

## SIXTY SEVENTH LEGISLATURE - REGULAR SESSION

## FORTY THIRD DAY

House Chamber, Olympia, Monday, February 21, 2022

The House was called to order at 8:00 a.m. by the Speaker (Representative Orwall presiding). The Clerk called the roll and a quorum was present.

The Speaker (Representative Orwall presiding) led the Chamber in the Pledge of Allegiance. The prayer was offered by former House Counsel and current Chief Clerk of the Oregon House of Representatives, Tim Sekerak.

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

## RESOLUTION

HOUSE RESOLUTION NO. 2022-4648, by Representatives Jenkins, Wilcox, Abbarno, Barkis, Bateman, Berg, Bergquist, Berry, Boehnke, Bronoske, Caldier, Callan, Chambers, Chandler, Chapman, Chase, Chopp, Cody, Corry, Davis, Dent, Dolan, Donaghy, Duerr, Dufault, Dye, Entenman, Eslick, Fey, Fitzgibbon, Frame, Gilday, Goehner, Goodman, Graham, Gregerson, Griffey, Hackney, Hansen, Harris, Harris-Talley, Hoff, Jacobsen, J. Johnson, Kirby, Klicker, Klippert, Kloba, Kraft, Kretz, Leavitt, Lekanoff, MacEwen, Macri, Maycumber, McCaslin, McEntire, Morgan, Mosbrucker, Orcutt, Ormsby, Ortiz-Self, Orwall, Paul, Peterson, Pollet, Ramel, Ramos, Riccelli, Robertson, Rude, Rule, Ryu, Santos, Schmick, Sells, Senn, Shewmake, Simmons, Slatter, Springer, Steele, Stokesbary, Stonier, Sullivan, Sutherland, Taylor, Thai, Tharinger, Valdez, Vick, Volz, Walen, Walsh, Wicks, Wylie, Ybarra, and Young

WHEREAS, On the third Monday of February, Washington state joins the nation in recognizing and honoring the lives of all presidents who served our country and fought for the freedom granted in the Constitution; and

WHEREAS, Originally established in 1855 to celebrate the birth of the first president, George Washington, Presidents' Day continues to be celebrated in the year 2022; and

WHEREAS, George Washington demonstrated valor, resilience, and tenacity while he led the Continental Army to victory in the Revolutionary War, ratified the Constitution, and helped found the United States of America on the principle of freedom for all; and

WHEREAS, Abraham Lincoln exemplified diligence as he led the Union in the Civil War, wrote the Emancipation Proclamation to put an end to slavery, and gave the pivotal Gettysburg Address; and

WHEREAS, Franklin D. Roosevelt, the 32nd president of the United States of America, brought stability back to a nation in economic turmoil, and rallied the nation to come to the aid of democracy and freedom during World War Two; and

WHEREAS, The office of the president of the United States is and will continue to be a symbol of hope, justice, and unity; and

WHEREAS, Presidents' Day honors all the leaders who have devoted their lives to serving our great nation by upholding and defending the Constitution and our common values;

NOW, THEREFORE, BE IT RESOLVED, That on this 21st day of February 2022, the House of Representatives memorialize the contributions all our great presidents have made to the notion of equality, opportunity, and democracy.

Representatives Senn and Jacobsen spoke in favor of adoption of the resolution.

There being no objection, HOUSE RESOLUTION NO. 4648 was adopted.

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

## INTRODUCTION &amp; FIRST READING

HB 2122 by Representative Kloba

AN ACT Relating to protecting consumers from untested and unregulated cannabinoid products by expanding agency regulatory authority over cannabinoids that may be impairing, modifying definitions in the uniform controlled substances act, prohibiting the sale of certain cannabinoid products except by licensed cannabis businesses, regulating the use of additives in cannabis products, requiring product testing and disclosures, prohibiting the manufacture and sale of artificial cannabinoids, requiring agency rules before the manufacture and sale of synthetically derived cannabinoids, prohibiting artificial cannabinoids and synthetically derived cannabinoids in products labeled as compliant with department of health product standards and available for an existing sales and use tax exemption, and establishing a temporary license fee surcharge on certain licensees of the liquor and cannabis board to fund enforcement related to sales of cannabinoid products that may be impairing or are marketed as impairing; amending RCW 69.50.325, 69.50.326, 69.50.342, 69.50.363, 69.50.455, 69.50.375, 82.08.9998, 82.12.9998, 66.24.360, 70.345.050, 82.24.510, 82.24.530, and 82.26.170; reenacting and amending RCW 69.50.101; adding new sections to chapter 69.50 RCW; creating a new section; providing an effective date; and providing expiration dates.

Referred to Committee on Appropriations.

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

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

#### REPORTS OF STANDING COMMITTEES

February 17, 2022

HB 1792 Prime Sponsor, Representative Ramel: Expanding the production, distribution, and use of hydrogen not produced from a fossil fuel feedstock. Reported by Committee on Finance

MAJORITY recommendation: The substitute bill be substituted therefor and the substitute bill do pass. Signed by Representatives Frame, Chair; Berg, Vice Chair; Walen, Vice Chair; Orcutt, Ranking Minority Member; Chase; Chopp; Harris-Talley; Morgan; Orwall; Ramel; Springer; Stokesbary; Thai; Vick; Wylie and Young.

MINORITY recommendation: Without recommendation. Signed by Representative Dufault, Assistant Ranking Minority Member.

Referred to Committee on Rules for second reading.

February 17, 2022

HB 1846 Prime Sponsor, Representative Berg: Providing a tax preference for rural and nonrural data centers. Reported by Committee on Finance

MAJORITY recommendation: The substitute bill be substituted therefor and the substitute bill do pass. Signed by Representatives Frame, Chair; Berg, Vice Chair; Walen, Vice Chair; Chopp; Harris-Talley; Morgan; Orwall; Ramel; Springer; Thai and Wylie.

MINORITY recommendation: Do not pass. Signed by Representatives Orcutt, Ranking Minority Member; Dufault, Assistant Ranking Minority Member; Chase; Stokesbary; Vick and Young.

Referred to Committee on Rules for second reading.

February 17, 2022

HB 1864 Prime Sponsor, Representative Boehnke: Concerning economic development through advanced technology leadership and security. Reported by Committee on Finance

MAJORITY recommendation: The substitute bill be substituted therefor and the substitute bill do pass.

Signed by Representatives Frame, Chair; Berg, Vice Chair; Walen, Vice Chair; Orcutt, Ranking Minority Member; Dufault, Assistant Ranking Minority Member; Chase; Chopp; Harris-Talley; Orwall; Springer; Stokesbary; Thai; Vick; Wylie and Young.

MINORITY recommendation: Without recommendation. Signed by Representative Ramel.

MINORITY recommendation: Do not pass. Signed by Representative Morgan.

Referred to Committee on Rules for second reading.

February 17, 2022

HB 1914 Prime Sponsor, Representative Riccelli: Updating and expanding the motion picture competitiveness program. Reported by Committee on Finance

MAJORITY recommendation: The substitute bill by Committee on Community & Economic Development be substituted therefor and the substitute bill do pass. Signed by Representatives Frame, Chair; Berg, Vice Chair; Walen, Vice Chair; Orcutt, Ranking Minority Member; Dufault, Assistant Ranking Minority Member; Chase; Chopp; Harris-Talley; Morgan; Orwall; Ramel; Springer; Stokesbary; Thai; Vick and Wylie.

MINORITY recommendation: Without recommendation. Signed by Representative Young.

Referred to Committee on Rules for second reading.

February 17, 2022

HB 1988 Prime Sponsor, Representative Shewmake: Concerning tax deferrals for investment projects in clean technology manufacturing, clean alternative fuels production, and renewable energy storage. Reported by Committee on Finance

MAJORITY recommendation: The substitute bill be substituted therefor and the substitute bill do pass. Signed by Representatives Frame, Chair; Berg, Vice Chair; Walen, Vice Chair; Chopp; Harris-Talley; Morgan; Orwall; Ramel; Springer; Stokesbary; Thai and Wylie.

MINORITY recommendation: Do not pass. Signed by Representatives Orcutt, Ranking Minority Member; Dufault, Assistant Ranking Minority Member; Chase; Vick and Young.

Referred to Committee on Appropriations.

February 17, 2022

HB 1990 Prime Sponsor, Representative Duerr: Concerning a sales and use tax deferral for

projects to improve the state route number 167 and Interstate 405 corridor. Reported by Committee on Finance

Reported by Committee on State Government & Tribal Relations

MAJORITY recommendation: Do pass. Signed by Representatives Frame, Chair; Berg, Vice Chair; Walen, Vice Chair; Orcutt, Ranking Minority Member; Chase; Chopp; Harris-Talley; Morgan; Orwall; Ramel; Springer; Stokesbary; Thai; Vick; Wylie and Young.

MINORITY recommendation: Without recommendation. Signed by Representative Dufault, Assistant Ranking Minority Member.

Referred to Committee on Transportation.

February 17, 2022

HB 2018 Prime Sponsor, Representative Paul: Creating a three-day shop local and save sales and use tax holiday to benefit all Washington families for certain items \$1,000 or less during the month of September. Reported by Committee on Finance

MAJORITY recommendation: Do pass. Signed by Representatives Frame, Chair; Berg, Vice Chair; Orcutt, Ranking Minority Member; Chase; Chopp; Morgan; Orwall; Ramel; Springer; Thai; Vick and Wylie.

MINORITY recommendation: Without recommendation. Signed by Representatives Walen, Vice Chair; Dufault, Assistant Ranking Minority Member; Harris-Talley; Stokesbary and Young.

Referred to Committee on Appropriations.

February 17, 2022

HB 2024 Prime Sponsor, Representative Fey: Concerning a sales and use tax deferral for projects to improve the state route number 520 corridor. Reported by Committee on Finance

MAJORITY recommendation: Do pass. Signed by Representatives Frame, Chair; Berg, Vice Chair; Walen, Vice Chair; Orcutt, Ranking Minority Member; Chase; Chopp; Harris-Talley; Morgan; Orwall; Ramel; Springer; Stokesbary; Thai; Vick; Wylie and Young.

MINORITY recommendation: Without recommendation. Signed by Representative Dufault, Assistant Ranking Minority Member.

Referred to Committee on Rules for second reading.

February 17, 2022

SB 5002 Prime Sponsor, Senator Hunt: Addressing the state auditor's duties and procedures.

MAJORITY recommendation: Do pass as amended.

Strike everything after the enacting clause and insert the following:

"Sec. 1. RCW 43.09.185 and 1995 c 301 s 8 are each amended to read as follows:

State agencies and local governments shall immediately report to the state auditor's office known or suspected loss of public funds or assets or other illegal activity. The state auditor must adopt policies as necessary to implement this section.

Sec. 2. RCW 43.09.230 and 2021 c 122 s 6 are each amended to read as follows:

(1) As used in this section:

(a) "Special purpose district" means every municipal and quasi-municipal corporation other than counties, cities, and towns. Such special purpose districts include, but are not limited to, water-sewer districts, fire protection districts, port districts, public utility districts, special districts as defined in RCW 85.38.010, lake and beach management districts, conservation districts, and irrigation districts.

(b) "Unauditable" means a special purpose district that the state auditor has determined to be incapable of being audited because the special purpose district has improperly maintained, failed to maintain, or failed to submit adequate accounts, records, files, or reports for an audit to be completed.

(2) The state auditor shall require from every local government financial reports covering the full period of each fiscal year, in accordance with the forms and methods prescribed by the state auditor, which shall be uniform for all accounts of the same class.

Such reports shall be prepared, certified, and filed with the state auditor within one hundred fifty days after the close of each fiscal year. The state auditor may allow local governments a thirty-day extension for filing annual fiscal reports if the governor has declared an emergency pursuant to RCW 43.06.210.

The reports shall contain accurate statements, in summarized form, of all collections made, or receipts received, by the officers from all sources; all

accounts due the public treasury, but not collected; and all expenditures for every purpose, and by what authority authorized; and also: (a) A statement of all costs of ownership and operation, and of all income, of each and every public service industry owned and operated by a local government; (b) a statement of the entire public debt of every local government, to which power has been delegated by the state to create a public debt, showing the purpose for which each item of the debt was created, and the provisions made for the payment thereof; and (c) a classified statement of all receipts and expenditures by any public institution ~~((, and (d) a statement of all expenditures for labor relations consultants, with the identification of each consultant, compensation, and the terms and conditions of each agreement or arrangement,))~~ together with such other information as may be required by the state auditor.

The reports shall be certified as to their correctness by the state auditor, the state auditor's deputies, or other person legally authorized to make such certification.

Their substance shall be published in an annual volume of comparative statistics at the expense of the state as a public document.

(3) (a) (i) On or before December 31, 2020, and on or before December 31st of each year thereafter, the state auditor must search available records and notify the legislative authority of a county if any special purpose districts, located wholly or partially within the county, have been determined to be unauditible. If the boundaries of the special purpose district are located within more than one county, the state auditor must notify all legislative authorities of the counties within which the boundaries of the special purpose district lie.

(ii) If a county has been notified as provided in (a) (i) of this subsection (3), the special purpose district and the county auditor, acting on behalf of the special purpose district, are prohibited from issuing any warrants against the funds of the special purpose district until the district has had its report certified by the state auditor.

(iii) Notwithstanding (a) (ii) of this subsection (3), a county may authorize the special purpose district and the county auditor to issue warrants against

the funds of the special purpose district:

(A) In order to prevent the discontinuation or interruption of any district services;

(B) For emergency or public health purposes; or

(C) To allow the district to carry out any district duties or responsibilities.

(b) (i) On or before December 31, 2020, and on or before December 31st of each year thereafter, the state auditor must search available records and notify the state treasurer if any special purpose districts have been determined to be unauditible.

(ii) If the state treasurer has been notified as provided in (b) (i) of this subsection (3), the state treasurer may not distribute any local sales and use taxes imposed by a special purpose district to the district until the district has had its report certified by the state auditor.

**Sec. 3.** RCW 43.09.420 and 1993 c 216 s 1 are each amended to read as follows:

As part of the routine audits of state agencies, the state auditor shall audit all revolving funds, local funds, and other state funds and state accounts that are not managed by or in the care of the state treasurer and that are under the control of state agencies, including but not limited to state departments, boards, and commissions. In conducting the audits of these funds and accounts, the auditor shall examine revenues and expenditures or assets and liabilities, accounting methods and procedures, and recordkeeping practices. ~~((In addition to including the results of these examinations as part of the routine audits of the agencies, the auditor shall report to the legislature on the status of all such funds and accounts that have been examined during the preceding biennium and any recommendations for their improved financial management. Such a report shall be filed with the legislature within five months of the end of each biennium regarding the funds and accounts audited during the biennium. The first such report shall be filed by December 1, 1993, regarding any such funds and accounts audited during the 1991-93 biennium.))~~

**Sec. 4.** RCW 43.09.430 and 2005 c 385 s 2 are each amended to read as follows:

For purposes of (~~RCW 43.09.435 through 43.09.460:~~

~~(1) "Board" means the citizen advisory board created in RCW 43.09.435.~~

~~(2) "Draft work plan" means the work plan for conducting performance audits of state agencies proposed by the board and state auditor after the statewide performance review.~~

~~(3) "Final performance audit report" means a written document jointly released by the citizen advisory board and the state auditor that includes the findings and comments from the preliminary performance audit report.~~

~~(4) "Final work plan" means the work plan for conducting performance audits of state agencies adopted by the board and state auditor.~~

~~(5) "Performance audit" means an objective and systematic assessment of a state agency or any of its programs, functions, or activities by an independent evaluator in order to help public officials improve efficiency, effectiveness, and accountability. Performance audits include economy and efficiency audits and program audits.~~

~~(6) "Preliminary) this chapter, "preliminary performance audit report" means a written document prepared after the completion of a performance audit to be submitted for comment before the final performance audit report. The preliminary performance audit report must contain the audit findings and any proposed recommendations to improve the efficiency, effectiveness, or accountability of the state agency being audited.~~

~~((7) "State agency" or "agency" means a state agency, department, office, officer, board, commission, bureau, division, institution, or institution of higher education. "State agency" includes all offices of executive branch state government elected officials.))~~

**Sec. 5.** RCW 43.09.440 and 2012 c 229 s 817 are each amended to read as follows:

~~((1) The board and the state auditor shall collaborate with the joint legislative audit and review committee regarding performance audits of state government.~~

~~(a) The board shall establish criteria for performance audits consistent with~~

~~the criteria and standards followed by the joint legislative audit and review committee. This criteria shall include, at a minimum, the auditing standards of the United States government accountability office, as well as legislative mandates and performance objectives established by state agencies and the legislature. Mandates include, but are not limited to, agency strategies, timelines, program objectives, and mission and goals as required in RCW 43.88.090.~~

~~(b) Using the criteria developed in (a) of this subsection, the state auditor shall contract for a statewide performance review to be completed as expeditiously as possible as a preliminary to a draft work plan for conducting performance audits. The board and the state auditor shall develop a schedule and common methodology for conducting these reviews. The purpose of these performance reviews is to identify those agencies, programs, functions, or activities most likely to benefit from performance audits and to identify likely areas warranting early review, taking into account prior performance audits, if any, and prior fiscal audits.~~

~~(c) The board and the state auditor shall develop the draft work plan for performance audits based on input from citizens, state employees, including frontline employees, state managers, chairs and ranking members of appropriate legislative committees, the joint legislative audit and review committee, public officials, and others. The draft work plan may include a list of agencies, programs, or systems to be audited on a timeline decided by the board and the state auditor based on a number of factors including risk, importance, and citizen concerns. When putting together the draft work plan, there should be consideration of all audits and reports already required. On average, audits shall be designed to be completed as expeditiously as possible.~~

~~(d) Before adopting the final work plan, the board shall consult with the legislative auditor and other appropriate oversight and audit entities to coordinate work plans and avoid duplication of effort in their planned performance audits of state government agencies. The board shall defer to the joint legislative audit and review committee work plan if a similar audit is included on both work plans for auditing.~~

~~(e) The state auditor shall contract out for performance audits. In conducting the audits, agency frontline employees and internal auditors should be involved.~~

~~(f) All audits must include consideration of reports prepared by other government oversight entities.~~

~~(g) The audits may include:~~

~~(i) Identification of programs and services that can be eliminated, reduced, consolidated, or enhanced;~~

~~(ii) Identification of funding sources to the state agency, to programs, and to services that can be eliminated, reduced, consolidated, or enhanced;~~

~~(iii) Analysis of gaps and overlaps in programs and services and recommendations for improving, dropping, blending, or separating functions to correct gaps or overlaps;~~

~~(iv) Analysis and recommendations for pooling information technology systems used within the state agency, and evaluation of information processing and telecommunications policy, organization, and management;~~

~~(v) Analysis of the roles and functions of the state agency, its programs, and its services and their compliance with statutory authority and recommendations for eliminating or changing those roles and functions and ensuring compliance with statutory authority;~~

~~(vi) Recommendations for eliminating or changing statutes, rules, and policy directives as may be necessary to ensure that the agency carry out reasonably and properly those functions vested in the agency by statute;~~

~~(vii) Verification of the reliability and validity of agency performance data, self-assessments, and performance measurement systems as required under RCW 43.88.090;~~

~~(viii) Identification of potential cost savings in the state agency, its programs, and its services;~~

~~(ix) Identification and recognition of best practices;~~

~~(x) Evaluation of planning, budgeting, and program evaluation policies and practices;~~

~~(xi) Evaluation of personnel systems operation and management;~~

~~(xii) Evaluation of state purchasing operations and management policies and practices; and~~

~~(xiii) Evaluation of organizational structure and staffing levels, particularly in terms of the ratio of managers and supervisors to nonmanagement personnel.~~

~~(h)) The state auditor must solicit comments on preliminary performance audit reports from the audited state agency, the office of the governor, and the office of financial management ((the board, the chairs and ranking members of appropriate legislative committees, and the joint legislative audit and review committee for comment)). Comments must be received within thirty days after receipt of the preliminary performance audit report unless a different time period is approved by the state auditor. All comments shall be incorporated into the final performance audit report. The final performance audit report shall include the objectives, scope, and methodology; the audit results, including findings and recommendations; conclusions; and identification of best practices.~~

~~((i) The board and the state auditor shall jointly release final performance audit reports to the governor, the citizens of Washington, the joint legislative audit and review committee, and the appropriate standing legislative committees. Final performance audit reports shall be posted on the internet.~~

~~(j) For institutions of higher education, performance audits shall not duplicate, and where applicable, shall make maximum use of existing audit records, accreditation reviews, and performance measures required by the office of financial management and nationally or regionally recognized accreditation organizations including accreditation of hospitals licensed under chapter 70.41 RCW and ambulatory care facilities.~~

~~(2) The citizen board created under RCW 44.75.030 shall be responsible for performance audits for transportation related agencies as defined under RCW 44.75.020.)~~

**Sec. 6.** RCW 43.09.455 and 2005 c 385 s 9 are each amended to read as follows:

The audited agency is responsible for follow-up and corrective action on all performance audit findings and recommendations. The audited agency's

plan for addressing each audit finding and recommendation shall be included in the final audit report. The plan shall provide the name of the contact person responsible for each action, the action planned, and the anticipated completion date. If the audited agency does not agree with the audit findings and recommendations or believes action is not required, then the action plan shall include an explanation and specific reasons.

For agencies under the authority of the governor, the governor may require periodic progress reports from the audited agency until all resolution has occurred.

For agencies under the authority of an elected official other than the governor, the appropriate elected official may require periodic reports of the action taken by the audited agency until all resolution has occurred.

~~((The board may request status reports on specific audits or findings.))~~

**Sec. 7.** 2012 c 164 s 709 (uncodified) is amended to read as follows:

The state auditor shall conduct ~~((performance))~~ audits of the long-term in-home care program after consultation with affected disability and aging stakeholder groups. The first audit must be completed within twelve months after January 7, 2012, and must be completed on a biennial basis thereafter. As part of this auditing process, the state shall hire five additional fraud investigators to ensure that clients receiving services at taxpayers' expense are medically and financially qualified to receive the services and are actually receiving the services. An audit conducted by the state auditor under the authority of RCW 43.09.020 and 43.09.050(2) may satisfy this requirement, provided that a performance audit of the program was completed in the preceding biennium.

**NEW SECTION. Sec. 8.** The following acts or parts of acts are each repealed:

- (1) 2005 c 385 s 1 (uncodified);
- (2) RCW 43.09.265 (Local government accounting—Review of tax levies of local governments) and 1995 c 301 s 16 & 1979 ex.s. c 218 s 7;
- (3) RCW 43.09.435 (Performance audits—Citizen advisory board) and 2005 c 385 s 3;

(4) RCW 43.09.445 (Performance audits—Local jurisdictions) and 2005 c 385 s 6;

(5) RCW 43.09.450 (Performance audits—Audit of performance audit program) and 2005 c 385 s 8;

(6) RCW 43.09.460 (Performance audits—Appropriation—Budget request) and 2005 c 385 s 11; and

(7) RCW 43.88.162 (State auditor's powers and duties—Performance audits) and 2005 c 385 s 7."

Correct the title.

Signed by Representatives Valdez, Chair; Lekanoff, Vice Chair; Volz, Ranking Minority Member; Walsh, Assistant Ranking Minority Member; Dolan and Gregerson.

**MINORITY** recommendation: Without recommendation. Signed by Representative Graham.

Referred to Committee on Rules for second reading.

February 17, 2022

**ESSB 5082** Prime Sponsor, Committee on Ways & Means: Reestablishing the productivity board. Reported by Committee on State Government & Tribal Relations

**MAJORITY** recommendation: Do pass as amended.

Strike everything after the enacting clause and insert the following:

**"Sec. 1.** RCW 41.60.015 and 2011 1st sp.s. c 43 s 443 and 2011 1st sp.s. c 21 s 30 are each reenacted and amended to read as follows:

(1) ~~((There))~~ Subject to the availability of amounts appropriated for this specific purpose, there is hereby created the productivity board, which may also be known as the employee involvement and recognition board. The board shall administer the employee suggestion program and the teamwork incentive program under this chapter.

(2) The board shall be composed of:

(a) The secretary of state who shall act as chairperson;

(b) The director of financial management or the director's designee;

(c) The director of enterprise services or the director's designee;

(d) Three persons with experience in administering incentives such as those used by industry, with the lieutenant governor, secretary of state, and speaker of the house of representatives each appointing one person by July 31, 2022. The secretary of state's appointee shall be a representative of an employee organization certified as an exclusive representative of at least one bargaining unit of classified employees; and

(e) Two persons representing state agencies and institutions with employees subject to chapter 41.06 RCW, and one person representing ~~(those)~~ institutions of higher education with employees subject to chapter ~~(29B-16)~~ 41.06 RCW, ~~(both)~~ all appointed by the secretary of state by July 31, 2022.

Members under subsection (2)(d) and (e) of this section shall be appointed to serve three-year terms.

Members of the board appointed pursuant to subsection (2)(d) of this section may be compensated in accordance with RCW 43.03.240. Any board member who is not a state employee may be reimbursed for travel expenses under RCW 43.03.050 and 43.03.060.

**Sec. 2.** RCW 41.60.020 and 1999 c 50 s 3 are each amended to read as follows:

(1) The board shall formulate, establish, and maintain a statewide employee suggestion program and adopt rules to allow for agency unique suggestion programs. Employee suggestion programs are developed to encourage and reward meritorious suggestions by state employees that will promote efficiency and economy in the performance of any function of state government: PROVIDED, That the program shall include provisions for the processing of suggestions having multiagency impact and post-implementation auditing of suggestions for fiscal accountability.

(2) The board shall adopt rules necessary or appropriate for the proper administration and for the accomplishment of the purposes of this chapter. These rules shall include the adoption of a payment award schedule that establishes the criteria for determining the amounts of any financial or other awards under this chapter.

(3) The board shall prepare a topical list of all the productivity awards granted and disseminate this information to the legislature and all state

government agencies that may be able to adapt them to their procedures.

**Sec. 3.** RCW 41.60.041 and 1999 c 50 s 5 are each amended to read as follows:

(1) Cash awards for suggestions generating net savings, revenue, or both to the state shall be determined by the board, or the board's designee, based on the payment award scale. No award may be granted in excess of ten thousand dollars or 10 percent of the actual net savings and/or revenue generated, whichever amount is less. Savings, revenue, or both, shall be calculated for the first year of implementation.

(2) The board shall establish guidelines for making cash awards for suggestions for which benefits to the state are intangible or for which benefits cannot be calculated.

(3) Funds for the awards shall be drawn from the appropriation of the agency benefiting from the employee's suggestion. If the suggestion reduces costs to a nonappropriated fund or reduces costs paid without appropriation from a nonappropriated portion of an appropriated fund, an award may be paid from the benefiting fund or account without appropriation.

(4) Awards may be paid to state employees for suggestions which generate new or additional money for the general fund or any other funds of the state. The director of financial management shall distribute moneys appropriated for this purpose with the concurrence of the productivity board. Transfers shall be made from other funds of the state to the general fund, in amounts equal to award payments made by the general fund, for suggestions generating new or additional money for those other funds.

**Sec. 4.** RCW 41.60.050 and 2021 c 334 s 967 are each amended to read as follows:

The legislature shall appropriate from the personnel service fund for the payment of administrative costs of the productivity board. ~~((However, during the 2015-2017, 2017-2019, 2019-2021, and 2021-2023 fiscal biennia, the operations of the productivity board shall be suspended.))~~

**Sec. 5.** RCW 41.60.120 and 1999 c 50 s 9 are each amended to read as follows:

The agency head may recommend an award amount to the board. Cash awards for



suggestion teams shall be up to 25 percent of the actual net savings and/or revenue generated to be shared by the team in a manner approved by the agency head, not to exceed \$10,000 per team member. The board shall make the final determination as to whether an award will be made in accordance with applicable rules governing the teamwork incentive program. Awards will be based on the payment award scale. Funds for the teamwork incentive award shall be drawn from the agencies in which the unit is located or from the benefiting fund or account without appropriation when additional revenue is generated to the fund or account.

Awards may be paid to teams for process changes which generate new or additional money for the general fund or any other funds of the state. The director of the office of financial management shall distribute moneys appropriated for this purpose with the concurrence of the productivity board. Transfers shall be made from other funds of the state to the general fund in amounts equal to award payments made by the general fund, for innovations generating new or additional money for those other funds.

**Sec. 6.** RCW 41.60.150 and 2011 1st sp.s. c 39 s 9 are each amended to read as follows:

Other than suggestion awards and incentive pay unit awards, agencies shall have the authority to recognize employees, either individually or as a class, for accomplishments including outstanding achievements, safety performance, longevity, outstanding public service, or service as employee suggestion evaluators and implementors. Recognition awards may not exceed two hundred dollars in value per award. Such awards may include, but not be limited to, cash or such items as pen and desk sets, plaques, pins, framed certificates, clocks, and calculators. Award costs shall be paid by the agency giving the award. ~~((From February 15, 2010, through June 30, 2013, recognition awards may not be given in the form of cash or cash equivalents such as gift certificates or gift cards.))"~~

Correct the title.

Signed by Representatives Valdez, Chair; Lekanoff, Vice Chair; Volz, Ranking Minority Member; Walsh, Assistant Ranking Minority Member; Dolan; Graham and Gregerson.

Referred to Committee on Rules for second reading.

February 17, 2022

ESSB 5490 Prime Sponsor, Committee on Law & Justice: Creating the interbranch advisory committee. Reported by Committee on State Government & Tribal Relations

MAJORITY recommendation: Do pass. Signed by Representatives Valdez, Chair; Lekanoff, Vice Chair; Volz, Ranking Minority Member; Dolan and Gregerson.

MINORITY recommendation: Without recommendation. Signed by Representatives Walsh, Assistant Ranking Minority Member and Graham.

Referred to Committee on Rules for second reading.

February 18, 2022

SB 5504 Prime Sponsor, Senator Warnick: Extending current discover pass free days from state parks to all state recreation sites and lands. Reported by Committee on Community & Economic Development

MAJORITY recommendation: Do pass. Signed by Representatives Ryu, Chair; Paul, Vice Chair; Boehnke, Ranking Minority Member; Chase, Assistant Ranking Minority Member; Donaghy; Frame; Jacobsen; Johnson, J.; Kraft; Rule; Sutherland and Taylor.

Referred to Committee on Rules for second reading.

February 17, 2022

SB 5506 Prime Sponsor, Senator Kuderer: Concerning the appointment process for the chairperson and vice chairperson of the joint administrative rules review committee. Reported by Committee on State Government & Tribal Relations

MAJORITY recommendation: Do pass. Signed by Representatives Valdez, Chair; Lekanoff, Vice Chair; Volz, Ranking Minority Member; Walsh, Assistant Ranking Minority Member; Dolan; Graham and Gregerson.

Referred to Committee on Rules for second reading.

February 17, 2022

SSB 5553 Prime Sponsor, Committee on Early Learning & K-12 Education: Providing data regarding early STEM metrics in the STEM education report card. Reported by Committee on Children, Youth & Families

MAJORITY recommendation: Do pass. Signed by Representatives Senn, Chair; Harris-Talley, Vice Chair; Rule, Vice Chair; Callan; Goodman; Ortiz-Self and Wicks.

February 18, 2022

MINORITY recommendation: Do not pass. Signed by Representatives Chase, Assistant Ranking Minority Member; McCaslin, Assistant Ranking Minority Member; Klippert and Young.

MINORITY recommendation: Without recommendation. Signed by Representatives Dent, Ranking Minority Member and Eslick.

Referred to Committee on Rules for second reading.

February 18, 2022

SB 5565 Prime Sponsor, Senator Sheldon: Allowing fire districts and regional fire authorities to carry out certain treasurer functions. Reported by Committee on Local Government

MAJORITY recommendation: Do pass. Signed by Representatives Pollet, Chair; Duerr, Vice Chair; Goehner, Ranking Minority Member; Griffey, Assistant Ranking Minority Member; Berg and Robertson.

Referred to Committee on Rules for second reading.

February 18, 2022

SB 5582 Prime Sponsor, Senator Hunt: Concerning the deadline for a port commission to send new district boundaries to the county auditor when expanding from three commissioners to five. Reported by Committee on Local Government

MAJORITY recommendation: Do pass. Signed by Representatives Pollet, Chair; Duerr, Vice Chair; Goehner, Ranking Minority Member; Griffey, Assistant Ranking Minority Member; Berg and Robertson.

Referred to Committee on Rules for second reading.

February 17, 2022

SB 5602 Prime Sponsor, Senator Mullet: Concerning service providers working with state-regulated financial institutions. Reported by Committee on Consumer Protection & Business

MAJORITY recommendation: Do pass. Signed by Representatives Kirby, Chair; Walen, Vice Chair; Vick, Ranking Minority Member; Dufault, Assistant Ranking Minority Member; Corry; Ryu and Santos.

Referred to Committee on Rules for second reading.

SB 5617

Prime Sponsor, Senator Cleveland: Concerning population criteria for designation of local downtown and neighborhood commercial district revitalization and official local main street programs. Reported by Committee on Community & Economic Development

MAJORITY recommendation: Do pass. Signed by Representatives Ryu, Chair; Paul, Vice Chair; Boehnke, Ranking Minority Member; Chase, Assistant Ranking Minority Member; Donaghy; Frame; Jacobsen; Johnson, J.; Rule; Sutherland and Taylor.

MINORITY recommendation: Without recommendation. Signed by Representative Kraft.

Referred to Committee on Rules for second reading.

February 17, 2022

SSB 5756

Prime Sponsor, Committee on State Government & Elections: Establishing the semiquincentennial committee. Reported by Committee on State Government & Tribal Relations

MAJORITY recommendation: Do pass. Signed by Representatives Valdez, Chair; Lekanoff, Vice Chair; Volz, Ranking Minority Member; Dolan and Gregerson.

MINORITY recommendation: Do not pass. Signed by Representatives Walsh, Assistant Ranking Minority Member and Graham.

Referred to Committee on Rules for second reading.

February 18, 2022

SB 5763

Prime Sponsor, Senator Randall: Eliminating subprevailing wage certificates for individuals with disabilities. Reported by Committee on Labor & Workplace Standards

MAJORITY recommendation: Do pass. Signed by Representatives Sells, Chair; Berry, Vice Chair; Hoff, Ranking Minority Member; Mosbrucker, Assistant Ranking Minority Member; Bronoske; Harris and Ortiz-Self.

Referred to Committee on Rules for second reading.

February 18, 2022

SSB 5862

Prime Sponsor, Committee on Housing & Local Government: Concerning technical changes to the commercial property assessed clean energy and resiliency

program. Reported by Committee on Local Government

MAJORITY recommendation: Do pass. Signed by Representatives Pollet, Chair; Duerr, Vice Chair; Goehner, Ranking Minority Member; Griffey, Assistant Ranking Minority Member; Berg and Robertson.

Referred to Committee on Rules for second reading.

February 18, 2022

ESSB 5873 Prime Sponsor, Committee on Ways & Means: Concerning unemployment insurance. (REVISED FOR ENGROSSED: Concerning the social cost factor in unemployment insurance premiums.) Reported by Committee on Labor & Workplace Standards

MAJORITY recommendation: Do pass. Signed by Representatives Sells, Chair; Berry, Vice Chair; Hoff, Ranking Minority Member; Mosbrucker, Assistant Ranking Minority Member; Bronoske; Harris and Ortiz-Self.

Referred to Committee on Rules for second reading.

February 17, 2022

SSB 5880 Prime Sponsor, Committee on Business, Financial Services & Trade: Concerning fire protection sprinkler system contractors. Reported by Committee on Consumer Protection & Business

MAJORITY recommendation: Do pass. Signed by Representatives Kirby, Chair; Walen, Vice Chair; Ryu and Santos.

MINORITY recommendation: Do not pass. Signed by Representatives Vick, Ranking Minority Member; Dufault, Assistant Ranking Minority Member and Corry.

Referred to Committee on Appropriations.

February 17, 2022

SJM 8004 Prime Sponsor, Senator Hasegawa: Addressing "de-risking" by financial institutions. Reported by Committee on Consumer Protection & Business

MAJORITY recommendation: Do pass as amended.

Beginning on page 1, after line 4, strike all material through page 3, line 24 and insert the following:

"We, your Memorialists, the Senate and House of Representatives of the State of Washington, in legislative session

assembled, respectfully represent and petition as follows:

WHEREAS, The State of Washington welcomes refugees and immigrants who bravely leave behind everything familiar to seek safety, build a better life, and provide resources for loved ones in their country of origin; and

WHEREAS, Approximately one in every seven Washington residents is an immigrant and another one in every seven Washington residents is a native-born United States citizen with at least one immigrant parent; and

WHEREAS, Many immigrants to Washington transfer money to loved ones in their country of origin in the form of remittances, and money remitted by migrants competes with international aid as one of the largest financial inflows to developing countries; and

WHEREAS, Many immigrants have continued to try to send money to their families despite uncertain and changing employment circumstances throughout the COVID-19 pandemic; and

WHEREAS, The federal government needs to limit remittances that present significant security risks, and the federal Bank Secrecy Act and related Anti-Money Laundering rules (BSA/AML) impose due diligence, recordkeeping, reporting, and compliance program requirements on financial institutions with respect to remittances to foreign countries; and

WHEREAS, Some of the countries to which immigrants to Washington want to remit money have little or no central banking infrastructure that makes compliance with BSA/AML rules difficult or impossible, and prevents immigrants from being able to remit money in a safe, reliable manner; and

WHEREAS, Financial institutions such as banks play a pivotal role in facilitating commerce and enabling individuals to build financial prosperity; and

WHEREAS, Many of the local or community-based money transmitters that service underserved diverse communities in Washington have experienced difficulty in obtaining or maintaining accounts from traditional financial institutions and have seen their accounts closed without explanation or

justification, leaving underserved communities without banking options; and

WHEREAS, Many financial institutions appear to be engaging in de-risking, whereby they terminate or restrict business relationships with clients or categories of clients in order to avoid, rather than manage, risk; and

WHEREAS, De-risking has detrimentally impacted the ability of smaller, Washington-based money transmitters to serve underserved diverse communities, to the benefit of larger money transmitters that operate on a nationwide basis; and

WHEREAS, De-risking also presents a threat to public safety, as unbanked businesses often must store and transport large sums of cash at great risk to owners and their employees; and

WHEREAS, The state of Washington has an interest in promoting financial inclusion and in ensuring that every individual or business operating in compliance with the law can access regulated financial systems; and

WHEREAS, The federal National Defense Authorization Act (NDAA) for fiscal year 2021 expresses Congress's sense that "anti-money laundering, countering the financing of terrorism, and sanctions policies must ensure that the policies do not unduly hinder or delay legitimate access to the international financial systems for underserved individuals, entities, and geographic areas;" and

WHEREAS, The NDAA directs the United States Government Accountability Office (GAO) to analyze financial services de-risking and report to Congress, and it directs the Treasury Department and others to review reporting requirements now in effect and propose changes to reduce unnecessarily burdensome regulation and to develop a strategy to reduce de-risking and related adverse consequences; and

WHEREAS, The Washington state department of financial institutions has worked with representatives of local and community-based money transmitters, banks, and credit unions in Washington to develop enhanced regulatory guidance and a model account agreement to clarify expectations for financial institutions that might offer account services to affected money transmitters; and

WHEREAS, The Washington state department of financial institutions has forwarded that guidance to federal bank and credit union regulators for their review and comment; and

WHEREAS, Collaboration between federal bank and credit union regulators, the Washington state department of financial institutions, and industry stakeholders could lead to significant progress towards rolling back blanket de-risking by depository institutions with respect to local and community-based money transmitters;

NOW, THEREFORE, Your Memorialists respectfully pray that:

(1) Congress pass and the President sign legislation implementing strategies and recommendations that result from directives to the GAO and the Treasury Department under the NDAA;

(2) Such legislation also include:

(a) Provisions giving federal banking regulators clarity on how to improve examiners' ability to evaluate banks' BSA/AML compliance as applied to money transmitter accounts;

(b) A requirement that financial institutions disclose a specific reason when denying or closing an account; and

(c) Provisions to help financial institutions mitigate the cost of due diligence required to comply with BSA/AML provisions impacting money transmitters; and

(3) The President direct federal bank and credit union regulators to work with the Washington state department of financial institutions and industry stakeholders to support efforts to develop new and creative solutions to improve banking access for local or community-based money transmitters.

BE IT RESOLVED, That copies of this Memorial be immediately transmitted to the Honorable Joseph R. Biden, Jr., President of the United States, the President of the United States Senate, the Speaker of the House of Representatives, and each member of Congress from the State of Washington."

Signed by Representatives Kirby, Chair; Walen, Vice Chair; Vick, Ranking Minority Member; Dufault, Assistant Ranking Minority Member; Corry; Ryu and Santos.

Referred to Committee on Rules for second reading.

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

There being no objection, the House adjourned until 9:55 a.m., February 22, 2022, the 44th Legislative Day of the Regular Session.

LAURIE JINKINS, Speaker

BERNARD DEAN, Chief Clerk

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