepted for enrollment as a student at institutions of higher education.

~~((3))~~ (4) "Financial need" means a demonstrated financial inability to bear the total cost of education as directed in rule by the office.

~~((4))~~ (5) "Gift aid" means financial aid received, such as grants, scholarships, or worker retraining assistance that provides funds for educational purposes with no obligation of repayment. "Gift aid" does not include student loans, work-study programs, the basic food employment and training program administered by the department of social and health services, or other employment assistance programs that provide job readiness opportunities and support beyond the costs of tuition, books, and fees.

(6) "Institution" or "institutions of higher education" means:

(a) Any public university, college, community college, or technical college operated by the state of Washington or any political subdivision thereof; ~~((6))~~

(b) Any other university, college, school, or institute in the state of Washington offering instruction beyond the high school level

that is a member institution of an accrediting association recognized by rule of the council for the purposes of this section and that agrees to and complies with program rules adopted pursuant to RCW 28B.92.150. However, any institution, branch, extension or facility operating within the state of Washington that is affiliated with an institution operating in another state must be:

(i) A separately accredited member institution of any such accrediting association;

(ii) A branch of a member institution of an accrediting association recognized by rule of the council for purposes of this section, that is eligible for federal student financial aid assistance and has operated as a nonprofit college or university delivering on-site classroom instruction for a minimum of ~~((twenty))~~ 20 consecutive years within the state of Washington, and has an annual enrollment of at least ~~((seven-hundred))~~ 700 full-time equivalent students; or

(iii) A nonprofit institution recognized by the state of Washington as provided in RCW 28B.77.240; or

~~((iv))~~ ~~((c))~~ An approved apprenticeship program under chapter 49.04 RCW.

~~((5))~~ (7) "Maximum Washington college grant":

(a) For students attending two or four-year institutions of higher education as defined in RCW 28B.10.016, is tuition and estimated fees for ~~((fifteen))~~ 15 quarter credit hours or the equivalent, as determined by the office, including operating fees, building fees, and services and activities fees.

(b) For students attending private four-year not-for-profit institutions of higher education in Washington, in the 2019-20 academic year, is ~~((nine thousand seven hundred thirty nine dollars))~~ \$9,739 and may increase each year afterwards by no more than the tuition growth factor.

(c) For students attending two-year private not-for-profit institutions of higher education in Washington, in the 2019-20 academic year, is ~~((three thousand six hundred ninety four dollars))~~ \$3,694 and may increase each year afterwards by no more than the tuition growth factor.

(d) For students attending four-year private for-profit institutions of higher education in Washington, in the 2019-20 academic year, is ~~((eight thousand five hundred seventeen dollars))~~ \$8,517 and may increase each year afterwards by no more than the tuition growth factor.

(e) For students attending two-year private for-profit institutions of higher education in Washington, in the 2019-20 academic year, is ~~((two thousand eight hundred twenty three dollars))~~ \$2,823 and may increase each year afterwards by no more than the tuition growth factor.

(f) For students attending Western Governors University-Washington, as established in RCW 28B.77.240, in the 2019-20 academic year, is ~~((five thousand six hundred nineteen dollars))~~ \$5,619 and may increase each year afterwards by no more than the tuition growth factor.

(g) For students attending approved apprenticeship programs, is tuition and fees, as determined by the office, in addition to required program supplies and equipment.

~~((6))~~ (8) "Office" means the office of student financial assistance.

~~((7))~~ (9) "Tuition growth factor" means an increase of no more than the average annual percentage growth rate of the median hourly wage for Washington for the previous ~~((fourteen))~~ 14 years as the wage is determined by the federal bureau of labor statistics.

**NEW SECTION. Sec. 3.** A new section is added to chapter 28B.92 RCW to read as follows:

(1) As part of the Washington college grant program, the bridge grant pilot program is created.

(2) The office shall award \$500 annual bridge grants to eligible

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students beginning with the 2022-23 academic year.

(a) Eligible students are Washington college grant recipients who:

(i) Are enrolled on at least a half-time basis at a pilot institution of higher education;

(ii) Receive a maximum award; and

(iii) Are not recipients of the college bound scholarship program under chapter 28B.118 RCW.

(b) The bridge grant shall be applied to a student's financial aid package after all other gift aid has been awarded to the student.

(c) The office shall ensure that each institution of higher education provides students with the option to either apply the bridge grant to the student's account or have the bridge grant disbursed to the student.

(3) The council shall study the implementation of the bridge grant pilot program on postsecondary student enrollment, persistence, and to the extent possible, completion. The council must use a rigorous research design which may include evaluating the effects of the bridge grant by comparing outcomes for students who received the bridge grant to outcomes for students with similar educational and demographic characteristics who did not receive the bridge grant. The educational research and data center shall submit to the council data that includes, but is not limited to, unit record demographics, high school academic history, any available academic outcomes, and other data deemed necessary by the council to conduct this study. A report is due to the appropriate committees of the legislature by June 1, 2027.

(4) "Pilot institution of higher education" means Eastern Washington University, The Evergreen State College, Highline College, Yakima Valley College, Wenatchee Valley College, and Tacoma Community College.

(5) The bridge grant pilot program expires June 30, 2026.

(6) This section expires June 30, 2027.

NEW SECTION. **Sec. 4.** The following acts or parts of acts are each repealed:

(1)RCW 28B.92.060 (State need grant awards) and 2019 c 298 s 4 & 2012 c 229 s 558;

(2)RCW 28B.92.070 (Persian Gulf veterans—Limited application of RCW 28B.92.060) and 2012 c 229 s 559, 2004 c 275 s 38, & 1991 c 164 s 3; and

(3)RCW 28B.92.110 (Application of award) and 2009 c 238 s 10, 2004 c 275 s 40, & 1969 ex.s. c 222 s 16.

NEW SECTION. **Sec. 5.** If specific funding for the purposes of this act, referencing this act by bill or chapter number, is not provided by June 30, 2022, in the omnibus appropriations act, this act is null and void."

On page 1, line 3 of the title, after "security;" strike the remainder of the title and insert "amending RCW 28B.92.030; adding a new section to chapter 28B.92 RCW; creating new sections; repealing RCW 28B.92.060, 28B.92.070, and 28B.92.110; and providing an expiration date."

Senators Randall and Holy spoke in favor of adoption of the striking amendment.

The President declared the question before the Senate to be the adoption of striking amendment no. 1478 by Senator Randall to Engrossed Second Substitute House Bill No. 1659.

The motion by Senator Randall carried and striking amendment no. 1478 was adopted by voice vote.

**MOTION**

On motion of Senator Randall, the rules were suspended, Engrossed Second Substitute House Bill No. 1659 as amended by the Senate was advanced to third reading, the second reading

considered the third and the bill was placed on final passage.

Senators Nobles and Holy spoke in favor of passage of the bill.

The President declared the question before the Senate to be the final passage of Engrossed Second Substitute House Bill No. 1659 as amended by the Senate.

**ROLL CALL**

The Secretary called the roll on the final passage of Engrossed Second Substitute House Bill No. 1659 as amended by the Senate and the bill passed the Senate by the following vote: Yeas, 38; Nays, 10; Absent, 0; Excused, 1.

Voting yea: Senators Billig, Brown, Carlyle, Cleveland, Conway, Das, Dhingra, Dozier, Frockt, Gildon, Hasegawa, Hawkins, Holy, Hunt, Keiser, King, Kuderer, Lias, Lovelett, Lovick, Mullet, Muzzall, Nguyen, Nobles, Pedersen, Randall, Rolfes, Saldaña, Salomon, Sefzik, Sheldon, Short, Stanford, Trudeau, Van De Wege, Warnick, Wellman and Wilson, C.

Voting nay: Senators Braun, Fortunato, Honeyford, McCune, Padden, Rivers, Schoesler, Wagoner, Wilson, J. and Wilson, L.

Excused: Senator Robinson

ENGROSSED SECOND SUBSTITUTE HOUSE BILL NO. 1659 as amended by the Senate, having received the constitutional majority, was declared passed. There being no objection, the title of the bill was ordered to stand as the title of the act.

**POINT OF ORDER**

Senator Brown: "Thank you Mr. President, I had raised my hand in order to change my vote on the last vote but wasn't acknowledged. And wasn't allowed to unmute myself as well."

**RULING BY THE PRESIDENT**

President Heck: "Senator Brown, there's a button on your computer, as I am sure you are aware, that says 'change your vote'. That was not registered here."

Senator Brown: "Ok."

President Heck: "If members raise their hand on Zoom, that does not work in this environment. We all understand that, right?"

**SECOND READING**

ENGROSSED SUBSTITUTE HOUSE BILL NO. 1694, by House Committee on Environment & Energy (originally sponsored by Berry, Fitzgibbon, Ramel, Bateman, Duerr, Callan, Macri, Harris-Talley, Hackney and Frame)

Concerning logistical processes for the regulation of priority chemicals in consumer products.

The measure was read the second time.

**MOTION**

Senator Short moved that the following amendment no. 1423 by Senator Short be adopted:

On page 2, line 22, after "and" strike "at least"

On page 2, line 26, after "and" strike "at least"

On page 2, line 31, after "and" strike "at least"

On page 2, line 35, after "and" strike "at least"

On page 4, line 6, after "(1)" strike "~~(Every)~~ At least every" and insert "Every"

On page 6, at the beginning of line 1, strike "~~(Every)~~ At least every" and insert "Every"

On page 7, line 10, after "(1)" strike "~~(Every)~~ At least every" and insert "Every"

Senators Short and Das spoke in favor of adoption of the amendment.

The President declared the question before the Senate to be the adoption of amendment no. 1423 by Senator Short on page 2, line 22 to Engrossed Substitute House Bill No. 1694.

The motion by Senator Short carried and amendment no. 1423 was adopted by voice vote.

#### MOTION

Senator Short moved that the following amendment no. 1422 by Senator Short be adopted:

On page 4, beginning on line 10, after "must" strike all material through "publication" on line 13 and insert "submit a report"

On page 6, beginning on line 3, after "must" strike all material through "publication" on line 5 and insert "report"

On page 7, beginning on line 14, after "must" strike all material through "publication" on line 16 and insert "submit a report"

Senators Short and Das spoke in favor of adoption of the amendment.

The President declared the question before the Senate to be the adoption of amendment no. 1422 by Senator Short on page 4, line 10 to Engrossed Substitute House Bill No. 1694.

The motion by Senator Short carried and amendment no. 1422 was adopted by voice vote.

#### MOTION

On motion of Senator Das, the rules were suspended, Engrossed Substitute House Bill No. 1694 as amended by the Senate was advanced to third reading, the second reading considered the third and the bill was placed on final passage.

Senators Das and Short spoke in favor of passage of the bill.

The President declared the question before the Senate to be the final passage of Engrossed Substitute House Bill No. 1694 as amended by the Senate.

#### ROLL CALL

The Secretary called the roll on the final passage of Engrossed Substitute House Bill No. 1694 as amended by the Senate and the bill passed the Senate by the following vote: Yeas, 46; Nays, 2; Absent, 0; Excused, 1.

Voting yea: Senators Billig, Braun, Brown, Carlyle, Cleveland, Conway, Das, Dhingra, Dozier, Fortunato, Frockt, Gildon, Hasegawa, Hawkins, Holy, Hunt, Keiser, King, Kuderer, Lias, Lovelett, Lovick, McCune, Mullet, Muzzall, Nguyen, Nobles, Padden, Pedersen, Randall, Rivers, Rolfes, Saldaña, Salomon, Schoesler, Sefzik, Sheldon, Short, Stanford, Trudeau, Van De Wege, Warnick, Wellman, Wilson, C., Wilson, J. and Wilson, L.

Voting nay: Senators Honeyford and Wagoner

Excused: Senator Robinson

ENGROSSED SUBSTITUTE HOUSE BILL NO. 1694 as amended by the Senate, having received the constitutional

majority, was declared passed. There being no objection, the title of the bill was ordered to stand as the title of the act.

#### SECOND READING

HOUSE BILL NO. 1648, by Representatives Vick, Kirby and Dufault

Replacing an inactive certificate status with an inactive license designation.

The measure was read the second time.

#### MOTION

On motion of Senator Mullet, the rules were suspended, House Bill No. 1648 was advanced to third reading, the second reading considered the third and the bill was placed on final passage.

Senators Mullet and Dozier spoke in favor of passage of the bill.

The President declared the question before the Senate to be the final passage of House Bill No. 1648.

#### ROLL CALL

The Secretary called the roll on the final passage of House Bill No. 1648 and the bill passed the Senate by the following vote: Yeas, 48; Nays, 0; Absent, 0; Excused, 1.

Voting yea: Senators Billig, Braun, Brown, Carlyle, Cleveland, Conway, Das, Dhingra, Dozier, Fortunato, Frockt, Gildon, Hasegawa, Hawkins, Holy, Honeyford, Hunt, Keiser, King, Kuderer, Lias, Lovelett, Lovick, McCune, Mullet, Muzzall, Nguyen, Nobles, Padden, Pedersen, Randall, Rivers, Rolfes, Saldaña, Salomon, Schoesler, Sefzik, Sheldon, Short, Stanford, Trudeau, Van De Wege, Wagoner, Warnick, Wellman, Wilson, C., Wilson, J. and Wilson, L.

Excused: Senator Robinson

HOUSE BILL NO. 1648, having received the constitutional majority, was declared passed. There being no objection, the title of the bill was ordered to stand as the title of the act.

#### SECOND READING

HOUSE BILL NO. 1927, by Representatives Riccelli, Sullivan, Santos, Simmons, Ramel, Ormsby and Fey

Creating leave provisions for legislative service.

The measure was read the second time.

#### MOTION

On motion of Senator Keiser, the rules were suspended, House Bill No. 1927 was advanced to third reading, the second reading considered the third and the bill was placed on final passage.

Senators Keiser and King spoke in favor of passage of the bill.

The President declared the question before the Senate to be the final passage of House Bill No. 1927.

#### ROLL CALL



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The Secretary called the roll on the final passage of House Bill No. 1927 and the bill passed the Senate by the following vote: Yeas, 44; Nays, 4; Absent, 0; Excused, 1.

Voting yea: Senators Billig, Braun, Brown, Carlyle, Cleveland, Conway, Das, Dhingra, Dozier, Fortunato, Frockt, Gildon, Hasegawa, Hawkins, Holy, Hunt, Keiser, King, Kuderer, Liias, Lovelett, Lovick, McCune, Mullet, Muzzall, Nguyen, Nobles, Pedersen, Randall, Rivers, Rolfes, Saldaña, Salomon, Schoesler, Sefzik, Short, Stanford, Trudeau, Van De Wege, Warnick, Wellman, Wilson, C., Wilson, J. and Wilson, L.

Voting nay: Senators Honeyford, Padden, Sheldon and Wagoner

Excused: Senator Robinson

HOUSE BILL NO. 1927, having received the constitutional majority, was declared passed. There being no objection, the title of the bill was ordered to stand as the title of the act.

## SECOND READING

ENGROSSED SUBSTITUTE HOUSE BILL NO. 1673, by House Committee on Community & Economic Development (originally sponsored by Ryu, Donaghy, Leavitt, Boehnke, Eslick, Rule, Kloba, Wylie, Ortiz-Self, Dolan, Taylor and Frame)

Concerning broadband infrastructure loans and grants made by the public works board.

The measure was read the second time.

## MOTION

Senator Lovelett moved that the following committee striking amendment by the Committee on Environment, Energy & Technology be adopted:

Strike everything after the enacting clause and insert the following:

"**Sec. 1.** RCW 43.155.160 and 2021 c 332 s 7040 are each amended to read as follows:

(1) The board, in collaboration with the office, shall establish a competitive grant and loan program to award funding to eligible applicants in order to promote the expansion of access to broadband service in unserved areas of the state.

(2)(a) Grants and loans may be awarded under this section to assist in funding acquisition, installation, and construction of middle mile and last mile infrastructure that supports broadband services and to assist in funding strategic planning for deploying broadband service in unserved areas.

(b) The board may choose to fund all or part of an application for funding, provided that the application meets the requirements of subsection ~~((9))~~ (11) of this section.

(3) Eligible applicants for grants and loans awarded under this section include:

- (a) Local governments;
- (b) Tribes;
- (c) Nonprofit organizations;
- (d) Cooperative associations;
- (e) Multiparty entities comprised of public entity members;
- (f) Limited liability corporations organized for the purpose of expanding broadband access; and
- (g) Incorporated businesses or partnerships.

(4)(a) The board shall develop administrative procedures governing the ~~((application))~~ preapplication and award process. The board shall act as fiscal agent for the program and is responsible for receiving and reviewing applications and

awarding funds under this section.

(b) At least sixty days prior to the first day ~~((applications))~~ preapplications may be submitted each fiscal year, the board must publish on its website the specific criteria and any quantitative weighting scheme or scoring system that the board will use to evaluate or rank applications and award funding.

(c) The board may maintain separate accounting in the statewide broadband account created in RCW 43.155.165 as the board deems necessary to carry out the purposes of this section.

(d) The board must provide a method for the allocation of loans, grants, provision of technical assistance, and interest rates under this section.

(5) An applicant for a grant or loan under this section must provide the following information on the ~~((application))~~ preapplication:

(a) The location and description of the project;

(b) Evidence regarding the unserved nature of the community in which the project is to be located;

(c) Evidence that proposed infrastructure will be capable of scaling to greater download and upload speeds;

(d) The number of households passed that will gain access to broadband service as a result of the project or whose broadband service will be upgraded as a result of the project;

~~(e) ((The estimated cost of retail services to end users facilitated by a project;~~

~~(f) The proposed actual download and upload speeds experienced by end users;~~

~~(g) Evidence of significant community institutions that will benefit from the proposed project;~~

~~(h) Anticipated economic, educational, health care, or public safety benefits created by the project;~~

~~(i) Evidence of community support for the project;~~

~~(j) If available, a description of the applicant's user adoption assistance program and efforts to promote the use of newly available broadband services created by the project;~~

~~(k) The estimated total cost of the project;~~

~~(l) Other sources of funding for the project that will supplement any grant or loan award;~~

~~(m) A demonstration of the project's long term sustainability, including the applicant's financial soundness, organizational capacity, and technical expertise;~~

~~(n) A strategic plan to maintain long term operation of the infrastructure;~~

~~((o))~~ Evidence that ~~((no later than six weeks))~~ before submission of the application, the applicant contacted, in writing, all entities providing broadband service near the proposed project area to ask each broadband service provider's plan to upgrade broadband service in the project area to speeds that meet or exceed the state's definition for broadband service as defined in RCW 43.330.530, within the time frame specified in the proposed grant or loan activities;

~~((p))~~ ~~(f)~~ If applicable, the broadband service providers' written responses to the inquiry made under ~~((o))~~ ~~(e)~~ of this subsection; ~~(and~~

~~((q))~~ ~~(g)~~ The proposed geographic broadband service area and the proposed broadband speeds in the form and manner prescribed by the board;

~~(h)~~ Evidence of community support for the project; and

~~(i)~~ Any additional information requested by the board.

~~(6)~~ An applicant for a grant or loan under this section must provide the following information on the application:

~~(a)~~ ~~((Within thirty days of the close of the grant and loan application process, the))~~ The final location and description of the project;

~~(b)~~ Evidence that the proposed infrastructure will be capable of

scaling to greater download and upload speeds;

(c) The number of households passed that will gain access to broadband service as a result of the project or whose broadband service will be upgraded as a result of the project;

(d) The estimated cost of retail services to end users facilitated by a project;

(e) The proposed actual download and upload speeds experienced by end users;

(f) Evidence of significant community institutions that will benefit from the proposed project;

(g) Anticipated economic, educational, health care, or public safety benefits created by the project;

(h) If available, a description of the applicant's user adoption assistance program and efforts to promote the use of newly available broadband services created by the project;

(i) The estimated total cost of the project;

(j) Other sources of funding for the project that will supplement any grant or loan award;

(k) A demonstration of the project's long-term sustainability, including the applicant's financial soundness, organizational capacity, and technical expertise;

(l) A strategic plan to maintain long-term operation of the infrastructure;

(m) If applicable, documentation describing the outcome of the broadband service providers' written responses to the inquiry made prior to or during the preapplication phase; and

(n) Any additional information requested by the board.

(7)(a) The board shall publish on its website for at least 30 days the proposed geographic broadband service area and the proposed broadband speeds for each ~~((application))~~ proposed broadband project submitted in the preapplication period.

(b) The board shall, within three business days following the close of the preapplication cycle, publish on its website preapplications as described in subsection (5) of this section.

(c) The board shall set an objection period of at least 30 days.

~~((b))~~ (8)(a) Any existing broadband service provider near the proposed project area may ~~((, within thirty days of publication of the information under (a) of this subsection,))~~ submit in writing to the board an objection to ~~((an application))~~ a proposed broadband project. An objection must contain information demonstrating that:

(i) The project would result in overbuild, meaning that the objecting provider currently provides, or has begun construction to provide, broadband service to end users in the proposed project area at speeds equal to or greater than ~~((the state speed goals contained in RCW 43.330.536))~~ the speeds contained in the definition of broadband in RCW 43.330.530(2); or

(ii) The objecting provider commits to complete construction of broadband infrastructure and provide broadband service to end users in the proposed project area at speeds equal to or greater than ~~((the state speed goals contained in RCW 43.330.536))~~ the speeds contained in the definition of broadband in RCW 43.330.530(2), no later than twenty-four months after the date awards are made under this section for the grant and loan cycle under which the ~~((application))~~ preapplication was submitted.

~~((e))~~ (b) Objections submitted to the board under this subsection must be certified by affidavit.

~~((d))~~ (c) The board may evaluate the information submitted under this section by the objecting provider and must consider it in making a determination on the ~~((application))~~ proposed broadband project objected to. The board may request clarification or additional information. The board may choose to not fund a project if the board determines that the objecting provider's commitment to provide broadband service that meets the requirements of ~~((b))~~ (a) of this subsection in the proposed project area is credible. In assessing the commitment, the board

may consider whether the objecting provider has or will provide a bond, letter of credit, or other indicia of financial commitment guaranteeing the project's completion.

~~((e))~~ (d) If the board denies funding to an applicant as a result of a broadband service provider's objection made under this section, and the broadband service provider does not fulfill its commitment to provide broadband service in the project area, then for the following two grant and loan cycles, the board is prohibited from denying funding to an applicant on the basis of a challenge by the same broadband service provider, unless the board determines that the broadband service provider's failure to fulfill the provider's commitment was the result of factors beyond the broadband service provider's control. The board is not prohibited from denying funding to an applicant for reasons other than an objection by the same broadband service provider.

~~((f))~~ (e) An applicant or broadband service provider that objected to the application may request a debriefing conference regarding the board's decision on the application. Requests for debriefing must be coordinated by the office and must be submitted in writing in accordance with procedures specified by the office.

~~((g))~~ (f) Confidential business and financial information submitted by an objecting provider under this subsection is exempt from disclosure under chapter 42.56 RCW.

~~((7))~~ (9)(a) In evaluating applications and awarding funds, the board shall give priority to applications that are constructed in areas identified as unserved.

(b) In evaluating applications and awarding funds, the board may give priority to applications that:

(i) Provide assistance to public-private partnerships deploying broadband infrastructure from areas currently served with broadband service to areas currently lacking access to broadband services;

(ii) Demonstrate project readiness to proceed;

(iii) Construct infrastructure that is open access, meaning that during the useful life of the infrastructure, service providers may use network services and facilities at rates, terms, and conditions that are not discriminatory or preferential between providers, and employing accountable interconnection arrangements published and available publicly;

(iv) Are submitted by tribal governments whose reservations are in rural and remote areas where reliable and efficient broadband services are unavailable to many or most residents;

(v) Bring broadband service to tribal lands, particularly to rural and remote tribal lands or areas servicing rural and remote tribal entities;

(vi) Are submitted by tribal governments in rural and remote areas that have spent significant amounts of tribal funds to address the problem but cannot provide necessary broadband services without either additional state support, additional federal support, or both;

(vii) Serve economically distressed areas of the state as the term "distressed area" is defined in RCW 43.168.020;

(viii) Offer new or substantially upgraded broadband service to important community anchor institutions including, but not limited to, libraries, educational institutions, public safety facilities, and health care facilities;

(ix) Facilitate the use of telemedicine and electronic health records, especially in deliverance of behavioral health services and services to veterans;

(x) Provide technical support and train residents, businesses, and institutions in the community served by the project to utilize broadband service;

(xi) Include a component to actively promote the adoption of newly available broadband services in the community;

(xii) Provide evidence of strong support for the project from

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citizens, government, businesses, and community institutions;

(xiii) Provide access to broadband service to a greater number of unserved households and businesses, including farms;

(xiv) Utilize equipment and technology demonstrating greater longevity of service;

(xv) Seek the lowest amount of state investment per new location served and leverage greater amounts of funding for the project from other private and public sources;

(xvi) Include evidence of a customer service plan;

(xvii) Consider leveraging existing broadband infrastructure and other unique solutions;

(xviii) Benefit public safety and fire preparedness; or

(xix) Demonstrate other priorities as the board, in collaboration with the office, may prescribe by rule.

(c) The board shall endeavor to award funds under this section to qualified applicants in all regions of the state.

(d) The board shall consider affordability and quality of service to end users in making a determination on any application.

(e) The board, in collaboration with the office, may develop additional rules for eligibility, project preapplications, project applications, the associated objection process, and funding priority, as provided under this subsection and subsections (3), (5), ~~((and))~~ (6), (7), and (8) of this section.

(f) The board, in collaboration with the office, may adopt rules for a voluntary nonbinding mediation between incumbent providers and applicants to the grant and loan program created in this section.

~~((8))~~ (10) To ensure a grant or loan to a private entity under this section primarily serves the public interest and benefits the public, any such grant or loan must be conditioned on a guarantee that the asset or infrastructure to be developed will be maintained for public use for a period of at least fifteen years.

~~((9))~~ (11)(a) No funds awarded under this section may fund more than fifty percent of the total cost of the project, except as provided in (b) of this subsection.

(b) The board may choose to fund up to ninety percent of the total cost of a project in financially distressed areas as the term "distressed area" is defined in RCW 43.168.020, and in areas identified as Indian country as the term "Indian country" is defined in WAC 458-20-192.

(c) Funds awarded to a single project under this section must not exceed two million dollars, except that the board may choose to fund projects qualifying for the exception in (b) of this subsection up to, but not to exceed, five million dollars.

~~((10) Except for during the 2021-2023 fiscal biennium, prior to awarding funds under this section, the board must consult with the Washington utilities and transportation commission. The commission must provide to the board an assessment of the technical feasibility of a proposed application. The board must consider the commission's assessment as part of its evaluation of a proposed application.~~

~~((11))~~ (12) The board shall have such rights of recovery in the event of default in payment or other breach of financing agreement as may be provided in the agreement or otherwise by law.

~~((12))~~ (13) The community economic revitalization board shall facilitate the timely transmission of information and documents from its broadband program to the board in order to effectuate an orderly transition.

~~((13))~~ (14)(a) Subject to rules promulgated by the board, the board may make low-interest or interest-free loans or grants to eligible applicants for emergency public works broadband projects. While developing rules, the board shall consider prioritizing broadband infrastructure projects that replace existing infrastructure impacted by an emergency, as described in (b) of

this subsection.

(b) Emergency public works broadband projects include construction, repair, reconstruction, replacement, rehabilitation, or improvement to critical broadband infrastructure that has been made necessary by a natural disaster or damaged by unforeseen events. To ensure limited resources are provided as efficiently as possible, the board shall grant priority to emergency public works projects that replace existing infrastructure of the provider whose facilities were damaged by the unforeseen event and shall not provide funds to a new provider to overbuild the existing provider. The loans or grants may be used to help fund all or part of an emergency public works broadband infrastructure project less any reimbursement from any of the following sources: (i) Federal disaster or emergency funds, including funds from the federal emergency management agency; (ii) state disaster or emergency funds; (iii) insurance settlements; and (iv) litigation.

(c) Eligible applicants for grants and loans awarded under this subsection are the same as those described in subsection (3) of this section.

(15) The definitions in RCW 43.330.530 apply throughout this section unless the context clearly requires otherwise.

(16) For purposes of this section, a "proposed broadband project" means a project that has been submitted as a preapplication to the public works board.

Sec. 2. RCW 42.56.270 and 2021 c 308 s 4 are each amended to read as follows:

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

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

(2) Financial information supplied by or on behalf of a person, firm, or corporation for the purpose of qualifying to submit a bid or proposal for (a) a ferry system construction or repair contract as required by RCW 47.60.680 through 47.60.750; (b) highway construction or improvement as required by RCW 47.28.070; or (c) alternative public works contracting procedures as required by RCW 39.10.200 through 39.10.905;

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

(4) Financial and commercial information and records supplied by businesses or individuals during application for loans or program services provided by chapters 43.325, 43.163, 43.160, 43.330, and 43.168 RCW and RCW 43.155.160, or during application for economic development loans or program services provided by any local agency;

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

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

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

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

(9) Financial and commercial information requested by the

public stadium authority from any person or organization that leases or uses the stadium and exhibition center as defined in RCW 36.102.010;

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

(b) Internal control documents, independent auditors' reports and financial statements, and supporting documents: (i) Of house-banked social card game licensees required by the gambling commission pursuant to rules adopted under chapter 9.46 RCW; or (ii) submitted by tribes with an approved tribal/state compact for class III gaming;

(c) Valuable formulae or financial or proprietary commercial information records received during a consultative visit or while providing consultative services to a licensed marijuana business in accordance with RCW 69.50.561;

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

(12)(a) When supplied to and in the records of the department of commerce:

(i) Financial and proprietary information collected from any person and provided to the department of commerce pursuant to RCW 43.330.050(8);

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

(iii) Financial or proprietary information collected from any person and provided to the department of commerce pursuant to RCW 43.31.625 (3)(b) and (4);

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

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

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

(13) Financial and proprietary information submitted to or obtained by the department of ecology or the authority created under chapter 70A.500 RCW to implement chapter 70A.500 RCW;

(14) Financial, commercial, operations, and technical and research information and data submitted to or obtained by the life sciences discovery fund authority in applications for, or delivery of, grants under RCW 43.330.502, to the extent that such information, if revealed, would reasonably be expected to result in private loss to the providers of this information;

(15) Financial and commercial information provided as evidence to the department of licensing as required by RCW

19.112.110 or 19.112.120, except information disclosed in aggregate form that does not permit the identification of information related to individual fuel licensees;

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

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

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

(18) Financial, commercial, operations, and technical and research information and data submitted to or obtained by a health sciences and services authority in applications for, or delivery of, grants under RCW 35.104.010 through 35.104.060, to the extent that such information, if revealed, would reasonably be expected to result in private loss to providers of this information;

(19) Information gathered under chapter 19.85 RCW or RCW 34.05.328 that can be identified to a particular business;

(20) Financial and commercial information submitted to or obtained by the University of Washington, other than information the university is required to disclose under RCW 28B.20.150, when the information relates to investments in private funds, to the extent that such information, if revealed, would reasonably be expected to result in loss to the University of Washington consolidated endowment fund or to result in private loss to the providers of this information;

(21) Market share data submitted by a manufacturer under RCW 70A.500.190(4);

(22) Financial information supplied to the department of financial institutions, when filed by or on behalf of an issuer of securities for the purpose of obtaining the exemption from state securities registration for small securities offerings provided under RCW 21.20.880 or when filed by or on behalf of an investor for the purpose of purchasing such securities;

(23) Unaggregated or individual notices of a transfer of crude oil that is financial, proprietary, or commercial information, submitted to the department of ecology pursuant to RCW 90.56.565(1)(a), and that is in the possession of the department of ecology or any entity with which the department of ecology has shared the notice pursuant to RCW 90.56.565;

(24) Financial institution and retirement account information, and building security plan information, supplied to the liquor and cannabis board pursuant to RCW 69.50.325, 69.50.331, 69.50.342, and 69.50.345, when filed by or on behalf of a licensee or prospective licensee for the purpose of obtaining, maintaining, or renewing a license to produce, process, transport, or sell marijuana as allowed under chapter 69.50 RCW;

(25) Marijuana transport information, vehicle and driver identification data, and account numbers or unique access identifiers issued to private entities for traceability system access, submitted by an individual or business to the liquor and cannabis board under the requirements of RCW 69.50.325, 69.50.331, 69.50.342, and 69.50.345 for the purpose of marijuana product traceability. Disclosure to local, state, and federal officials is not considered public disclosure for purposes of this section;

(26) Financial and commercial information submitted to or obtained by the retirement board of any city that is responsible for the management of an employees' retirement system pursuant to the authority of chapter 35.39 RCW, when the information relates to investments in private funds, to the extent that such information, if revealed, would reasonably be expected to result in loss to the retirement fund or to result in private loss to the providers of this information except that (a) the names and

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commitment amounts of the private funds in which retirement funds are invested and (b) the aggregate quarterly performance results for a retirement fund's portfolio of investments in such funds are subject to disclosure;

(27) Proprietary financial, commercial, operations, and technical and research information and data submitted to or obtained by the liquor and cannabis board in applications for marijuana research licenses under RCW 69.50.372, or in reports submitted by marijuana research licensees in accordance with rules adopted by the liquor and cannabis board under RCW 69.50.372;

(28) Trade secrets, technology, proprietary information, and financial considerations contained in any agreements or contracts, entered into by a licensed marijuana business under RCW 69.50.395, which may be submitted to or obtained by the state liquor and cannabis board;

(29) Financial, commercial, operations, and technical and research information and data submitted to or obtained by the Andy Hill cancer research endowment program in applications for, or delivery of, grants under chapter 43.348 RCW, to the extent that such information, if revealed, would reasonably be expected to result in private loss to providers of this information;

(30) Proprietary information filed with the department of health under chapter 69.48 RCW;

(31) Records filed with the department of ecology under chapter 70A.515 RCW that a court has determined are confidential valuable commercial information under RCW 70A.515.130; and

(32) Unaggregated financial, proprietary, or commercial information submitted to or obtained by the liquor and cannabis board in applications for licenses under RCW 66.24.140 or 66.24.145, or in any reports or remittances submitted by a person licensed under RCW 66.24.140 or 66.24.145 under rules adopted by the liquor and cannabis board under chapter 66.08 RCW."

On page 1, line 2 of the title, after "board;" strike the remainder of the title and insert "and amending RCW 43.155.160 and 42.56.270."

Senator Lovelett spoke in favor of adoption of the committee striking amendment.

The President declared the question before the Senate to be the adoption of the committee striking amendment by the Committee on Environment, Energy & Technology to Engrossed Substitute House Bill No. 1673.

The motion by Senator Lovelett carried and the committee striking amendment was adopted by voice vote.

MOTION

On motion of Senator Lovelett, the rules were suspended, Engrossed Substitute House Bill No. 1673 as amended by the Senate was advanced to third reading, the second reading considered the third and the bill was placed on final passage.

Senators Lovelett and Short spoke in favor of passage of the bill.

The President declared the question before the Senate to be the final passage of Engrossed Substitute House Bill No. 1673 as amended by the Senate.

ROLL CALL

The Secretary called the roll on the final passage of Engrossed Substitute House Bill No. 1673 as amended by the Senate and the

bill passed the Senate by the following vote: Yeas, 48; Nays, 0; Absent, 0; Excused, 1.

Voting yea: Senators Billig, Braun, Brown, Carlyle, Cleveland, Conway, Das, Dhingra, Dozier, Fortunato, Frockt, Gildon, Hasegawa, Hawkins, Holy, Honeyford, Hunt, Keiser, King, Kuderer, Liias, Lovelett, Lovick, McCune, Mullet, Muzzall, Nguyen, Nobles, Padden, Pedersen, Randall, Rivers, Rolfes, Saldaña, Salomon, Schoesler, Sefzik, Sheldon, Short, Stanford, Trudeau, Van De Wege, Wagoner, Warnick, Wellman, Wilson, C., Wilson, J. and Wilson, L.

Excused: Senator Robinson

ENGROSSED SUBSTITUTE HOUSE BILL NO. 1673 as amended by the Senate, having received the constitutional majority, was declared passed. There being no objection, the title of the bill was ordered to stand as the title of the act.

SECOND READING

HOUSE BILL NO. 1805, by Representatives Paul, Boehnke and Shewmake

Concerning the opportunity scholarship program.

The measure was read the second time.

MOTION

Senator Randall moved that the following committee striking amendment by the Committee on Higher Education & Workforce Development be adopted:

Strike everything after the enacting clause and insert the following:

"**Sec. 1.** RCW 28B.145.010 and 2021 c 133 s 2 are each amended to read as follows:

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

(1) "Board" means the opportunity scholarship board.

(2) "Council" means the student achievement council.

(3) "Eligible advanced degree program" means a health professional degree program beyond the baccalaureate level and includes graduate and professional degree programs.

(4) "Eligible county" has the same meaning as "rural county" as defined in RCW 82.14.370 and also includes any county that shares a common border with Canada and has a population of over ~~((one hundred twenty five thousand))~~ 125,000.

(5) "Eligible education programs" means high employer demand and other programs of study as determined by the board.

(6) "Eligible expenses" means reasonable expenses associated with the costs of acquiring an education such as tuition, books, equipment, fees, room and board, and other expenses as determined by the program administrator in consultation with the council and the state board for community and technical colleges.

(7) "Eligible school district" means a school district of the second class as identified in RCW 28A.300.065(2).

(8)(a) "Eligible student" means a resident student who:

~~((a))~~(i)(A) Received his or her high school diploma or high school equivalency certificate as provided in RCW 28B.50.536 in Washington and has been accepted at a four-year institution of higher education into an eligible education program leading to a baccalaureate degree;

~~((b))~~(B) Received his or her high school diploma or high school equivalency certificate as provided in RCW 28B.50.536 in Washington and will attend a two-year institution of higher education and intends to transfer to an eligible education program

at a four-year institution of higher education;

~~((iii))~~ (C) Received his or her high school diploma or equivalent and has been accepted at an institution of higher education into a professional-technical certificate or degree program in an eligible education program; or

~~((iv))~~ (D) Has been accepted at an institution of higher education into an eligible advanced degree program that leads to credentials in health professions;

~~((b))~~ (ii) Declares an intention to obtain a professional-technical certificate, professional-technical degree, baccalaureate degree, or an advanced degree; and

~~((e))~~ (iii) Has a family income at or below ~~((one hundred twenty five))~~ 125 percent of the state median family income at the time the student applies for an opportunity scholarship. For the advanced degree program, family income may be greater than 125 percent if the eligible student can demonstrate financial need through other factors such as a history of prior household income, income loss caused by entering the advanced degree program, level of student debt at application and annually thereafter, or other factors determined by the program.

(b) To remain eligible for scholarship funds under the opportunity scholarship program the student must meet satisfactory academic progress toward completion of an eligible program as determined by the office of student financial assistance in the Washington college grant program under chapter 28B.92 RCW.

(9) "Gift aid" means financial aid received from the federal Pell grant, the Washington college grant program in chapter 28B.92 RCW, the college bound scholarship program in chapter 28B.118 RCW, the opportunity grant program in chapter 28B.50 RCW, or any other state grant, scholarship, or worker retraining program that provides funds for educational purposes with no obligation of repayment. "Gift aid" does not include student loans, work-study programs, the basic food employment and training program administered by the department of social and health services, or other employment assistance programs that provide job readiness opportunities and support beyond the costs of tuition, books, and fees.

(10) "High employer demand program of study" has the same meaning as provided in RCW 28B.50.030.

(11) "Participant" means an eligible student who has received a scholarship under the opportunity scholarship program.

(12) "Private sources," "private funds," "private contributions," or "private sector contributions" means donations from private organizations, corporations, federally recognized Indian tribes, municipalities, counties, and other sources, but excludes state dollars.

(13) "Professional-technical certificate" means a program as approved by the state board for community and technical colleges under RCW 28B.50.090(7)(c), that is offered by an institution of higher education or an eligible registered apprenticeship program under chapter 28B.92 RCW.

(14) "Professional-technical degree" means a program as approved by the state board for community and technical colleges under RCW 28B.50.090(7)(c), that is offered by an institution of higher education or an eligible registered apprenticeship program under chapter 28B.92 RCW.

(15) "Program administrator" means a private nonprofit corporation registered under Title 24 RCW and qualified as a tax-exempt entity under section 501(c)(3) of the federal internal revenue code.

(16) "Resident student" ~~((has the same meaning as provided in RCW 28B.15.012))~~ means a student meeting the requirements under RCW 28B.92.200(5)(c) as defined in the Washington college grant program.

(17) "Rural jobs program" means the rural county high

employer demand jobs program created in this chapter.

**Sec. 2.** RCW 28B.145.030 and 2021 c 170 s 5 are each amended to read as follows:

(1) The program administrator shall provide administrative support to execute the duties and responsibilities provided in this chapter, including but not limited to publicizing the program, selecting participants for the opportunity scholarship award, distributing opportunity scholarship awards, and achieving the maximum possible rate of return on investment of the accounts in subsection (2) of this section, while ensuring transparency in the investment decisions and processes. Duties, exercised jointly with the board, include soliciting funds and setting annual fund-raising goals. The program administrator shall be paid an administrative fee as determined by the board.

(2) With respect to the opportunity scholarship program, the program administrator shall:

(a) Establish and manage the specified accounts created in (b) of this subsection, into which to receive grants and contributions from private sources as well as state matching funds, and from which to disburse scholarship funds to participants;

(b) Solicit and accept grants and contributions from private sources, via direct payment, pledge agreement, or escrow account, of private sources for deposit into any of the specified accounts created in this subsection (2)(b) upon the direction of the donor and in accordance with this subsection (2)(b):

(i) The "scholarship account," whose principal may be invaded, and from which scholarships must be disbursed for baccalaureate programs beginning no later than December 1, 2011, if, by that date, state matching funds in the amount of five million dollars or more have been received. Thereafter, scholarships shall be disbursed on an annual basis beginning no later than May 1, 2012, and every October 1st thereafter;

(ii) The "student support pathways account," whose principal may be invaded, and from which scholarships may be disbursed for professional-technical certificate or degree programs in the fiscal year following appropriations of state matching funds. Thereafter, scholarships shall be disbursed on an annual basis;

(iii) The "advanced degrees pathways account," whose principal may be invaded, and from which scholarships may be disbursed for eligible advanced degree programs in the fiscal year following appropriations of state matching funds. Thereafter, scholarships shall be disbursed on an annual basis;

(iv) The "endowment account," from which scholarship moneys may be disbursed for baccalaureate programs from earnings only in years when:

(A) The state match has been made into both the scholarship and the endowment account; and

(B) The state appropriations for the Washington college grant program under chapter 28B.92 RCW meet or exceed state appropriations for the state need grant made in the 2011-2013 biennium, adjusted for inflation, and eligibility for Washington college grant recipients is at least seventy percent of state median family income;

(v) An amount equal to at least fifty percent of all grants and contributions must be deposited into the scholarship account until such time as twenty million dollars have been deposited into the scholarship account, after which time the private donors may designate whether their contributions must be deposited to the scholarship account, the student support pathways account, the advanced degrees pathways account, or the endowment account. The board and the program administrator must work to maximize private sector contributions to these accounts to maintain a robust scholarship program while simultaneously building the endowment, and to determine the division between the accounts in the case of undesignated grants and contributions, taking into account the need for a long-term funding mechanism and the

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short-term needs of families and students in Washington. The first five million dollars in state match, as provided in RCW 28B.145.040, shall be deposited into the scholarship account and thereafter the state match shall be deposited into the specified accounts created in this subsection (2)(b) in equal proportion to the private funds deposited in each account, except that no more than \$5,000,000 in state match shall be deposited into the advanced degrees pathways account in a single fiscal biennium; and

(vi) Once moneys in the opportunity scholarship match transfer account are subject to an agreement under RCW 28B.145.050(5) and are deposited in the scholarship account, the student support pathways account, the advanced degrees pathways account, or the endowment account under this section, the state acts in a fiduciary rather than ownership capacity with regard to those assets. Assets in the scholarship account, the student support pathways account, the advanced degrees pathways account, and the endowment account are not considered state money, common cash, or revenue to the state;

(c) Provide proof of receipt of grants and contributions from private sources to the council, identifying the amounts received by name of private source and date, and whether the amounts received were deposited into the scholarship account, the student support pathways account, the advanced degrees pathways account, or the endowment account;

(d) In consultation with the council and the state board for community and technical colleges, make an assessment of the reasonable annual eligible expenses associated with eligible education programs and eligible advanced degree programs identified by the board;

(e) Determine the dollar difference between tuition fees charged by institutions of higher education in the 2008-09 academic year and the academic year for which an opportunity scholarship is being distributed;

(f) Develop and implement an application, selection, and notification process for awarding opportunity scholarships;

(g) Ensure that if the private source is from a federally recognized Indian tribe, municipality, or county, an amount at least equal to the value of the private source plus the state match is awarded to participants within that federally recognized Indian tribe, municipality, or county according to the federally recognized Indian tribe's, municipality's, or county's program rules;

(h) Determine the annual amount of the opportunity scholarship for each selected participant. The annual amount shall be at least one thousand dollars or the amount determined under (e) of this subsection, but may be increased on an income-based, sliding scale basis up to the amount necessary to cover all reasonable annual eligible expenses as assessed pursuant to (d) of this subsection, or to encourage participation in professional-technical certificate programs, professional-technical degree programs, baccalaureate degree programs, or eligible advanced degree programs identified by the board;

(i) Distribute scholarship funds to selected participants. Once awarded, and to the extent funds are available for distribution, an opportunity scholarship shall be automatically renewed as long as the participant annually submits documentation of filing both a free application for federal student aid (FAFSA) and for available federal education tax credits including, but not limited to, the American opportunity tax credit, or if ineligible to apply for federal student aid, the participant annually submits documentation of filing a state financial aid application as approved by the office of student financial assistance; and until the participant withdraws from or is no longer attending the program, completes the program, or has ~~((taken the credit or clock~~

~~hour equivalent of one hundred twenty five percent of the published length of time of the participant's program, whichever occurs first))~~ extended beyond five years or 125 percent of the published program length of the program in which the student is enrolled or the credit or clock-hour equivalent as defined in the Washington college grant program;

(j) Notify institutions of scholarship recipients who will attend their institutions and inform them of the terms of the students' eligibility; and

(k) For participants enrolled in an eligible advanced degree program, document each participant's employment following graduation.

(3) With respect to the opportunity expansion program, the program administrator shall:

(a) Assist the board in developing and implementing an application, selection, and notification process for making opportunity expansion awards; and

(b) Solicit and accept grants and contributions from private sources for opportunity expansion awards.

**Sec. 3.** RCW 28B.145.100 and 2021 c 133 s 3 are each amended to read as follows:

(1)(a) The rural county high employer demand jobs program is created to meet the workforce needs of business and industry in rural counties by assisting students in earning certificates, associate degrees, or other industry-recognized credentials necessary for employment in high employer demand fields.

(b) Subject to the requirements of this section, the rural jobs program provides selected students scholarship funds and support services, as determined by the board, to help students meet their eligible expenses when they enroll in a community or technical college program that prepares them for high employer demand fields.

(c) The source of funds for the rural jobs program shall be a combination of private donations, grants, and contributions and state matching funds.

(d) The state match must be based on donations and pledges received as of the date each official state caseload forecast is submitted by the caseload forecast council to the legislative fiscal committees as provided under RCW 43.88C.020. The purpose of this subsection (1)(d) is to ensure the predictable treatment of the program in the budget process by clarifying the calculation process of the state match required by this section and to ensure the program is budgeted at maintenance level.

(2) The program administrator has the duties and responsibilities provided under this section, including but not limited to:

(a) Publicize the rural jobs program and conducting outreach to eligible counties;

(b) In consultation with the state board for community and technical colleges, any interested community or technical college located in an eligible county, and the county's workforce development council, identify high employer demand fields within the eligible counties. When identifying high employer demand fields, the board must consider:

(i) County-specific employer demand reports issued by the employment security department or the list of statewide high-demand programs for secondary career and technical education established under RCW 28A.700.020; and

(ii) The ability and capacity of the community and technical college to meet the needs of qualifying students and industry in the eligible county;

(c) Develop and implement an application, selection, and notification process for awarding rural jobs program scholarship funds. In making determinations on scholarship recipients, the board shall use county-specific employer high-demand data;

(d) Determine the annual scholarship fund amounts to be awarded to selected students;

(e) Distribute funds to selected students;

(f) Notify institutions of higher education of the rural jobs program recipients who will attend their institutions of higher education and inform them of the scholarship fund amounts and terms of the awards; and

(g) Establish and manage an account as provided under RCW 28B.145.110 to receive donations, grants, contributions from private sources, and state matching funds, and from which to disburse scholarship funds to selected students.

(3) To be eligible for scholarship funds under the rural jobs program, a student must:

(a) Either:

(i) Be a resident of an eligible county ~~((and be enrolled in a community or technical college established under chapter 28B.50 RCW; or))~~;

(ii) Have attended and graduated from a school in an eligible school district ~~((and be))~~; or

(iii) Be enrolled in either a community or technical college established under chapter 28B.50 RCW ((that is)) located in an eligible county or participating in an eligible registered apprenticeship program under chapter 28B.92 RCW in an eligible county;

~~(b) Be a resident student as defined ((in RCW 28B.15.012; (e))) in the Washington college grant program in RCW 28B.92.200(5)(c);~~

(c) Be in a certificate, degree, or other industry-recognized credential or training program that has been identified by the board as a program that prepares students for a high employer demand field;

(d) Have a family income that does not exceed seventy percent of the state median family income adjusted for family size; and

(e) Demonstrate financial need according to the free application for federal student aid or the Washington application for state financial aid.

(4) To remain eligible for scholarship funds under the rural jobs program, the student must ~~((maintain a cumulative grade point average of 2.0)) meet satisfactory academic progress toward completion of an eligible program as established by the program. Rural jobs program eligibility may not extend beyond five years or 125 percent of the published length of the program in which the student is enrolled or the credit or clock-hour equivalent.~~

(5) A scholarship award under the rural jobs program may not result in a reduction of any gift aid. Nothing in this section creates any right or entitlement."

On page 1, line 1 of the title, after "program;" strike the remainder of the title and insert "and amending RCW 28B.145.010, 28B.145.030, and 28B.145.100."

The President declared the question before the Senate to be the adoption of the committee striking amendment by the Committee on Higher Education & Workforce Development to House Bill No. 1805.

The motion by Senator Randall carried and the committee striking amendment was adopted by voice vote.

#### MOTION

On motion of Senator Randall, the rules were suspended, House Bill No. 1805 as amended by the Senate was advanced to third reading, the second reading considered the third and the bill was placed on final passage

Senator Randall spoke in favor of passage of the bill.

The President declared the question before the Senate to be the

final passage of House Bill No. 1805 as amended by the Senate.

#### ROLL CALL

The Secretary called the roll on the final passage of House Bill No. 1805 as amended by the Senate and the bill passed the Senate by the following vote: Yeas, 48; Nays, 0; Absent, 0; Excused, 1.

Voting yea: Senators Billig, Braun, Brown, Carlyle, Cleveland, Conway, Das, Dhingra, Dozier, Fortunato, Frockt, Gildon, Hasegawa, Hawkins, Holy, Honeyford, Hunt, Keiser, King, Kuderer, Liias, Lovelett, Lovick, McCune, Mullet, Muzzall, Nguyen, Nobles, Padden, Pedersen, Randall, Rivers, Rolfes, Saldaña, Salomon, Schoesler, Sefzik, Sheldon, Short, Stanford, Trudeau, Van De Wege, Wagoner, Warnick, Wellman, Wilson, C., Wilson, J. and Wilson, L.

Excused: Senator Robinson

HOUSE BILL NO. 1805 as amended by the Senate, having received the constitutional majority, was declared passed. There being no objection, the title of the bill was ordered to stand as the title of the act.

#### SECOND READING

SUBSTITUTE HOUSE BILL NO. 1593, by House Committee on Housing, Human Services & Veterans (originally sponsored by Leavitt, Riccelli, Ryu, Taylor, Shewmake, Chopp, Wylie, Fitzgibbon, Caldier, Wicks, Barkis, Simmons, Duerr, Ramel, Eslick, Graham, Valdez, Gregerson, Bateman, Bronoske, Davis, Fey, Gilday, Macri, Peterson, Rule, Santos, Slatter, Bergquist, Tharinger, Kloba, Pollet, Griffey, Dolan, Ormsby, Chambers, Young, Hackney and Frame)

Expanding the landlord mitigation program to alleviate the financial burden on victims attempting to flee domestic violence, sexual assault, unlawful harassment, or stalking.

The measure was read the second time.

#### MOTION

On motion of Senator Kuderer, the rules were suspended, Substitute House Bill No. 1593 was advanced to third reading, the second reading considered the third and the bill was placed on final passage.

Senators Kuderer and Fortunato spoke in favor of passage of the bill.

The President declared the question before the Senate to be the final passage of Substitute House Bill No. 1593.

#### ROLL CALL

The Secretary called the roll on the final passage of Substitute House Bill No. 1593 and the bill passed the Senate by the following vote: Yeas, 48; Nays, 0; Absent, 0; Excused, 1.

Voting yea: Senators Billig, Braun, Brown, Carlyle, Cleveland, Conway, Das, Dhingra, Dozier, Fortunato, Frockt, Gildon, Hasegawa, Hawkins, Holy, Honeyford, Hunt, Keiser, King, Kuderer, Liias, Lovelett, Lovick, McCune, Mullet, Muzzall, Nguyen, Nobles, Padden, Pedersen, Randall, Rivers, Rolfes, Saldaña, Salomon, Schoesler, Sefzik, Sheldon, Short, Stanford, Trudeau, Van De Wege, Wagoner, Warnick, Wellman, Wilson, C., Wilson, J. and Wilson, L.

Excused: Senator Robinson



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SUBSTITUTE HOUSE BILL NO. 1593, having received the constitutional majority, was declared passed. There being no objection, the title of the bill was ordered to stand as the title of the act.

#### SECOND READING

ENGROSSED HOUSE BILL NO. 1982, by Representatives Volz, Caldier, Wylie and Graham

Clarifying the applicability of penalty and interest on personal property taxes.

The measure was read the second time.

#### MOTION

On motion of Senator Pedersen, the rules were suspended, Engrossed House Bill No. 1982 was advanced to third reading, the second reading considered the third and the bill was placed on final passage.

Senators Pedersen and Wilson, L. spoke in favor of passage of the bill.

The President declared the question before the Senate to be the final passage of Engrossed House Bill No. 1982.

#### ROLL CALL

The Secretary called the roll on the final passage of Engrossed House Bill No. 1982 and the bill passed the Senate by the following vote: Yeas, 48; Nays, 0; Absent, 0; Excused, 1.

Voting yea: Senators Billig, Braun, Brown, Carlyle, Cleveland, Conway, Das, Dhingra, Dozier, Fortunato, Frockt, Gildon, Hasegawa, Hawkins, Holy, Honeyford, Hunt, Keiser, King, Kuderer, Liias, Lovelett, Lovick, McCune, Mullet, Muzzall, Nguyen, Nobles, Padden, Pedersen, Randall, Rivers, Rolfes, Saldaña, Salomon, Schoesler, Sefzik, Sheldon, Short, Stanford, Trudeau, Van De Wege, Wagoner, Warnick, Wellman, Wilson, C., Wilson, J. and Wilson, L.

Excused: Senator Robinson

ENGROSSED HOUSE BILL NO. 1982, having received the constitutional majority, was declared passed. There being no objection, the title of the bill was ordered to stand as the title of the act.

#### SECOND READING

ENGROSSED SECOND SUBSTITUTE HOUSE BILL NO. 1015, by House Committee on Finance (originally sponsored by Maycumber, Chapman, Tharinger, Graham, Santos and Macri)

Creating the Washington equitable access to credit act.

The measure was read the second time.

#### MOTION

Senator Mullet moved that the following committee striking amendment by the Committee on Ways & Means be adopted:

Strike everything after the enacting clause and insert the following:

"**NEW SECTION. Sec. 1.** This chapter may be known and cited as the Washington equitable access to credit act.

**NEW SECTION. Sec. 2.** A new section is added to chapter 82.04 RCW to read as follows:

(1) Subject to the limitations in this section, a credit is allowed against the tax imposed under this chapter for contributions made by a person to the equitable access to credit program created in chapter 43.--- RCW (the new chapter created in section 6 of this act).

(2)(a) The person must make the contribution before claiming a credit authorized under this section. The credit may be used against any tax due under this chapter. The amount of the credit claimed for a reporting period may not exceed the tax otherwise due under this chapter for that reporting period. No person may claim more than \$1,000,000 of credit in any calendar year, including credit carried over from a previous calendar year. No refunds may be granted for any unused credits.

(b) Any amount of tax credit otherwise allowable under this section not claimed by the person in any calendar year may be carried forward and claimed against a person's tax liability for the next succeeding calendar year; and any credit not used in that next succeeding calendar year may be carried forward and claimed against the person's tax liability for the second succeeding calendar year, but may not be carried over for any calendar year thereafter.

(3) Credits are available on a first-in-time basis. The department must disallow any credits, or portions thereof, that would cause the total amount of credits claimed under this section for any calendar year to exceed \$8,000,000. If this limitation is reached, the department must notify the department of commerce that the annual statewide limit has been met. In addition, the department must provide written notice to any person who has claimed tax credits in excess of the limitation in this subsection. The notice must indicate the amount of tax due and provide the tax be paid within 30 days from the date of the notice. The department may not assess penalties and interest as provided in chapter 82.32 RCW on the amount due in the initial notice if the amount due is paid by the due date specified in the notice, or any extension thereof.

(4) To claim a credit under this section, a person must electronically file with the department all returns, forms, and any other information required by the department, in an electronic format as provided or approved by the department. Any return, form, or information required to be filed in an electronic format under this section is not filed until received by the department in electronic format. As used in this subsection, "returns" has the same meaning as "return" in RCW 82.32.050.

(5) No application is necessary for the tax credit. The person must keep records necessary for the department to verify eligibility under this section.

(6) The equitable access to credit program must provide to the department, upon request, such information as may be needed to verify eligibility for credit under this section, including information regarding contributions received by the program.

(7) The maximum credit that may be earned for each calendar year under this section for a person is limited to the lesser of \$1,000,000 or an amount equal to 100 percent of the contributions made by the person to the equitable access to credit program.

(8) No credit may be earned for contributions made on or after June 30, 2027. Credits may be claimed as provided in subsections (2) through (4) of this section; however, credits may not be claimed prior to January 1, 2023.

(9) For the purposes of this section, "equitable access to credit program" means a program established within the department of commerce pursuant to section 3 of this act.

(10) The provisions of chapter 82.32 RCW apply to the administration of this section.

(11) This section expires July 1, 2027.

**NEW SECTION. Sec. 3.** (1) Subject to appropriation, the department of commerce shall create and operate the equitable access to credit program. The purpose of the equitable access to credit program is to award grants to qualified lending institutions, using funds generated by business and occupation tax credits created in section 2 of this act, for the purpose of providing access to credit for historically underserved communities. The equitable access to credit program must be governed by the provisions of this chapter and by any guidelines developed and rules adopted by the department of commerce pursuant to this chapter.

(2) The following requirements apply to the operation of the equitable access to credit program:

(a) No more than 25 percent of all grants awarded in any calendar year may be awarded to the same grant recipient;

(b) Up to 20 percent of an individual grant award may be used by the grant recipient to fund a loan loss reserve, technical assistance, and/or small business training programs;

(c) At least 65 percent of the value of all grants awarded in any calendar year must be provided for native community development financial institution grantees or grantees to provide services or invest, or both, in rural counties as defined in RCW 82.14.370; and

(d) Beginning in fiscal year 2022, up to five percent of the program revenues may be used for all agencies' staffing and other administrative costs related to the implementation of this act. In the event that the statewide limit in section 2(3) of this act is not reached, the percentage used for administration may be increased as necessary to maintain normal staffing operations, not to exceed 10 percent.

(3) In order to receive a grant award under the equitable access to credit program, a qualified lending institution must:

(a) Be recognized by the United States department of the treasury as:

(i) An emerging community development financial institution; or

(ii) A certified community development financial institution;

(b) Match any grant awarded by the equitable access to credit program on:

(i) At least a five percent basis, if the institution is recognized by the United States department of the treasury as an emerging community development financial institution;

(ii) At least a 10 percent basis, if the institution:

(A) Is recognized by the United States department of the treasury as a certified community development financial institution; and

(B) Has net assets of fewer than \$3,000,000 at the time of the grant application; or

(iii) At least a 25 percent basis, if the institution:

(A) Is recognized by the United States department of the treasury as a certified emerging community development financial institution; and

(B) Has net assets of \$3,000,000 or more at the time of the grant application;

(c) Be registered as a nonprofit organization exempt from taxation under Title 26 U.S.C. Sec. 501(c)(3) of the federal internal revenue code of 1986, as amended, as of the effective date of this section; and

(d) Demonstrate a history of lending in Washington.

(4) The director must appoint members to an advisory board that will assist the department in ranking applications for the grants. The department is encouraged to seek representation from members with relevant expertise, including those from the banking industry familiar with community development financial institutions, rural economic development professionals, local government representatives, and representatives from federally

recognized Indian tribes. The department shall seek, to the greatest extent possible, a fair geographic balance.

(5)(a) The following criteria must be considered in ranking applications:

(i) The number and total value of loans and investments closed during the previous five-year period by the qualified lending institution in Washington and the percentage of those loans and investments that went to historically underserved communities;

(ii) Funds leveraged by the proposed grant award, which may be no less than 25 percent for certified community development financial institutions with net assets of \$3,000,000 or more at the time of the grant application;

(iii) Projected loan or investment production with the award over the performance period of the grant;

(iv) How the award supports the growth of the qualified lending institution;

(v) Past performance of loans and investments made by the qualified lending institution including, where applicable, past performance of loans and investments made using funds from the equitable access to credit program; and

(vi) Awards to a diversity of qualified lending institution awardees, including institutions of different sizes or with different target markets or products, access to historically underserved communities, or other differentiators that ensure a broad-base access to capital.

(b) The department may also include such additional criteria as it deems helpful in achieving the goal of ensuring access to credit to underserved communities across the state.

(6) Grants may be awarded from the equitable access to credit program beginning six months after the first tax credits are claimed pursuant to section 2 of this act. Grant awards must cease from the equitable access to credit program upon the expiration of this chapter.

(7) No loan or investment made by a qualified lending institution using funds awarded from the equitable access to credit program may have an interest rate that exceeds 200 basis points above the Wall Street Journal prime rate when the loan or investment is made.

(8) Once a loan or investment made by a qualified lending institution using funds awarded from the equitable access to credit program has been repaid, the qualified lending institution must reloan the repaid funds consistent with the terms of this chapter.

(9) A qualified lending institution that receives funds from the equitable access to credit program must submit a report to the department of commerce by June 30th of each year that contains the following information:

(a) A list of loans and investments made using funds from the equitable access to credit program's grant and associated match, including, on a per-borrower or per-investee basis:

(i) The date the loan or investment was originated;

(ii) The amount of the loan or investment;

(iii) The total cost of the project, including owner equity and leverage;

(iv) The interest rate and interest type;

(v) The Wall Street Journal prime rate at the time the loan or investment is made;

(vi) The term;

(vii) The number of permanent full-time equivalent jobs projected to be created in the business due to this financing;

(viii) Whether the loan or investment utilized a guarantee program;

(ix) The North American industry classification system code;

(x) The entity structure;

(xi) Whether the investee or borrower is more than 50 percent owned or controlled by:

(A) One or more minorities;

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- (B) One or more women; or
- (C) One or more low-income persons;
- (xii) The race of the primary investee(s) or borrower(s);
- (xiii) Whether the primary investee or borrower is Hispanic or Latino; and
- (xiv) The location, by city and county, in which funds from the program will be invested;
- (b) Certification that each loan or investment made using funds from the program was to a historically underserved community; and
- (c) Other information as required by the department of commerce.

(10) No later than September 15th of each year, beginning in 2022, the department of commerce must submit a report to the appropriate committees of the legislature that contains the following information:

- (a) The list of grant applicants, total value of grants requested, and the location of each applicant;
- (b) The list of grant recipients, total amount of awards, and required match amounts; and
- (c) On an aggregate basis, information on loans and investments as reported under subsection (9) of this section.

(11) The department may contract for all or part of the administration of this section.

(12) The department may adopt rules as necessary to implement this section.

**NEW SECTION. Sec. 4.** The equitable access to credit program account is created in the custody of the state treasurer. All receipts from contributions to the equitable access to credit program created by this chapter must be deposited in the account. Expenditures from the account may be used only for the award of grants to qualified lending institutions from the equitable access to credit program and administrative costs pursuant to section 3 of this act. Only the director of the department of commerce or the director's designee may authorize expenditures from the account. The account is subject to allotment procedures under chapter 43.88 RCW, but an appropriation is not required for expenditures. Any funds remaining in the account upon the expiration of this chapter must be transferred to the state general fund.

**NEW SECTION. Sec. 5.** (1) This section is the tax preference performance statement for the tax preference contained in section 2, chapter . . . , Laws of 2022 (section 2 of this act). This performance statement is only intended to be used for subsequent evaluation of the tax preference. It is not intended to create a private right of action by any party or to be used to determine eligibility for preferential tax treatment.

(2) The legislature categorizes this tax preference as one intended to create or retain jobs pursuant to RCW 82.32.808(2)(c), as well as encourage community and economic development within communities that have historically lacked access to capital.

(3) It is the legislature's specific public policy objective to create a program that encourages investment in small, underserved businesses to encourage community and economic development in Washington.

(4) The legislature intends to extend the expiration date of this tax preference if a review finds that the equitable access to credit program has had a net positive impact on investment in communities historically underserved by credit and on state and local tax revenues. In conducting its review under this section, the joint legislative audit and review committee should consider, among other data:

- (a) The number and aggregate amount of loans and investments originated under the program, including with revolved dollars;

- (b) Overall match, including project leverage, invested by grant recipients;
  - (c) The balance sheet growth of community development financial institutions that received grants from the program;
  - (d) Whether participants in the program achieved balance sheet growth during the time of their participation in the program;
  - (e) The percentage of community development financial institutions in Washington that received funding from the program; and
  - (f) The level of ongoing demand for funding from the program.
- (5) In order to obtain the data necessary to perform the review in subsection (4) of this section, the joint legislative audit and review committee may refer to any data collected by the state.
- (6) This section expires July 1, 2027.

**NEW SECTION. Sec. 6.** Sections 1, 3, and 4 of this act constitute a new chapter in Title 43 RCW."

On page 1, line 2 of the title, after "act;" strike the remainder of the title and insert "adding a new section to chapter 82.04 RCW; adding a new chapter to Title 43 RCW; creating a new section; and providing expiration dates."

The President declared the question before the Senate to be the adoption of the committee striking amendment by the Committee on Ways & Means to Engrossed Second Substitute House Bill No. 1015.

The motion by Senator Mullet carried and the committee striking amendment was adopted by voice vote.

MOTION

On motion of Senator Mullet, the rules were suspended, Engrossed Second Substitute House Bill No. 1015 as amended by the Senate was advanced to third reading, the second reading considered the third and the bill was placed on final passage.

Senator Mullet spoke in favor of passage of the bill.

The President declared the question before the Senate to be the final passage of Engrossed Second Substitute House Bill No. 1015 as amended by the Senate.

ROLL CALL

The Secretary called the roll on the final passage of Engrossed Second Substitute House Bill No. 1015 as amended by the Senate and the bill passed the Senate by the following vote: Yeas, 46; Nays, 2; Absent, 0; Excused, 1.

Voting yea: Senators Billig, Braun, Brown, Cleveland, Conway, Das, Dhingra, Dozier, Fortunato, Frockt, Gildon, Hasegawa, Hawkins, Holy, Honeyford, Hunt, Keiser, King, Kuderer, Liias, Lovelett, Lovick, McCune, Mullet, Muzzall, Nguyen, Nobles, Padden, Pedersen, Randall, Rivers, Saldaña, Salomon, Schoesler, Sefzik, Sheldon, Short, Stanford, Trudeau, Van De Wege, Wagoner, Warnick, Wellman, Wilson, C., Wilson, J. and Wilson, L.

Voting nay: Senators Carlyle and Rolfes

Excused: Senator Robinson

ENGROSSED SECOND SUBSTITUTE HOUSE BILL NO. 1015 as amended by the Senate, having received the constitutional majority, was declared passed. There being no objection, the title of the bill was ordered to stand as the title of the act.

MOTION

At 4:46 p.m., on motion of Senator Pedersen, the Senate was declared to be at ease subject to the call of the President.

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The Senate was called to order at 4:54 p.m. by the President Of the Senate, Lt. Governor Heck presiding.

#### SPECIAL ORDER OF BUSINESS

Pursuant to Rule 18, the hour fixed for consideration of a special order of business having arrived, the President called the Senate to order and announced Substitute House Bill No. 1616 to be before the Senate and was immediately considered.

#### SECOND READING

SUBSTITUTE HOUSE BILL NO. 1616, by House Committee on Health Care & Wellness (originally sponsored by Simmons, Cody, Bateman, Valdez, Davis, Macri, Slatter, Pollet and Taylor)

Concerning the charity care act.

The measure was read the second time.

#### MOTION

Senator Cleveland moved that the following committee striking amendment by the Committee on Health & Long Term Care be adopted:

Strike everything after the enacting clause and insert the following:

"Sec. 1. RCW 70.170.020 and 2018 c 263 s 1 are each amended to read as follows:

As used in this chapter:

- (1) "Department" means department of health.
- (2) "Hospital" means any health care institution which is required to qualify for a license under RCW 70.41.020~~((7))~~ (8); or as a psychiatric hospital under chapter 71.12 RCW.
- (3) "Secretary" means secretary of health.
- (4) "Charity care" means medically necessary hospital health care rendered to indigent persons when third-party coverage, if any, has been exhausted, to the extent that the persons are unable to pay for the care or to pay deductibles or coinsurance amounts required by a third-party payer, as determined by the department.
- (5) "Indigent persons" are those patients or their guarantors who qualify for charity care pursuant to section 2(5) of this act based on the federal poverty level, adjusted for family size, and who have exhausted any third-party coverage.

(6) "Third-party coverage" means an obligation on the part of an insurance company, health care service contractor, health maintenance organization, group health plan, government program, tribal health benefits, or health care sharing ministry as defined in 26 U.S.C. Sec. 5000A to pay for the care of covered patients and services, and may include settlements, judgments, or awards actually received related to the negligent acts of others which have resulted in the medical condition for which the patient has received hospital health care service. The pendency of such settlements, judgments, or awards must not stay hospital obligations to consider an eligible patient for charity care.

~~((6) "Sliding fee schedule" means a hospital determined, publicly available schedule of discounts to charges for persons deemed eligible for charity care; such schedules shall be established after consideration of guidelines developed by the department.))~~

(7) "Special studies" means studies which have not been funded through the department's biennial or other legislative appropriations.

Sec. 2. RCW 70.170.060 and 2018 c 263 s 2 are each amended to read as follows:

(1) No hospital or its medical staff shall adopt or maintain admission practices or policies which result in:

(a) A significant reduction in the proportion of patients who have no third-party coverage and who are unable to pay for hospital services;

(b) A significant reduction in the proportion of individuals admitted for inpatient hospital services for which payment is, or is likely to be, less than the anticipated charges for or costs of such services; or

(c) The refusal to admit patients who would be expected to require unusually costly or prolonged treatment for reasons other than those related to the appropriateness of the care available at the hospital.

(2) No hospital shall adopt or maintain practices or policies which would deny access to emergency care based on ability to pay. No hospital which maintains an emergency department shall transfer a patient with an emergency medical condition or who is in active labor unless the transfer is performed at the request of the patient or is due to the limited medical resources of the transferring hospital. Hospitals must follow reasonable procedures in making transfers to other hospitals including confirmation of acceptance of the transfer by the receiving hospital.

(3) The department shall develop definitions by rule, as appropriate, for subsection (1) of this section and, with reference to federal requirements, subsection (2) of this section. The department shall monitor hospital compliance with subsections (1) and (2) of this section. The department shall report individual instances of possible noncompliance to the state attorney general or the appropriate federal agency.

(4) The department shall establish and maintain by rule, consistent with the definition of charity care in RCW 70.170.020, the following:

(a) Uniform procedures, data requirements, and criteria for identifying patients receiving charity care; and

(b) A definition of residual bad debt including reasonable and uniform standards for collection procedures to be used in efforts to collect the unpaid portions of hospital charges that are the patient's responsibility.

(5) For the purpose of providing charity care, each hospital shall develop, implement, and maintain a ~~((charity care))~~ policy which ~~((consistent with subsection (1) of this section,))~~ shall enable ~~((people below the federal poverty level))~~ indigent persons access to ~~((appropriate hospital-based medical services, and a sliding fee schedule for determination of discounts from charges for persons who qualify for such discounts by January 1, 1990. The department shall develop specific guidelines to assist hospitals in setting sliding fee schedules required by this section. All persons with family income below one hundred percent of the federal poverty standard shall be deemed charity care patients for the full amount of hospital charges, except to the extent the patient has third-party coverage for those charges.))~~ charity care. The policy shall include procedures for identifying patients who may be eligible for health care coverage through medical assistance programs under chapter 74.09 RCW or the Washington health benefit exchange and actively assisting patients to apply for any available coverage. If a hospital determines that a patient or their guarantor is qualified for retroactive health care coverage through the medical assistance programs under chapter 74.09 RCW, a hospital shall assist the patient or guarantor with applying for such coverage. If a hospital determines that a patient or their guarantor

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qualifies for retroactive health care coverage through the medical assistance programs under chapter 74.09 RCW, a hospital is not obligated to provide charity care under this section to any patient or their guarantor if the patient or their guarantor fails to make reasonable efforts to cooperate with the hospital's efforts to assist them in applying for such coverage. Hospitals may not impose application procedures for charity care or for assistance with retroactive coverage applications which place an unreasonable burden upon the patient or guarantor, taking into account any physical, mental, intellectual, or sensory deficiencies, or language barriers which may hinder the responsible party's capability of complying with application procedures. It is an unreasonable burden to require a patient to apply for any state or federal program where the patient is obviously or categorically ineligible or has been deemed ineligible in the prior 12 months.

(a) At a minimum, a hospital owned or operated by a health system that owns or operates three or more acute hospitals licensed under chapter 70.41 RCW, an acute care hospital with over 300 licensed beds located in the most populous county in Washington, or an acute care hospital with over 200 licensed beds located in a county with at least 450,000 residents and located on Washington's southern border shall grant charity care per the following guidelines:

(i) All patients and their guarantors whose income is not more than 300 percent of the federal poverty level, adjusted for family size, shall be deemed charity care patients for the full amount of the patient responsibility portion of their hospital charges;

(ii) All patients and their guarantors whose income is between 301 and 350 percent of the federal poverty level, adjusted for family size, shall be entitled to a 75 percent discount for the full amount of the patient responsibility portion of their hospital charges, which may be reduced by amounts reasonably related to assets considered pursuant to (c) of this subsection;

(iii) All patients and their guarantors whose income is between 351 and 400 percent of the federal poverty level, adjusted for family size, shall be entitled to a 50 percent discount for the full amount of the patient responsibility portion of their hospital charges, which may be reduced by amounts reasonably related to assets considered pursuant to (c) of this subsection.

(b) At a minimum, a hospital not subject to (a) of this subsection shall grant charity care per the following guidelines:

(i) All patients and their guarantors whose income is not more than 200 percent of the federal poverty level, adjusted for family size, shall be deemed charity care patients for the full amount of the patient responsibility portion of their hospital charges;

(ii) All patients and their guarantors whose income is between 201 and 250 percent of the federal poverty level, adjusted for family size, shall be entitled to a 75 percent discount for the full amount of the patient responsibility portion of their hospital charges, which may be reduced by amounts reasonably related to assets considered pursuant to (c) of this subsection; and

(iii) All patients and their guarantors whose income is between 251 and 300 percent of the federal poverty level, adjusted for family size, shall be entitled to a 50 percent discount for the full amount of the patient responsibility portion of their hospital charges, which may be reduced by amounts reasonably related to assets considered pursuant to (c) of this subsection.

(c)(i) If a hospital considers the existence, availability, and value of assets in order to reduce the discount extended, it must establish and make publicly available a policy on asset considerations and corresponding discount reductions.

(ii) If a hospital considers assets, the following types of assets shall be excluded from consideration:

(A) The first \$5,000 of monetary assets for an individual or \$8,000 of monetary assets for a family of two, and \$1,500 of

monetary assets for each additional family member. The value of any asset that has a penalty for early withdrawal shall be the value of the asset after the penalty has been paid;

(B) Any equity in a primary residence;

(C) Retirement plans other than 401(k) plans;

(D) One motor vehicle and a second motor vehicle if it is necessary for employment or medical purposes;

(E) Any prepaid burial contract or burial plot; and

(F) Any life insurance policy with a face value of \$10,000 or less.

(iii) In considering assets, a hospital may not impose procedures which place an unreasonable burden on the responsible party. Information requests from the hospital to the responsible party for the verification of assets shall be limited to that which is reasonably necessary and readily available to substantiate the responsible party's qualification for charity sponsorship and may not be used to discourage application for such sponsorship. Only those facts relevant to eligibility may be verified and duplicate forms of verification may not be demanded.

(A) In considering monetary assets, one current account statement shall be considered sufficient for a hospital to verify a patient's assets.

(B) In the event that no documentation for an asset is available, a hospital shall rely upon a written and signed statement from the responsible party.

(iv) Asset information obtained by the hospital in evaluating a patient for charity care eligibility shall not be used for collection activities.

(v) Nothing in this section prevents a hospital from considering assets as required by the centers for medicare and medicaid services related to medicare cost reporting.

(6) Each hospital shall post and prominently display notice of charity care availability. Notice must be posted in all languages spoken by more than ten percent of the population of the hospital service area. Notice must be displayed in at least the following locations:

(a) Areas where patients are admitted or registered;

(b) Emergency departments, if any; and

(c) Financial service or billing areas where accessible to patients.

(7) Current versions of the hospital's charity care policy, a plain language summary of the hospital's charity care policy, and the hospital's charity care application form must be available on the hospital's website. The summary and application form must be available in all languages spoken by more than ten percent of the population of the hospital service area.

(8)(a) All hospital billing statements and other written communications concerning billing or collection of a hospital bill by a hospital must include the following or a substantially similar statement prominently displayed on the first page of the statement in both English and the second most spoken language in the hospital's service area:

You may qualify for free care or a discount on your hospital bill, whether or not you have insurance. Please contact our financial assistance office at [website] and [phone number].

(b) Nothing in (a) of this subsection requires any hospital to alter any preprinted hospital billing statements existing as of October 1, 2018.

(9) Hospital obligations under federal and state laws to provide meaningful access for limited English proficiency and non-English-speaking patients apply to information regarding billing and charity care. Hospitals shall develop standardized training programs on the hospital's charity care policy and use of interpreter services, and provide regular training for appropriate

staff, including the relevant and appropriate staff who perform functions relating to registration, admissions, or billing.

(10) Each hospital shall make every reasonable effort to determine:

(a) The existence or nonexistence of private or public sponsorship which might cover in full or part the charges for care rendered by the hospital to a patient;

(b) The annual family income of the patient as classified under federal poverty income guidelines as of the time the health care services were provided, or at the time of application for charity care if the application is made within two years of the time of service, the patient has been making good faith efforts towards payment of health care services rendered, and the patient demonstrates eligibility for charity care; and

(c) The eligibility of the patient for charity care as defined in this chapter and in accordance with hospital policy. An initial determination of sponsorship status shall precede collection efforts directed at the patient.

(11) At the hospital's discretion, a hospital may consider applications for charity care at any time, including any time there is a change in a patient's financial circumstances.

(12) The department shall monitor the distribution of charity care among hospitals, with reference to factors such as relative need for charity care in hospital service areas and trends in private and public health coverage. The department shall prepare reports that identify any problems in distribution which are in contradiction of the intent of this chapter. The report shall include an assessment of the effects of the provisions of this chapter on access to hospital and health care services, as well as an evaluation of the contribution of all purchasers of care to hospital charity care.

(13) The department shall issue a report on the subjects addressed in this section at least annually, with the first report due on July 1, 1990.

**NEW SECTION. Sec. 3.** This act applies prospectively only to care provided on or after July 1, 2022. This act does not affect the ability of a patient who received care prior to July 1, 2022, to receive charity care under RCW 70.170.020 and 70.170.060 as the sections existed before that date."

On page 1, line 1 of the title, after "act;" strike the remainder of the title and insert "amending RCW 70.170.020 and 70.170.060; and creating a new section."

#### WITHDRAWAL OF AMENDMENT

On motion of Senator Rivers and without objection, amendment no. 1418 by Senator Rivers on page 7, line 35 to Substitute House Bill No. 1616 was withdrawn.

#### MOTION

Senator Rivers moved that the following amendment no. 1481 by Senator Rivers be adopted:

On page 7, after line 35, insert the following:

**"NEW SECTION. Sec. 3.** (1) The office of the insurance commissioner, in consultation with the Washington health benefit exchange, shall study and analyze how increasing eligibility for charity care impacts enrollment in health plans with high deductibles over a four-year time period.

(2) By November 1, 2026, the office of the insurance commissioner shall report to the health care committees of the legislature enrollment trends in health plans with high deductibles from January 1, 2023, through June 30, 2026. The one-time report shall include the number of individuals enrolled in high deductible plans for each year and by each county.

(3) This section expires January 1, 2027."

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

On page 8, beginning on line 4, strike "and creating a new section." and insert "creating new sections; and providing an expiration date."

Senators Rivers and Cleveland spoke in favor of adoption of the amendment to the committee striking amendment.

The President declared the question before the Senate to be the adoption of amendment no. 1481 by Senator Rivers on page 7, after line 35 to Substitute House Bill No. 1616.

The motion by Senator Rivers carried and amendment no. 1481 was adopted by voice vote.

Senator Cleveland spoke in favor of adoption of the committee striking amendment as amended.

The President declared the question before the Senate to be the adoption of the committee striking amendment by the Committee on Health & Long Term Care as amended to Substitute House Bill No. 1616.

The motion by Senator Cleveland carried and the committee striking amendment as amended was adopted by voice vote.

#### MOTION

On motion of Senator Cleveland, the rules were suspended, Substitute House Bill No. 1616 as amended by the Senate was advanced to third reading, the second reading considered the third and the bill was placed on final passage.

Senator Cleveland spoke in favor of passage of the bill.

Senator Muzzall spoke against passage of the bill.

The President declared the question before the Senate to be the final passage of Substitute House Bill No. 1616 as amended by the Senate.

#### ROLL CALL

The Secretary called the roll on the final passage of Substitute House Bill No. 1616 as amended by the Senate and the bill passed the Senate by the following vote: Yeas, 31; Nays, 17; Absent, 0; Excused, 1.

Voting yea: Senators Billig, Carlyle, Cleveland, Conway, Das, Dhingra, Frockt, Gildon, Hasegawa, Hunt, Keiser, Kuderer, Liias, Lovelett, Lovick, Mullet, Nguyen, Nobles, Pedersen, Randall, Rivers, Rolfes, Saldaña, Salomon, Sefzik, Sheldon, Stanford, Trudeau, Van De Wege, Wellman and Wilson, C.

Voting nay: Senators Braun, Brown, Dozier, Fortunato, Hawkins, Holy, Honeyford, King, McCune, Muzzall, Padden, Schoesler, Short, Wagoner, Warnick, Wilson, J. and Wilson, L.

Excused: Senator Robinson

SUBSTITUTE HOUSE BILL NO. 1616 as amended by the Senate, having received the constitutional majority, was declared passed. There being no objection, the title of the bill was ordered to stand as the title of the act.

#### MOTION

At 5:07 p.m., on motion of Senator Pedersen, the Senate was declared to be at ease subject to the call of the President.

Senator Hasegawa announced a meeting of the Democratic Caucus.

Senator Warnick announced a meeting of the Republican Caucus.

EVENING SESSION

The Senate was called to order at 6:07 p.m. by the President of the Senate, Lt. Governor Heck presiding.

SIGNED BY THE PRESIDENT

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

- HOUSE BILL NO. 1051,
- HOUSE BILL NO. 1613,
- ENGROSSED SUBSTITUTE HOUSE BILL NO. 1795,
- SECOND SUBSTITUTE HOUSE BILL NO. 1818,
- HOUSE BILL NO. 1832,
- ENGROSSED SUBSTITUTE HOUSE BILL NO. 1930,
- SUBSTITUTE HOUSE BILL NO. 2019,
- and ENGROSSED HOUSE BILL NO. 2096.

SECOND READING

SENATE BILL NO. 5459, by Senators Mullet and Wilson, L.

Creating a business and occupation tax deduction for credit card processing companies.

MOTION

On motion of Senator Mullet, Substitute Senate Bill No. 5459 was substituted for Senate Bill No. 5459 and the substitute bill was placed on the second reading and read the second time.

SENATE BILL NO. 5459, by Committee on Ways & Means (originally sponsored by Senators Mullet and Wilson, L.)

Revised for Substitute: Creating a business and occupation tax deduction for persons conducting payment card processing activity.

MOTION

Senator Hasegawa moved that the following amendment no. 1482 by Senator Hasegawa be adopted:

- On page 2, beginning on line 31, strike all of section 3
- Renumber the remaining section consecutively.
- On page 1, line 3 of the title, after "creating" strike "new sections" and insert "a new section"

Senators Hasegawa and Mullet spoke in favor of adoption of the amendment.

The President declared the question before the Senate to be the adoption of amendment no. 1482 by Senator Hasegawa on page 2, line 31 to Substitute Senate Bill No. 5459.

The motion by Senator Hasegawa carried and amendment no. 1482 was adopted by voice vote.

MOTION

On motion of Senator Mullet, the rules were suspended, Engrossed Substitute Senate Bill No. 5459 was advanced to third reading, the second reading considered the third and the bill was placed on final passage.

Senators Mullet and Wilson, L. spoke in favor of passage of the

bill.

Senator Hasegawa spoke against passage of the bill.

The President declared the question before the Senate to be the final passage of Engrossed Substitute Senate Bill No. 5459.

ROLL CALL

The Secretary called the roll on the final passage of Engrossed Substitute Senate Bill No. 5459 and the bill passed the Senate by the following vote: Yeas, 38; Nays, 10; Absent, 0; Excused, 1.

Voting yea: Senators Billig, Braun, Brown, Cleveland, Das, Dozier, Fortunato, Frockt, Gildon, Hawkins, Holy, Honeyford, Hunt, Keiser, King, Lias, Lovick, McCune, Mullet, Muzzall, Nobles, Padden, Pedersen, Randall, Rivers, Salomon, Schoesler, Sefzik, Sheldon, Short, Stanford, Van De Wege, Wagoner, Warnick, Wellman, Wilson, C., Wilson, J. and Wilson, L.

Voting nay: Senators Carlyle, Conway, Dhingra, Hasegawa, Kuderer, Lovelett, Nguyen, Rolfes, Saldaña and Trudeau  
Excused: Senator Robinson

ENGROSSED SUBSTITUTE SENATE BILL NO. 5459, having received the constitutional majority, was declared passed. There being no objection, the title of the bill was ordered to stand as the title of the act.

SECOND READING

SENATE BILL NO. 5714, by Senators Carlyle, Lias, Gildon, Lovelett, Mullet, Nguyen and Rolfes

Creating a sales and use tax deferral program for solar canopies placed on large-scale commercial parking lots and other similar areas.

MOTION

On motion of Senator Carlyle, Substitute Senate Bill No. 5714 was substituted for Senate Bill No. 5714 and the substitute bill was placed on the second reading and read the second time.

MOTION

Senator Schoesler moved that the following amendment no. 1372 by Senator Schoesler be adopted:

On page 4, line 4, after "department." insert "To be eligible for deferral of taxes under this chapter, the application must show that the project will generate electricity at a cost that is at or below the prevailing retail rate for electricity provided by the local electric utility."

On page 6, beginning on line 4, after "that" strike all material through "energy" on line 6

On page 6, line 9, after "years," insert "an investment project is not connected to the electrical grid and producing solar energy, or the cost of generating electricity at the investment project is higher than the prevailing rate for electricity provided by the local electric utility,"

Senators Schoesler and Fortunato spoke in favor of adoption of the amendment.

Senator Carlyle spoke against adoption of the amendment.

The President declared the question before the Senate to be the adoption of amendment no. 1372 by Senator Schoesler on page 4, line 4 to Substitute Senate Bill No. 5714.

The motion by Senator Schoesler did not carry and amendment no. 1372 was not adopted by voice vote.

#### MOTION

Senator Schoesler moved that the following amendment no. 1373 by Senator Schoesler be adopted:

On page 5, beginning on line 1, strike all of section 6 and insert the following:

**"NEW SECTION. Sec. 6.** Except as otherwise provided in this chapter, the recipient of the deferral under this chapter must receive a reduction of 100 percent of state and local sales and use taxes to be repaid if the department of labor and industries certifies that the eligible investment project includes: Procurement from and contracts with women, minority, or veteran-owned businesses; procurement from and contracts with entities that have a history of complying with federal and state wage and hour laws and regulations; apprenticeship utilization; and preferred entry for workers living in the area where the eligible investment project is being constructed. In the event that an eligible investment project is built without one or more of these standards, and a project developer or its designated principal contractor demonstrates that it has made all good faith efforts to meet the standards but was unable to comply due to lack of availability of qualified businesses or local hires, the department of labor and industries may certify that the developer complied with one or more standards."

Senator Schoesler spoke in favor of adoption of the amendment.

Senator Carlyle spoke against adoption of the amendment.

#### MOTION

Senator Schoesler demanded a roll call.

The President declared that one-sixth of the members supported the demand, and the demand was sustained.

The President declared the question before the Senate to be the adoption of the amendment by Senator Schoesler on page 5, line 1 to Substitute Senate Bill No. 5714.

#### ROLL CALL

The Secretary called the roll on the adoption of the amendment by Senator Schoesler and the amendment was not adopted by the following vote: Yeas, 21; Nays, 27; Absent, 0; Excused, 1.

Voting yea: Senators Braun, Brown, Dozier, Fortunato, Gildon, Hawkins, Holy, Honeyford, King, McCune, Muzzall, Padden, Rivers, Schoesler, Sefzik, Sheldon, Short, Wagoner, Warnick, Wilson, J. and Wilson, L.

Voting nay: Senators Billig, Carlyle, Cleveland, Conway, Das, Dhingra, Frockt, Hasegawa, Hunt, Keiser, Kuderer, Liias, Lovelett, Lovick, Mullet, Nguyen, Nobles, Pedersen, Randall, Rolfes, Saldaña, Salomon, Stanford, Trudeau, Van De Wege, Wellman and Wilson, C.

Excused: Senator Robinson.

#### MOTION

Senator Carlyle moved that the following amendment no. 1374 by Senator Carlyle be adopted:

On page 5, line 1, after "**Sec. 6.**" insert "(1)"

On page 5, at the beginning of line 5, strike "(1)" and insert

"(a)"

On page 5, at the beginning of line 20, strike "(2)" and insert "(b)"

On page 5, line 22, after "with" strike "subsection (1) of this section" and insert "(a) of this subsection"

On page 5, at the beginning of line 25, strike "(3)" and insert "(c)"

On page 5, after line 28, insert the following:

"(2)(a) The department of labor and industries must adopt emergency and permanent rules to:

(i) Define and set minimum requirements for all labor standards identified in subsection (1) of this section as well as documentation requirements and a certification process. The certification process and timeline must be designed to prevent undue delay to project development; and

(ii) Set requirements for all good faith efforts under subsection (1)(a) and (b) of this section. Requirements for all good faith efforts must be designed to maximize the likelihood that the project is completed with the standards, and include: Proactive outreach to women, minority, and veteran-owned businesses; advertising in local community publications and publications appropriate to identified firms and with the office of minority and women's business enterprises; participating in community job fairs, conferences, and trade shows; and other measures.

(b) The standards for procurement from and contracts with women or minority-owned businesses under subsection (1)(a) of this section must include a requirement that the recipient of the deferral consult with the office of minority and women's business enterprises to develop a plan to meet the standards or good faith efforts. The requirements for good faith efforts must include the office of minority and women's business enterprises review to determine compliance with the plan.

(c) The labor standard for procurement from and contracts with veteran-owned businesses under subsection (1)(a) of this section must include a requirement that the recipient of the deferral consult with the department of veterans affairs to develop a plan to meet the standards or good faith efforts. The requirements for good faith efforts must include the department of veterans affairs review to determine compliance with the plan.

(d) The department of labor and industries must consult with the office of minority and women's business enterprises, the department of veterans affairs, and the Washington apprenticeship and training council in setting standards and good faith efforts."

Senator Carlyle spoke in favor of adoption of the amendment.

The President declared the question before the Senate to be the adoption of amendment no. 1374 by Senator Carlyle on page 5, line 1 to Substitute Senate Bill No. 5714.

The motion by Senator Carlyle carried and amendment no. 1374 was adopted by voice vote.

#### MOTION

On motion of Senator Carlyle, the rules were suspended, Engrossed Substitute Senate Bill No. 5714 was advanced to third reading, the second reading considered the third and the bill was placed on final passage.

Senator Carlyle spoke in favor of passage of the bill.

#### POINT OF INQUIRY

Senator Schoesler: "Thank you Mr. President. Will the sponsor of the bill yield to a question?"

President Heck: "Senator Carlyle, do you yield? He does not."



## POINT OF INQUIRY

Senator Schoesler: "Thank you Mr. President. Will the gentleman from the 11th district yield to a question?"

Senator Hasegawa: "Sure, fire away."

Senator Schoesler: "Senator Hasegawa, with your extensive experience in tax policy, does this bill have the protections that you sponsored as an amendment to the previous bill?"

Senator Hasegawa: "Let me see, this is 5714. I do not have an amendment for this bill, sorry."

The President declared the question before the Senate to be the final passage of Engrossed Substitute Senate Bill No. 5714.

## ROLL CALL

The Secretary called the roll on the final passage of Engrossed Substitute Senate Bill No. 5714 and the bill passed the Senate by the following vote: Yeas, 29; Nays, 19; Absent, 0; Excused, 1.

Voting yea: Senators Billig, Carlyle, Cleveland, Conway, Das, Dhingra, Frockt, Hasegawa, Hunt, Keiser, Kuderer, Lias, Lovelett, Lovick, Mullet, Nguyen, Nobles, Pedersen, Randall, Rivers, Rolfes, Saldaña, Salomon, Stanford, Trudeau, Van De Wege, Warnick, Wellman and Wilson, C.

Voting nay: Senators Braun, Brown, Dozier, Fortunato, Gildon, Hawkins, Holy, Honeyford, King, McCune, Muzzall, Padden, Schoesler, Sefzik, Sheldon, Short, Wagoner, Wilson, J. and Wilson, L.

Excused: Senator Robinson

ENGROSSED SUBSTITUTE SENATE BILL NO. 5714, having received the constitutional majority, was declared passed. There being no objection, the title of the bill was ordered to stand as the title of the act.

## SECOND READING

SENATE BILL NO. 5755, by Senators Trudeau, Billig, Nobles, Saldaña and Wellman

Authorizing certain cities to establish a limited sales and use tax incentive program to encourage redevelopment of vacant lands in urban areas.

## MOTION

On motion of Senator Trudeau, Second Substitute Senate Bill No. 5755 was substituted for Senate Bill No. 5755 and the substitute bill was placed on the second reading and read the second time.

SECOND SUBSTITUTE SENATE BILL NO. 5755, by Committee on Ways & Means (originally sponsored by Senators Trudeau, Billig, Nobles, Saldaña and Wellman)

Revised for Second Substitute: Authorizing certain cities to establish a limited sales and use tax incentive program to encourage redevelopment of underdeveloped lands in urban areas.

## MOTION

Senator Hasegawa moved that the following amendment no. 1421 by Senator Hasegawa be adopted:

On page 11, beginning on line 16, strike all of section 15  
Renumber the remaining sections consecutively and correct any internal references accordingly.

On page 11, line 18, after "through" strike "15" and insert "14"

Senator Hasegawa spoke in favor of adoption of the amendment.

The President declared the question before the Senate to be the adoption of amendment no. 1421 by Senator Hasegawa on page 11, line 16 to Second Substitute Senate Bill No. 5755.

The motion by Senator Hasegawa carried and amendment no. 1421 was adopted by voice vote.

## MOTION

On motion of Senator Trudeau, the rules were suspended, Engrossed Second Substitute Senate Bill No. 5755 was advanced to third reading, the second reading considered the third and the bill was placed on final passage.

Senator Trudeau spoke in favor of passage of the bill.

Senator Fortunato spoke against passage of the bill.

The President declared the question before the Senate to be the final passage of Engrossed Second Substitute Senate Bill No. 5755.

## ROLL CALL

The Secretary called the roll on the final passage of Engrossed Second Substitute Senate Bill No. 5755 and the bill passed the Senate by the following vote: Yeas, 29; Nays, 19; Absent, 0; Excused, 1.

Voting yea: Senators Billig, Carlyle, Cleveland, Conway, Das, Dhingra, Frockt, Hunt, Keiser, King, Kuderer, Lias, Lovelett, Lovick, Mullet, Nguyen, Nobles, Pedersen, Randall, Rolfes, Saldaña, Salomon, Sefzik, Sheldon, Stanford, Trudeau, Van De Wege, Wellman and Wilson, C.

Voting nay: Senators Braun, Brown, Dozier, Fortunato, Gildon, Hasegawa, Hawkins, Holy, Honeyford, McCune, Muzzall, Padden, Rivers, Schoesler, Short, Wagoner, Warnick, Wilson, J. and Wilson, L.

Excused: Senator Robinson

ENGROSSED SECOND SUBSTITUTE SENATE BILL NO. 5755, having received the constitutional majority, was declared passed. There being no objection, the title of the bill was ordered to stand as the title of the act.

## SECOND READING

SENATE BILL NO. 5849, by Senator Warnick

Concerning tax incentives.

The measure was read the second time.

## MOTION

Senator Billig moved that the following amendment no. 1466 by Senator Billig be adopted:

Beginning on page 2, line 22, strike all of section 2

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

Beginning on page 4, line 35, strike all of sections 4 through 6

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

On page 1, beginning on line 1 of the title, after "incentives;" strike all material through "dates." on line 4 and insert "amending RCW 82.25.030 and 82.04.294; creating a new section; providing an effective date; and providing an expiration date."

Senators Billig and Warnick spoke in favor of adoption of the amendment.

The President declared the question before the Senate to be the adoption of amendment no. 1466 by Senator Billig on page 2, line 22 to Senate Bill No. 5849.

The motion by Senator Billig carried and amendment no. 1466 was adopted by voice vote.

#### MOTION

On motion of Senator Randall, Senator Kuderer was excused.

#### MOTION

On motion of Senator Warnick, the rules were suspended, Engrossed Senate Bill No. 5849 was advanced to third reading, the second reading considered the third and the bill was placed on final passage.

Senators Warnick, Rolfes, Rivers and Saldaña spoke in favor of passage of the bill.

The President declared the question before the Senate to be the final passage of Engrossed Senate Bill No. 5849.

#### ROLL CALL

The Secretary called the roll on the final passage of Engrossed Senate Bill No. 5849 and the bill passed the Senate by the following vote: Yeas, 46; Nays, 1; Absent, 0; Excused, 2.

Voting yea: Senators Billig, Braun, Brown, Carlyle, Cleveland, Conway, Das, Dhingra, Dozier, Fortunato, Frockt, Gildon, Hawkins, Holy, Honeyford, Hunt, Keiser, King, Lias, Lovelett, Lovick, McCune, Mullet, Muzzall, Nguyen, Nobles, Padden, Pedersen, Randall, Rivers, Rolfes, Saldaña, Salomon, Schoesler, Sefzik, Sheldon, Short, Stanford, Trudeau, Van De Wege, Wagoner, Warnick, Wellman, Wilson, C., Wilson, J. and Wilson, L.

Voting nay: Senator Hasegawa

Excused: Senators Kuderer and Robinson

ENGROSSED SENATE BILL NO. 5849, having received the constitutional majority, was declared passed. There being no objection, the title of the bill was ordered to stand as the title of the act.

#### SECOND READING

SENATE BILL NO. 5799, by Senators Robinson and Lovick

Modifying the application of the workforce education investment surcharge to provider clinics and affiliated organizations.

#### MOTION

On motion of Senator Mullet, Substitute Senate Bill No. 5799

was substituted for Senate Bill No. 5799 and the substitute bill was placed on the second reading and read the second time.

SUBSTITUTE SENATE BILL NO. 5799, by Committee on Business, Financial Services & Trade (originally sponsored by Senators Robinson and Lovick)

Revised for Substitute: Modifying the application of the workforce education investment advanced computing surcharge to provider clinics and affiliated organizations.

#### MOTION

On motion of Senator Mullet, the rules were suspended, Substitute Senate Bill No. 5799 was advanced to third reading, the second reading considered the third and the bill was placed on final passage.

Senator Mullet spoke in favor of passage of the bill.

#### MOTION

On motion of Senator Randall, Senator Lias was excused.

The President declared the question before the Senate to be the final passage of Substitute Senate Bill No. 5799.

#### ROLL CALL

The Secretary called the roll on the final passage of Substitute Senate Bill No. 5799 and the bill passed the Senate by the following vote: Yeas, 46; Nays, 0; Absent, 0; Excused, 3.

Voting yea: Senators Billig, Braun, Brown, Carlyle, Cleveland, Conway, Das, Dhingra, Dozier, Fortunato, Frockt, Gildon, Hasegawa, Hawkins, Holy, Honeyford, Hunt, Keiser, King, Lovelett, Lovick, McCune, Mullet, Muzzall, Nguyen, Nobles, Padden, Pedersen, Randall, Rivers, Rolfes, Saldaña, Salomon, Schoesler, Sefzik, Sheldon, Short, Stanford, Trudeau, Van De Wege, Wagoner, Warnick, Wellman, Wilson, C., Wilson, J. and Wilson, L.

Excused: Senators Kuderer, Lias and Robinson

SUBSTITUTE SENATE BILL NO. 5799, having received the constitutional majority, was declared passed. There being no objection, the title of the bill was ordered to stand as the title of the act.

#### SECOND READING

SENATE BILL NO. 5901, by Senators Randall, Billig, Holy, Mullet, Nguyen and Saldaña

Concerning economic development tax incentives for targeted counties.

The measure was read the second time.

#### MOTION

Senator Warnick moved that the following amendment no. 1479 by Senator Warnick be adopted:

On page 2, beginning on line 36, after "(5)" strike all material through "82.63.010." on line 37 and insert "(a) "Initiation of construction" means the date that a building permit is issued under the building code adopted under RCW 19.27.031 for:

(i) Construction of the qualified building, if the underlying

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ownership of the building vests exclusively with the person receiving the economic benefit of the deferral;

(ii) Construction of the qualified building, if the economic benefits of the deferral are passed to a lessee as provided in RCW 82.60.025; or

(iii) Tenant improvements for a qualified building, if the economic benefits of the deferral are passed to a lessee as provided in RCW 82.60.025.

(b) "Initiation of construction" does not include soil testing, site clearing and grading, site preparation, or any other related activities that are initiated before the issuance of a building permit for the construction of the foundation of the building.

(c) If the eligible investment project is a phased project, "initiation of construction" applies separately to each phase."

Senator Warnick spoke in favor of adoption of the amendment.

The President declared the question before the Senate to be the adoption of amendment no. 1479 by Senator Warnick on page 2, line 36 to Senate Bill No. 5901.

The motion by Senator Warnick carried and amendment no. 1479 was adopted by voice vote.

#### MOTION

On motion of Senator Randall, the rules were suspended, Engrossed Senate Bill No. 5901 was advanced to third reading, the second reading considered the third and the bill was placed on final passage.

Senator Randall spoke in favor of passage of the bill.

The President declared the question before the Senate to be the final passage of Engrossed Senate Bill No. 5901.

#### ROLL CALL

The Secretary called the roll on the final passage of Engrossed Senate Bill No. 5901 and the bill passed the Senate by the following vote: Yeas, 46; Nays, 0; Absent, 0; Excused, 3.

Voting yea: Senators Billig, Braun, Brown, Carlyle, Cleveland, Conway, Das, Dhingra, Dozier, Fortunato, Frockt, Gildon, Hasegawa, Hawkins, Holy, Honeyford, Hunt, Keiser, King, Lovelett, Lovick, McCune, Mullet, Muzzall, Nguyen, Nobles, Padden, Pedersen, Randall, Rivers, Rolfes, Saldaña, Salomon, Schoesler, Sefzik, Sheldon, Short, Stanford, Trudeau, Van De Wege, Wagoner, Warnick, Wellman, Wilson, C., Wilson, J. and Wilson, L.

Excused: Senators Kuderer, Liias and Robinson

ENGROSSED SENATE BILL NO. 5901, having received the constitutional majority, was declared passed. There being no objection, the title of the bill was ordered to stand as the title of the act.

#### SECOND READING

SENATE BILL NO. 5980, by Senators Carlyle, Randall, Hunt, Kuderer and Mullet

Providing substantial and permanent tax relief for small businesses to mitigate structural deficiencies in Washington's business and occupation tax and lessen long-term negative economic consequences of the pandemic that have disproportionately impacted small businesses.

#### MOTION

On motion of Senator Rolfes, Substitute Senate Bill No. 5980 was substituted for Senate Bill No. 5980 and the substitute bill was placed on the second reading and read the second time.

SUBSTITUTE SENATE BILL NO. 5980, by Committee on Ways & Means (originally sponsored by Senators Carlyle, Randall, Hunt, Kuderer and Mullet)

Revised for Substitute: Providing substantial and permanent tax relief for small businesses to mitigate structural deficiencies in Washington's business and occupation tax and lessen long-term negative economic consequences of the pandemic that have disproportionately impacted small businesses.

#### MOTION

Senator Wilson, L. moved that the following amendment no. 1383 by Senator Wilson, L. be adopted:

On page 2, line 2, after "82.32.045." insert "The credit amounts must be adjusted every five years as provided in subsection (5) of this section."

On page 2, after line 18, insert the following:

"(5) Beginning July 1, 2027, and every fifth July 1st thereafter, the credit amounts specified in subsection (1) of this section must be adjusted to reflect the percentage change in the implicit price deflator for personal consumption expenditures as published by the United States department of commerce, bureau of economic analysis, for the most recent 60-month period ending December 31st of the prior year. The revised credit amounts determined under this subsection (5) must be rounded up to the nearest five dollar increment."

On page 3, line 14, after "\$125,000" insert ", except as provided in subsection (7) of this section"

On page 3, after line 31, insert the following:

"(7) Beginning July 1, 2027, and every fifth July 1st thereafter, the filing threshold specified in subsection (5)(a) of this section must be adjusted to reflect the percentage change in the implicit price deflator for personal consumption expenditures as published by the United States department of commerce, bureau of economic analysis, for the most recent 60-month period ending December 31st of the prior year. The revised filing threshold determined under this subsection (7) must be rounded up to the nearest \$1,000 increment."

Senator Wilson, L. spoke in favor of adoption of the amendment.

Senator Carlyle spoke against adoption of the amendment.

The President declared the question before the Senate to be the adoption of amendment no. 1383 by Senator Wilson, L. on page 2, line 2 to Substitute Senate Bill No. 5980.

The motion by Senator Wilson, L. did not carry, and amendment no. 1383 was not adopted by voice vote.

#### MOTION

Senator Hasegawa moved that the following amendment no. 1483 by Senator Hasegawa be adopted:

On page 3, beginning on line 34, strike all of section 4

On page 1, line 1 of the title, after "substantial" strike "and permanent"

On page 1, beginning on line 6 of the title, after "creating" strike all material through "sections" on line 7 and insert "a new

section"

Senators Hasegawa and Fortunato spoke in favor of adoption of the amendment.

Senator Carlyle spoke against adoption of the amendment.

The President declared the question before the Senate to be the adoption of amendment no. 1483 by Senator Hasegawa on page 3, line 34 to Substitute Senate Bill No. 5980.

The motion by Senator Hasegawa carried and amendment no. 1483 was adopted by voice vote.

#### MOTION

On motion of Senator Rolfes, the rules were suspended, Engrossed Substitute Senate Bill No. 5980 was advanced to third reading, the second reading considered the third and the bill was placed on final passage.

Senators Rolfes, Wilson, L., Carlyle and Fortunato spoke in favor of passage of the bill.

#### POINT OF ORDER

Senator Pedersen: "Mr. President, the gentleman is speaking to a, oh... the gentleman from the Thirty-first District is speaking to a different bill, not the bill at hand."

President Heck: "Senator Fortunato, please restrict your remarks to the measure pending before the Senate and proceed sir."

The President declared the question before the Senate to be the final passage of Engrossed Substitute Senate Bill No. 5980.

#### ROLL CALL

The Secretary called the roll on the final passage of Engrossed Substitute Senate Bill No. 5980 and the bill passed the Senate by the following vote: Yeas, 46; Nays, 0; Absent, 0; Excused, 3.

Voting yea: Senators Billig, Braun, Brown, Carlyle, Cleveland, Conway, Das, Dhingra, Dozier, Fortunato, Frockt, Gildon, Hasegawa, Hawkins, Holy, Honeyford, Hunt, Keiser, King, Lovelett, Lovick, McCune, Mullet, Muzzall, Nguyen, Nobles, Padden, Pedersen, Randall, Rivers, Rolfes, Saldaña, Salomon, Schoesler, Sefzik, Sheldon, Short, Stanford, Trudeau, Van De Wege, Wagoner, Warnick, Wellman, Wilson, C., Wilson, J. and Wilson, L.

Excused: Senators Kuderer, Lias and Robinson

ENGROSSED SUBSTITUTE SENATE BILL NO. 5980, having received the constitutional majority, was declared passed. There being no objection, the title of the bill was ordered to stand as the title of the act.

#### SECOND READING

SENATE BILL NO. 5309, by Senators Rivers, Brown, Das, Fortunato, Hasegawa, Keiser, Lovelett, Mullet, Robinson, Wilson, C. and Wilson, L.

Providing a sales and use tax exemption for adult and baby diapers.

The measure was read the second time.

#### POINT OF ORDER

Senator Honeyford: "Thank you Mr. President. It is after 7 pm and I was wondering, what's for dinner?"

#### RULING BY THE PRESIDENT

President Heck: "Above my pay grade."

#### MOTION

Senator Rivers moved that the following amendment no. 1292 by Senator Rivers be adopted:

On page 1, line 8, after "Laws of" strike "2021" and insert "2022"

On page 2, line 19, after "October 1," strike "2021" and insert "2022"

Senator Rivers spoke in favor of adoption of the amendment.

The President declared the question before the Senate to be the adoption of amendment no. 1292 by Senator Rivers on page 1, line 8 to Engrossed Senate Bill No. 5309.

The motion by Senator Rivers carried and amendment no. 1292 was adopted by voice vote.

#### MOTION

On motion of Senator Rivers, the rules were suspended, Engrossed Senate Bill No. 5309 was advanced to third reading, the second reading considered the third and the bill was placed on final passage.

Senators Rivers and Das spoke in favor of passage of the bill.

#### MOTION

On motion of Senator Randall, Senator Mullet was excused.

The President declared the question before the Senate to be the final passage of Engrossed Senate Bill No. 5309.

#### ROLL CALL

The Secretary called the roll on the final passage of Engrossed Senate Bill No. 5309 and the bill passed the Senate by the following vote: Yeas, 46; Nays, 0; Absent, 0; Excused, 3.

Voting yea: Senators Billig, Braun, Brown, Carlyle, Cleveland, Conway, Das, Dhingra, Dozier, Fortunato, Frockt, Gildon, Hasegawa, Hawkins, Holy, Honeyford, Hunt, Keiser, King, Lovelett, Lovick, McCune, Mullet, Muzzall, Nguyen, Nobles, Padden, Pedersen, Randall, Rivers, Rolfes, Saldaña, Salomon, Schoesler, Sefzik, Sheldon, Short, Stanford, Trudeau, Van De Wege, Wagoner, Warnick, Wellman, Wilson, C., Wilson, J. and Wilson, L.

Excused: Senators Kuderer, Lias and Robinson

ENGROSSED SENATE BILL NO. 5309, having received the constitutional majority, was declared passed. There being no objection, the title of the bill was ordered to stand as the title of the act.

#### MOTION

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

#### MESSAGE FROM THE HOUSE

FIFTY FOURTH DAY, MARCH 4, 2022

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March 4, 2022

At 7:22 p.m., on motion of Senator Pedersen, the Senate adjourned until 10:00 o'clock a.m. Monday, March 7, 2022.

MR. PRESIDENT:  
The House has passed

ENGROSSED HOUSE BILL NO. 1990.  
and the same is herewith transmitted.

BERNARD DEAN, Chief Clerk

DENNY HECK, President of the Senate

SARAH BANNISTER, Secretary of the Senate

MOTION

1015-S2E		1663-S2E	
Other Action.....	108	Other Action.....	94
Second Reading .....	106	Second Reading .....	86, 92, 93
Third Reading Final Passage .....	108	Third Reading Final Passage .....	94
1051		1673-SE	
Messages .....	1	Other Action.....	102
President Signed.....	112	Second Reading .....	98
1173-S2		Third Reading Final Passage .....	102
Other Action.....	29	1689-SE	
Second Reading .....	27	Other Action.....	34
Third Reading Final Passage .....	29	Second Reading .....	33
1175-SE		Third Reading Final Passage .....	34
Other Action.....	2	1694-SE	
1374-S		Second Reading .....	96, 97
Second Reading .....	113	Third Reading Final Passage .....	97
1571-S		1700	
Second Reading .....	4	Second Reading .....	34
Third Reading Final Passage .....	4	Third Reading Final Passage .....	34
1593-S		1704	
Second Reading .....	105	Other Action.....	2
Third Reading Final Passage .....	105	Second Reading .....	72
1613		Third Reading Final Passage .....	72
Messages .....	1	1716-SE	
President Signed.....	112	Messages .....	1
1616-S		1717-S	
Other Action.....	3, 109, 111	Messages .....	1
Second Reading .....	109, 111	President Signed.....	4
Third Reading Final Passage .....	111	1723-S2E	
1620-S		Other Action.....	2, 22
Other Action.....	2	Second Reading .....	18, 22
1629-SE		Third Reading Final Passage .....	22
Second Reading .....	29	1724-S	
Third Reading Final Passage .....	30	Messages .....	1
1642-S		1736-S2E	
Messages .....	1	Other Action.....	74
1643-SE		Second Reading .....	73
Other Action.....	10	Third Reading Final Passage .....	74
Second Reading .....	5	1739	
Third Reading Final Passage .....	10	Second Reading .....	74
1648		Third Reading Final Passage .....	74
Second Reading .....	97	1747-S	
Third Reading Final Passage .....	97	Messages .....	1
1659-S2		President Signed.....	4
Second Reading .....	94	1752-E	
1659-S2E		Messages .....	1
Other Action.....	2	President Signed.....	4
Second Reading .....	94	1753-SE	
Third Reading Final Passage .....	96	Second Reading .....	3

Third Reading Final Passage .....	4	Second Reading .....	35
1759-S		Third Reading Final Passage .....	35
Other Action.....	2	1905-S2	
1765		Second Reading .....	3
Second Reading .....	34	Third Reading Final Passage .....	3
Third Reading Final Passage .....	34	1927	
1784-E		Second Reading .....	97
Messages .....	1	Third Reading Final Passage .....	97
President Signed.....	4	1930-SE	
1790-S		Messages .....	1
Second Reading .....	35	President Signed.....	112
Third Reading Final Passage .....	35	1931-E	
1795-SE		Second Reading .....	36
Messages .....	1	Third Reading Final Passage .....	36
President Signed.....	112	1934	
1805		Messages .....	2
Other Action.....	105	1941-S	
Second Reading .....	102	Messages .....	2
Third Reading Final Passage .....	105	1942-E	
1815-S2E		Other Action.....	2
Other Action.....	78, 82	1953	
Second Reading .....	75, 78, 82, 85, 86	Messages .....	2
Third Reading Final Passage .....	86	1958-S	
1818-S2		Other Action.....	2
Messages .....	1	1967-S	
President Signed.....	112	Other Action.....	31
1827-S2		Second Reading .....	30
Other Action.....	2	Third Reading Final Passage .....	31
1832		1974	
Messages .....	1	Messages .....	2
President Signed.....	112	1980-S	
1833		Messages .....	1
Messages .....	1	President Signed.....	4
1835-S2		1982-E	
Other Action.....	15	Second Reading .....	106
Second Reading .....	11, 15	Third Reading Final Passage .....	106
Third Reading Final Passage .....	17	1984-S	
1859		Messages .....	1
Other Action.....	33	President Signed.....	4
Second Reading .....	25, 31, 33	1990-E	
Third Reading Final Passage .....	33	Messages .....	118
1867-S		2007	
Messages .....	1	Second Reading .....	23
1888		Third Reading Final Passage .....	23
Messages .....	1	2008-S2	
President Signed.....	4	Second Reading .....	4
1902-S		Third Reading Final Passage .....	5
Other Action.....	35	2019-S	

Messages .....	1	Messages .....	2
President Signed.....	112	5558-S	
2033		Messages .....	1
Messages .....	2	5565	
2037-SE		Messages .....	1
Other Action.....	26	5575-S	
Second Reading .....	25	Messages .....	2
Third Reading Final Passage .....	27	5589-S	
2051-S		Messages .....	1
Second Reading .....	73	5593-SE	
Third Reading Final Passage .....	73	Messages .....	1
2064-SE		5602	
Messages .....	2	Messages .....	2
2074		5616-S2	
Messages .....	1	Messages .....	1
President Signed.....	4	5617	
2076-SE		Messages .....	2
Other Action.....	54	5631-S	
Second Reading .....	36, 54	Messages .....	2
Third Reading Final Passage .....	72	5676	
2078-S2		Messages .....	2
Other Action.....	2, 24	5714	
Second Reading .....	23, 24	Second Reading .....	112
Third Reading Final Passage .....	24	5714-S	
2096-E		Second Reading .....	112, 113
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President Signed.....	112	Third Reading Final Passage .....	114
5042		5715	
Messages .....	1	Messages .....	1
5309		5736-S2	
Second Reading .....	117	Messages .....	1
5309-E		5750	
Third Reading Final Passage .....	118	Messages .....	1
5459		5755	
Second Reading .....	112	Second Reading .....	114
5459-S		5755-S2	
Second Reading .....	112	Second Reading .....	114
5459-SE		5755-S2E	
Third Reading Final Passage .....	112	Third Reading Final Passage .....	114
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Messages .....	1	Messages .....	1
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