

## SIXTY FOURTH LEGISLATURE - REGULAR SESSION

## FIFTIETH DAY

House Chamber, Olympia, Monday, February 29, 2016

The House was called to order at 9:55 a.m. by the Speaker (Representative Fitzgibbon presiding).

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

## MESSAGES FROM THE SENATE

February 26, 2016

MR. SPEAKER:

The Senate has passed:

ENGROSSED SUBSTITUTE SENATE BILL NO. 6246,  
and the same is herewith transmitted.

Pablo G. Campos, Deputy Secretary

February 26, 2016

MR. SPEAKER:

The Senate has passed:

ENGROSSED SECOND SUBSTITUTE SENATE BILL NO.  
5105,  
ENGROSSED SUBSTITUTE SENATE BILL NO. 6201,  
and the same are herewith transmitted.

Pablo G. Campos, Deputy Secretary

## RESOLUTION

**HOUSE RESOLUTION NO. 2016-4677, by  
Representatives Hudgins, Haler, Bergquist, S. Hunt,  
Ryu, Sells, Kilduff, Pettigrew, Griffey, and Stanford**

WHEREAS, National African American Parent Involvement Day was founded in 1995 in Michigan in response to a call-to-action for parents to help youth overcome obstacles they face in society; and

WHEREAS, National African American Parent Involvement Day serves to strengthen partnerships between schools, families, and communities to advance student success and address the educational opportunity gap; and

WHEREAS, The events of the day promote African American involvement in their child's education by providing strategies to create a more conducive learning environment and make best use of the educational process at all levels; and

WHEREAS, National African American Parent Involvement Day activities have the goal of broadening the social and racial narrative concerning Black men by exposing students to the diversity of Black male excellence and affirming the importance of educational equity by celebrating children and families of African descent; and

WHEREAS, South Shore PK-8 School in the Seattle Public Schools has participated in National African American Parent Involvement Day since 2007; and

WHEREAS, Participation in National African American Parent Involvement Day is growing, most recently to the Tukwila School District this year; and

WHEREAS, Although National African American Parent Involvement Day is centered on African American students, in Washington it is inclusive of students and families from our multicultural and diverse population;

NOW, THEREFORE, BE IT RESOLVED, That the House of Representatives congratulate Seattle, Tukwila, and all participating Washington communities in their recognition of February 8, 2016, as National African American Parent Involvement Day; and

BE IT FURTHER RESOLVED, That copies of this resolution be immediately transmitted by the Chief Clerk of the House of Representatives to the Seattle Public Schools, the Tukwila School District, King County, the city of Seattle, and the city of Tukwila.

The Speaker (Representative Sullivan presiding) stated the question before the House to be adoption of House Resolution No. 4677.

HOUSE RESOLUTION NO. 4677 was adopted.

## RESOLUTION

**HOUSE RESOLUTION NO. 2016-4678, by  
Representatives Stambaugh, Johnson, Kilduff, Hudgins,  
McCabe, Wilcox, Appleton, Haler, Muri, Ryu, Griffey,  
Kochmar, and Barkis**

WHEREAS, The annual Daffodil Festival is a cherished tradition for the people of Pierce County and the Northwest; and

WHEREAS, 2016 marks the 83rd annual Daffodil Festival, and the theme of this year's festival is "Fun in the Sun"; and

WHEREAS, The mission of the Daffodil Festival is to focus national and regional attention on our local area as a place to live and visit, to give citizens of Pierce County a civic endeavor where "Fun in the Sun" comes alive, to foster civic pride, to give young people and organizations of the local area an opportunity to display their talents and abilities, to give voice to citizens' enthusiasm through parades, pageantry, and events, and to stimulate the economy through expenditures by and for the Festival and by visitors attracted during Festival Week; and

WHEREAS, The Festival began in 1926 as a modest garden party in Sumner and grew steadily each year until 1934, when flowers, which previously had been largely discarded in favor of daffodil bulbs, were used to decorate cars and bicycles for a short parade through Tacoma; and

WHEREAS, The Festival's 2016 events include the 83rd Annual Grand Floral Street Parade on April 11, 2016--

winding its way from downtown Tacoma through the communities of Puyallup, Sumner, and Orting, and consisting of approximately 150 entries, including bands, marching and mounted units, and floats that are decorated with fresh-cut Daffodils numbering in the thousands--and will culminate with the Marine parade on April 12, 2016; and

WHEREAS, This year's Festival royalty includes Chelsea Lopez, Lincoln High School; Emily Oliver, Spanaway Lake High School; Emmalee Ford, Cascade Christian High School; Esther Wamagata, Clover Park High School; Faviola Colmenares, Washington High School; Jaycee Jenkins, Graham-Kapowsin High School; Jessica Nguyen, Henry Foss High School; Kaitlin Nguyen, Rogers High School; Kallie Sherwood, Emerald Ridge High School; Kelty Pierce, Puyallup High School; Kimberly Agfalvi, Bethel High School; Laura Cronin, Curtis High School; Lillie Williams, Stadium High School; Lindsey McClellan, Mount Tahoma High School; Mackenzie Macoy, Franklin Pierce High School; Maddie Meyer, White River High School; Melissa Kinney, Lakes High School; Sammy Roberts, Eatonville High School; Shannon Dooley, Orting High School; Shayla Chandler, Fife High School; Skylar Miller, Sumner High School; Tabitha Reynolds, Bonney Lake High School; and Tiauna Bill, Chief Leschi High School;

NOW, THEREFORE, BE IT RESOLVED, That the House of Representatives recognize and honor the many contributions made to our state by the Daffodil Festival and its organizers for the past eighty-three years; and

BE IT FURTHER RESOLVED, That copies of this resolution be immediately transmitted by the Chief Clerk of the House of Representatives to the 2016 Daffodil Festival Officers and to the members of the 2016 Daffodil Festival Royalty.

The Speaker (Representative Sullivan presiding) stated the question before the House to be adoption of House Resolution No. 4678.

HOUSE RESOLUTION NO. 4678 was adopted.

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

#### INTRODUCTION & FIRST READING

HB 3001 by Representatives Reykdal, Young and Magendanz

AN ACT Relating to modifying high school graduation requirements by adding additional course-based alternatives for earning a certificate of academic achievement, eliminating the end-of-course biology assessment, and enhancing high school and beyond plans; and creating a new section.

Referred to Committee on Education.

HB 3002 by Representatives Springer and Magendanz

AN ACT Relating to charter schools.

Referred to Committee on Education.

E2SSB 5105 by Senate Committee on Ways & Means (originally sponsored by Senators Padden, Frockt, O'Ban, Fain, Fraser, Pearson, Roach and Darneille)

AN ACT Relating to making a fourth driving under the influence offense a felony; amending RCW 46.61.502, 46.61.504, 46.61.5055, and 46.61.5054; reenacting and amending RCW 9.94A.515; and prescribing penalties.

Referred to Committee on Public Safety.

ESSB 6201 by Senate Committee on Ways & Means (originally sponsored by Senators Honeyford and Keiser)

AN ACT Relating to the capital budget; making appropriations and authorizing expenditures for capital improvements; amending RCW 70.148.020; amending 2015 3rd sp.s. c 3 ss 1036, 1040, 1076, 1077, 1079, 1083, 1088, 1095, 1108, 1114, 2004, 2016, 2023, 2035, 3010, 3020, 3022, 3026, 3028, 3033, 3046, 3047, 3054, 3056, 3059, 3062, 3066, 3074, 3075, 3081, 3084, 3109, 3165, 3166, 3179, 3200, 3211, 3229, 3235, 3232, 4002, 5010, 5011, 5012, 5013, 5028, 5054, 5065, 5085, 5086, 5089, 5098, 5099, 7001, 7002, 7012, 7023, 7037, and 7038 (uncodified); adding a new section to chapter 43.79 RCW; adding new sections to 2015 3rd sp.s. c 3 (uncodified); creating a new section; repealing 2015 3rd sp.s. c 3 ss 1072 and 5074 (uncodified); making appropriations; and declaring an emergency.

ESSB 6246 by Senate Committee on Ways & Means (originally sponsored by Senators Hill and Hargrove)

AN ACT Relating to fiscal matters; amending RCW 18.20.430, 18.43.150, 18.85.061, 18.85.461, 19.02.210, 28B.115.130, 28B.122.050, 36.17.020, 38.52.105, 41.06.280, 41.16.050, 41.26.802, 41.45.035, 41.80.010, 41.80.140, 43.10.220, 43.43.839, 43.43.944, 43.70.320, 43.79.201, 43.79.445, 43.79.460, 43.83B.430, 43.101.200, 43.110.030, 43.350.070, 43.372.070, 50.16.010, 66.08.190, 66.24.065, 69.50.530, 69.50.540, 70.128.160, 72.09.090, 77.12.201, 82.08.170, 90.03.650, 90.56.335, and 90.76.100; amending 2015 3rd sp.s. c 4 ss 101, 102, 103, 104, 105, 106, 107, 108, 110, 111, 112, 113, 114, 115, 116, 117, 118, 119, 120, 121, 122, 123, 124, 126, 127, 128, 129, 130, 131, 132, 133, 134, 135, 136, 137, 138, 139, 140, 141, 142, 143, 144, 145, 146, 147, 148, 149, 150, 151, 201, 202, 203, 204, 205, 206, 207, 208, 209, 210, 211, 212, 213, 214, 215, 216, 217, 218, 219, 220, 221, 222, 301, 302, 303, 304, 305, 306, 307, 308, 309, 310, 311, 401, 402, 501, 502, 504, 505, 507, 508, 509, 510, 511, 512, 513, 514, 515, 516, 517, 601, 605, 606, 607, 608, 609, 610, 611, 612, 613, 614, 615, 616, 617, 618, 619, 620, 701, 704, 705, 712, 725, 801, 802, 803, 805, 806, 932, 933, and

938 (uncodified); reenacting and amending RCW 70.105D.070; adding a new section to chapter 43.41 RCW; adding new sections to 2015 3rd sp.s. c 4 (uncodified); repealing 2015 c ... (E2SSB 6194) ss 302, 303, and 304; repealing 2015 3rd sp.s. c 4 s 715 (uncodified); making appropriations; and declaring an emergency.

Referred to Committee on Appropriations.

There being no objection, the bills listed on the day's introduction sheet under the fourth order of business were referred to the committees so designated, with the exception of ENGROSSED SUBSTITUTE SENATE BILL NO. 6201 which was read the first time, and under suspension of the rules, was placed on the second reading calendar.

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

**REPORTS OF STANDING COMMITTEES**

February 26, 2016

HB 2380 Prime Sponsor, Representative Tharinger: Concerning the supplemental capital budget. Reported by Committee on Capital Budget

MAJORITY recommendation: The substitute bill be substituted therefor and the substitute bill do pass. Signed by Representatives Tharinger, Chair; Stanford, Vice Chair; DeBolt, Ranking Minority Member; Smith, Assistant Ranking Minority Member; Kilduff; Kochmar; Peterson; Riccelli and Walsh.

Passed to Committee on Rules for second reading.

February 29, 2016

HB 2453 Prime Sponsor, Representative Jinkins: Improving oversight of the state hospitals. Reported by Committee on Appropriations

MAJORITY recommendation: The second substitute bill be substituted therefor and the second substitute bill do pass and do not pass the substitute bill by Committee on Judiciary. Signed by Representatives Dunshee, Chair; Ormsby, Vice Chair; Chandler, Ranking Minority Member; Parker, Assistant Ranking Minority Member; Wilcox, Assistant Ranking Minority Member; Buys; Cody; Condotta; Dent; Fitzgibbon; Haler; Hansen; Harris; Hudgins; Hunt, S.; Jinkins; Kagi; Lytton; MacEwen; Magendanz; Manweller; Pettigrew; Robinson; Sawyer; Schmick; Senn; Springer; Stokesbary; Sullivan; Taylor; Tharinger; Van Werven and Walkinshaw.

Passed to Committee on Rules for second reading.

February 29, 2016

HB 2839 Prime Sponsor, Representative Springer: Providing a sales and use tax exemption for certain new building construction to be

used by maintenance repair operators for airplane repair and maintenance. Reported by Committee on Appropriations

MAJORITY recommendation: The second substitute bill be substituted therefor and the second substitute bill do pass and do not pass the substitute bill by Committee on Finance. Signed by Representatives Dunshee, Chair; Chandler, Ranking Minority Member; Parker, Assistant Ranking Minority Member; Wilcox, Assistant Ranking Minority Member; Buys; Cody; Condotta; Dent; Fitzgibbon; Haler; Hansen; Harris; Hudgins; Hunt, S.; Jinkins; Lytton; MacEwen; Magendanz; Manweller; Pettigrew; Sawyer; Schmick; Springer; Stokesbary; Sullivan; Taylor; Tharinger and Van Werven.

MINORITY recommendation: Do not pass. Signed by Representatives Ormsby, Vice Chair; Kagi; Robinson; Senn and Walkinshaw.

Passed to Committee on Rules for second reading.

February 29, 2016

HB 2872 Prime Sponsor, Representative Fey: Concerning the recruitment and retention of Washington state patrol commissioned officers. Reported by Committee on Appropriations

MAJORITY recommendation: The second substitute bill be substituted therefor and the second substitute bill do pass and do not pass the substitute bill by Committee on Transportation. Signed by Representatives Dunshee, Chair; Ormsby, Vice Chair; Chandler, Ranking Minority Member; Parker, Assistant Ranking Minority Member; Wilcox, Assistant Ranking Minority Member; Buys; Cody; Condotta; Dent; Fitzgibbon; Haler; Hansen; Harris; Hudgins; Hunt, S.; Jinkins; Kagi; Lytton; MacEwen; Magendanz; Manweller; Pettigrew; Robinson; Sawyer; Schmick; Senn; Springer; Stokesbary; Sullivan; Tharinger; Van Werven and Walkinshaw.

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

Passed to Committee on Rules for second reading.

February 29, 2016

HB 2942 Prime Sponsor, Representative Ryu: Concerning the issuance of nondomiciled commercial drivers' licenses and commercial learners' permits to nonresidents. Reported by Committee on Transportation

MAJORITY recommendation: The substitute bill be substituted therefor and the substitute bill do pass. Signed by Representatives Clibborn, Chair; Farrell, Vice Chair; Fey, Vice Chair; Moscoso, Vice Chair; Bergquist; Gregerson; McBride; Moeller; Morris; Ortiz-Self; Riccelli; Rossetti; Sells and Tarleton.

MINORITY recommendation: Do not pass. Signed by Representatives Orcutt, Ranking Minority Member; Hargrove, Assistant Ranking Minority Member; Harmsworth, Assistant Ranking Minority Member; Hayes; Hickel; Kochmar; Pike; Rodne; Shea; Stambaugh and Young.

Passed to Committee on Rules for second reading.

February 29, 2016

HB 2977 Prime Sponsor, Representative Short: Encouraging job creation and retention in rural economies through the transparent and accountable provision of targeted tax relief for silicon smelters. Reported by Committee on Finance

MAJORITY recommendation: The substitute bill be substituted therefor and the substitute bill do pass. Signed by Representatives Lytton, Chair; Robinson, Vice Chair; Nealey, Ranking Minority Member; Orcutt, Assistant Ranking Minority Member; Condotta; Frame; Manweller; Reykdal; Ryu; Springer; Stokesbary; Vick; Wilcox and Wylie.

MINORITY recommendation: Without recommendation. Signed by Representative Pollet.

Passed to Committee on Appropriations.

February 29, 2016

HB 2985 Prime Sponsor, Representative Riccelli: Excluding certain school facilities from the inventory of educational space for determining eligibility for state assistance for common school construction. Reported by Committee on Capital Budget

MAJORITY recommendation: The substitute bill be substituted therefor and the substitute bill do pass. Signed by Representatives Tharinger, Chair; Stanford, Vice Chair; DeBolt, Ranking Minority Member; Smith, Assistant Ranking Minority Member; Kilduff; Kochmar; Peterson; Riccelli and Walsh.

Passed to Committee on Rules for second reading.

February 29, 2016

HB 2996 Prime Sponsor, Representative Lytton: Investing in a well-qualified and sufficient K-12 public education workforce by narrowing or eliminating tax preferences. Reported by Committee on Finance

MAJORITY recommendation: Do pass. Signed by Representatives Lytton, Chair; Robinson, Vice Chair; Frame; Pollet; Reykdal; Ryu; Springer and Wylie.

MINORITY recommendation: Do not pass. Signed by Representatives Nealey, Ranking Minority Member;

Orcutt, Assistant Ranking Minority Member; Manweller; Stokesbary; Vick and Wilcox.

MINORITY recommendation: Without recommendation. Signed by Representative Condotta.

Passed to Committee on Rules for second reading.

February 29, 2016

SB 5046 Prime Sponsor, Senator Padden: Correcting a codification error concerning the governor's designee to the traffic safety commission. Reported by Committee on Transportation

MAJORITY recommendation: Do pass. Signed by Representatives Clibborn, Chair; Farrell, Vice Chair; Fey, Vice Chair; Moscoso, Vice Chair; Orcutt, Ranking Minority Member; Hargrove, Assistant Ranking Minority Member; Harmsworth, Assistant Ranking Minority Member; Bergquist; Gregerson; Hayes; Hickel; Kochmar; McBride; Moeller; Morris; Ortiz-Self; Pike; Riccelli; Rodne; Rossetti; Sells; Shea; Stambaugh; Tarleton and Young.

Passed to Committee on Rules for second reading.

February 29, 2016

E2SSB 5109 Prime Sponsor, Committee on Ways & Means: Concerning infrastructure financing for local governments. Reported by Committee on Finance

MAJORITY recommendation: Do pass as amended by Committee on Community Development, Housing & Tribal Affairs. Signed by Representatives Lytton, Chair; Robinson, Vice Chair; Nealey, Ranking Minority Member; Orcutt, Assistant Ranking Minority Member; Condotta; Frame; Manweller; Pollet; Reykdal; Ryu; Springer; Stokesbary; Vick; Wilcox and Wylie.

Passed to Committee on Rules for second reading.

March 24, 2015

SB 5203 Prime Sponsor, Senator Warnick: Modifying certain job order contracting requirements. Reported by Committee on Capital Budget

MAJORITY recommendation: Do pass. Signed by Representatives Dunshee, Chair; Stanford, Vice Chair; DeBolt, Ranking Minority Member; Smith, Assistant Ranking Minority Member; Kilduff; Kochmar; Peterson; Riccelli and Walsh.

Passed to Committee on Rules for second reading.

February 29, 2016

SSB 5206 Prime Sponsor, Committee on Ways & Means: Addressing state audit findings of noncompliance with state law. Reported

by Committee on General Government & Information Technology

MAJORITY recommendation: Do pass as amended.

Strike everything after the enacting clause and insert the following:

"**Sec. 1.** RCW 43.09.310 and 2005 c 387 s 2 are each amended to read as follows:

(1) Except as provided in subsection (2) of this section, the state auditor shall annually audit the statewide combined financial statements prepared by the office of financial management and make post-audits of state agencies. Post-audits of state agencies shall be made at such periodic intervals as is determined by the state auditor. Audits of combined financial statements shall include determinations as to the validity and accuracy of accounting methods, procedures and standards utilized in their preparation, as well as the accuracy of the financial statements themselves. A report shall be made of each such audit and post-audit upon completion thereof, and one copy shall be transmitted to the governor, one to the director of financial management, one to the state agency audited, one to the joint legislative audit and review committee, one each to the standing committees on ways and means of the house and senate, one to the chief clerk of the house, one to the secretary of the senate, and at least one shall be kept on file in the office of the state auditor. A copy of any report containing findings of noncompliance with state law shall be transmitted to the attorney general and shall be subject to the process provided in section 2 of this act.

(2) Audits of the department of labor and industries must be coordinated with the audits required under RCW 51.44.115 to avoid duplication of audits.

NEW SECTION. **Sec. 2.** A new section is added to chapter 43.09 RCW to read as follows:

(1) Within ninety days of receipt of an audit under RCW 43.09.310 containing findings of noncompliance with state law, the subject state agency shall submit a response and a plan for remediation to the governor, the state auditor, the office of financial management, the joint legislative audit and review committee, and the relevant fiscal and policy committees of the senate and house of representatives.

(2) If, at the next succeeding audit of the subject state agency, the state auditor determines that the subject state agency has failed to make substantial progress in remediating the noncompliance with state law, the state auditor shall notify the entities specified in subsection (1) of this section.

(3) Upon receipt of a notification under subsection (2) of this section, a fiscal or policy committee of the senate or house of representatives may refer the matter to the senate committee on facilities and operations or the executive rules committee of the house of representatives.

(4) The obligation to prepare and submit a plan for remediation under this section applies only:

(a) If the agency's general fund-state biennial budget exceeds one billion dollars; and

(b) Subject to the availability of amounts appropriated for this specific purpose."

Correct the title.

Signed by Representatives Hudgins, Chair; Kuderer, Vice Chair; MacEwen, Ranking Minority Member; Caldier, Assistant Ranking Minority Member; Johnson; Morris and Senn.

Passed to Committee on Rules for second reading.

February 29, 2016

2ESB 5251 Prime Sponsor, Senator Honeyford: Transferring public water system financial assistance activities from the public works board and the department of commerce to the department of health. Reported by Committee on General Government & Information Technology

MAJORITY recommendation: Do pass. Signed by Representatives Hudgins, Chair; Kuderer, Vice Chair; MacEwen, Ranking Minority Member; Caldier, Assistant Ranking Minority Member; Johnson; Morris and Senn.

Passed to Committee on Rules for second reading.

February 29, 2016

ESSB 5435 Prime Sponsor, Committee on Ways & Means: Expanding participation in the Washington state deferred compensation program. (REVISED FOR ENGROSSED: Addressing optional salary deferral programs. ) Reported by Committee on Appropriations

MAJORITY recommendation: Do pass as amended.

Strike everything after the enacting clause and insert the following:

"**Sec. 3.** RCW 41.50.770 and 2014 c 172 s 1 are each amended to read as follows:

(1) "Employee" as used in this section and RCW 41.50.780 includes all full-time, part-time, and career seasonal employees of the state, a county, a municipality, or other political subdivision of the state, whether or not covered by civil service; elected and appointed officials of the executive branch of the government, including full-time members of boards, commissions, or committees; justices of the supreme court and judges of the court of appeals and of the superior and district courts; and members of the state legislature or of the legislative authority of any county, city, or town.

(2) The state, through the department, and any county, municipality, or other political subdivision of the state acting through its principal supervising official or governing body is authorized to contract with an employee to defer a portion of that employee's income, which

deferred portion shall in no event exceed the amount allowable under 26 U.S.C. Sec. 401(a) or 457, and deposit or invest such deferred portion in a credit union, savings and loan association, bank, or mutual savings bank or purchase life insurance, shares of an investment company, individual securities, or fixed and/or variable annuity contracts from any insurance company or any investment company licensed to contract business in this state.

(3) Employees participating in the state deferred compensation plan under 26 U.S.C. Sec. 457 or money-purchase retirement savings plan under 26 U.S.C. Sec. 401(a) administered by the department shall self-direct the investment of the deferred portion of their income through the selection of investment options as set forth in subsection (4) of this section.

(4) The department can provide such plans as it deems are in the interests of state employees. In addition to the types of investments described in this section, the state investment board, with respect to the state deferred compensation plan under 26 U.S.C. Sec. 457 or money-purchase retirement savings plan under 26 U.S.C. Sec. 401(a), shall invest the deferred portion of an employee's income, without limitation as to amount, in accordance with RCW 43.84.150, 43.33A.140, and 41.50.780, and pursuant to investment policy established by the state investment board for the state deferred compensation plan (s) under 26 U.S.C. Sec. 457 or money-purchase retirement savings plan under 26 U.S.C. Sec. 401(a). The state investment board, after consultation with the director regarding any recommendations made pursuant to RCW 41.50.088(2), shall provide a set of options for participants to choose from for investment of the deferred portion of their income. Any income deferred under ((such a plan)) these plans shall continue to be included as regular compensation, for the purpose of computing the state or local retirement and pension benefits earned by any employee.

(5) Coverage of an employee under ((a deferred compensation plan)) optional salary deferral programs under this section shall not render such employee ineligible for simultaneous membership and participation in any pension system for public employees.

**Sec. 4.** RCW 41.50.780 and 2010 1st sp.s. c 7 s 30 are each amended to read as follows:

(1) The deferred compensation principal account is hereby created in the state treasury.

(2) The amount of compensation deferred under 26 U.S.C. Sec. 457 by employees under agreements entered into under the authority contained in RCW 41.50.770 shall be paid into the deferred compensation principal account and shall be sufficient to cover costs of administration and staffing in addition to such other amounts as determined by the department. The deferred compensation principal account shall be used to carry out the purposes of RCW 41.50.770. All eligible state employees shall be given the opportunity to participate in agreements entered into by the department under RCW 41.50.770. State agencies shall cooperate with the department in providing employees with the opportunity to participate.

(3) Any county, municipality, or other subdivision of the state may elect to participate in any agreements entered into by the department under RCW 41.50.770, including the making of payments therefrom to the employees participating in a deferred compensation plan upon their separation from state or other qualifying service. Accordingly, the deferred compensation principal account shall be considered to be a public pension or retirement fund within the meaning of Article XXIX, section 1 of the state Constitution, for the purpose of determining eligible investments and deposits of the moneys therein.

(4) All moneys in the state deferred compensation principal account and the state deferred compensation administrative account, all property and rights purchased therewith, and all income attributable thereto, shall be held in trust by the state investment board, as set forth under RCW 43.33A.030, for the exclusive benefit of the state deferred compensation plan's participants and their beneficiaries. Neither the participant, nor the participant's beneficiary or beneficiaries, nor any other designee, has any right to commute, sell, assign, transfer, or otherwise convey the right to receive any payments under the plan. These payments and right thereto are nonassignable and nontransferable. Unpaid accumulated deferrals are not subject to attachment, garnishment, or execution and are not transferable by operation of law in event of bankruptcy or insolvency, except to the extent otherwise required by law.

(5) The state investment board has the full power to invest moneys in the state deferred compensation principal account and the state deferred compensation administrative account in accordance with RCW 43.84.150, 43.33A.140, and 41.50.770, and cumulative investment directions received pursuant to RCW 41.50.770. All investment and operating costs of the state investment board associated with the investment of the deferred compensation plan assets shall be paid pursuant to RCW 43.33A.160 and 43.84.160. With the exception of these expenses, one hundred percent of all earnings from these investments shall accrue directly to the deferred compensation principal account.

(6)(a) No state board or commission, agency, or any officer, employee, or member thereof is liable for any loss or deficiency resulting from participant investments selected pursuant to RCW 41.50.770(3).

(b) Neither the department, nor the director or any employee, nor the state investment board, nor any officer, employee, or member thereof is liable for any loss or deficiency resulting from reasonable efforts to implement investment directions pursuant to RCW 41.50.770(3).

(7) The deferred compensation administrative account is hereby created in the state treasury. All expenses of the department pertaining to the deferred compensation plan including staffing and administrative expenses shall be paid out of the deferred compensation administrative account. Any excess balances credited to this account over administrative expenses disbursed from this account shall be transferred to the deferred compensation principal account at such time and in such amounts as may be determined by the department with the approval of the office of financial management. Any deficiency in the deferred compensation administrative account caused by an

excess of administrative expenses disbursed from this account shall be transferred to this account from the deferred compensation principal account.

(8)(a)(i) The department shall keep or cause to be kept full and adequate accounts and records of the assets of each individual participant, obligations, transactions, and affairs of any deferred compensation plans created under RCW 41.50.770 and this section. The department shall account for and report on the investment of state deferred compensation plan assets or may enter into an agreement with the state investment board for such accounting and reporting.

(ii) The department's duties related to individual participant accounts include conducting the activities of trade instruction, settlement activities, and direction of cash movement and related wire transfers with the custodian bank and outside investment firms.

(iii) The department has sole responsibility for contracting with any recordkeepers for individual participant accounts and shall manage the performance of recordkeepers under those contracts.

(b)(i) The department's duties under (a)(ii) of this subsection do not limit the authority of the state investment board to conduct its responsibilities for asset management and balancing of the deferred compensation funds.

(ii) The state investment board has sole responsibility for contracting with outside investment firms to provide investment management for the deferred compensation funds and shall manage the performance of investment managers under those contracts.

(c) The state treasurer shall designate and define the terms of engagement for the custodial banks.

(9) The department may adopt rules necessary to carry out its responsibilities under RCW 41.50.770 and this section.

**NEW SECTION. Sec. 5.** A new section is added to chapter 41.50 RCW to read as follows:

(1) The money-purchase retirement savings principal account is hereby created in the state treasury.

(2) The amount of compensation deferred under 26 U.S.C. Sec. 401(a) by employees under agreements entered into under the authority contained in RCW 41.50.770 shall be paid into the money-purchase retirement savings principal account and shall be sufficient to cover costs of administration and staffing in addition to such other amounts as determined by the department. The money-purchase retirement savings principal account shall be used to carry out the purposes of RCW 41.50.770. All eligible state employees shall be given the opportunity to participate in agreements entered into by the department under RCW 41.50.770. State agencies shall cooperate with the department in providing employees with the opportunity to participate.

(3) Any county, municipality, or other subdivision of the state may elect to participate in any agreements entered into by the department under RCW 41.50.770, including the making of payments therefrom to the employees participating in a 26 U.S.C. Sec. 401(a) plan upon their separation from state or other qualifying service. Accordingly, the money-purchase retirement savings

principal account shall be considered to be a public pension or retirement fund within the meaning of Article XXIX, section 1 of the state Constitution, for the purpose of determining eligible investments and deposits of the moneys therein.

(4) All moneys in the state money-purchase retirement savings principal account and the state money-purchase retirement savings administrative account, all property and rights purchased therewith, and all income attributable thereto, shall be held in trust by the state investment board, as set forth under RCW 43.33A.030, for the exclusive benefit of the state 26 U.S.C. Sec. 401(a) plan's participants and their beneficiaries. Neither the participant, nor the participant's beneficiary or beneficiaries, nor any other designee, has any right to commute, sell, assign, transfer, or otherwise convey the right to receive any payments under the plan. These payments and right thereto are nonassignable and nontransferable. Unpaid accumulated deferrals are not subject to attachment, garnishment, or execution and are not transferable by operation of law in event of bankruptcy or insolvency, except to the extent otherwise required by law.

(5) The state investment board has the full power to invest moneys in the state money-purchase retirement savings principal account and the state money-purchase retirement savings administrative account in accordance with RCW 43.84.150, 43.33A.140, and 41.50.770, and cumulative investment directions received pursuant to RCW 41.50.770. All investment and operating costs of the state investment board associated with the investment of the money-purchase retirement savings plan assets shall be paid pursuant to RCW 43.33A.160 and 43.84.160. With the exception of these expenses, one hundred percent of all earnings from these investments shall accrue directly to the money-purchase retirement savings principal account.

(6)(a) No state board or commission, agency, or any officer, employee, or member thereof is liable for any loss or deficiency resulting from participant investments selected pursuant to RCW 41.50.770(3).

(b) Neither the department, nor the director or any employee, nor the state investment board, nor any officer, employee, or member thereof is liable for any loss or deficiency resulting from reasonable efforts to implement investment directions pursuant to RCW 41.50.770(3).

(7) The money-purchase retirement savings administrative account is hereby created in the state treasury. All expenses of the department pertaining to the money-purchase retirement savings plan including staffing and administrative expenses shall be paid out of the money-purchase retirement savings administrative account. Any excess balances credited to this account over administrative expenses disbursed from this account shall be transferred to the money-purchase retirement savings principal account at such time and in such amounts as may be determined by the department with the approval of the office of financial management. Any deficiency in the money-purchase retirement savings administrative account caused by an excess of administrative expenses disbursed from this account shall be transferred to this account from the money-purchase retirement savings principal account.

(8)(a)(i) The department shall keep or cause to be kept full and adequate accounts and records of the assets of each individual participant, obligations, transactions, and affairs of any deferred compensation plans created under RCW 41.50.770 and this section. The department shall account for and report on the investment of state money-purchase retirement savings plan assets or may enter into an agreement with the state investment board for such accounting and reporting.

(ii) The department's duties related to individual participant accounts include conducting the activities of trade instruction, settlement activities, and direction of cash movement and related wire transfers with the custodian bank and outside investment firms.

(iii) The department has sole responsibility for contracting with any recordkeepers for individual participant accounts and shall manage the performance of recordkeepers under those contracts.

(b)(i) The department's duties under (a)(ii) of this subsection do not limit the authority of the state investment board to conduct its responsibilities for asset management and balancing of the money-purchase retirement savings funds.

(ii) The state investment board has sole responsibility for contracting with outside investment firms to provide investment management for the money-purchase retirement savings funds and shall manage the performance of investment managers under those contracts.

(c) The state treasurer shall designate and define the terms of engagement for the custodial banks.

(9) The department may adopt rules necessary to carry out its responsibilities under RCW 41.50.770 and this section.

**Sec. 6.** RCW 43.84.092 and 2015 3rd sp.s. c 44 s 107 and 2015 3rd sp.s. c 12 s 3 are each reenacted and amended to read as follows:

(1) All earnings of investments of surplus balances in the state treasury shall be deposited to the treasury income account, which account is hereby established in the state treasury.

(2) The treasury income account shall be utilized to pay or receive funds associated with federal programs as required by the federal cash management improvement act of 1990. The treasury income account is subject in all respects to chapter 43.88 RCW, but no appropriation is required for refunds or allocations of interest earnings required by the cash management improvement act. Refunds of interest to the federal treasury required under the cash management improvement act fall under RCW 43.88.180 and shall not require appropriation. The office of financial management shall determine the amounts due to or from the federal government pursuant to the cash management improvement act. The office of financial management may direct transfers of funds between accounts as deemed necessary to implement the provisions of the cash management improvement act, and this subsection. Refunds or allocations shall occur prior to the distributions of earnings set forth in subsection (4) of this section.

(3) Except for the provisions of RCW 43.84.160, the treasury income account may be utilized for the payment of purchased banking services on behalf of treasury funds including, but not limited to, depository, safekeeping, and disbursement functions for the state treasury and affected state agencies. The treasury income account is subject in all respects to chapter 43.88 RCW, but no appropriation is required for payments to financial institutions. Payments shall occur prior to distribution of earnings set forth in subsection (4) of this section.

(4) Monthly, the state treasurer shall distribute the earnings credited to the treasury income account. The state treasurer shall credit the general fund with all the earnings credited to the treasury income account except:

(a) The following accounts and funds shall receive their proportionate share of earnings based upon each account's and fund's average daily balance for the period: The aeronautics account, the aircraft search and rescue account, the Alaskan Way viaduct replacement project account, the brownfield redevelopment trust fund account, the budget stabilization account, the capital vessel replacement account, the capitol building construction account, the Cedar River channel construction and operation account, the Central Washington University capital projects account, the charitable, educational, penal and reformatory institutions account, the cleanup settlement account, the Columbia river basin water supply development account, the Columbia river basin taxable bond water supply development account, the Columbia river basin water supply revenue recovery account, the common school construction fund, the community forest trust account, the connecting Washington account, the county arterial preservation account, the county criminal justice assistance account, the deferred compensation administrative account, the deferred compensation principal account, the department of licensing services account, the department of retirement systems expense account, the developmental disabilities community trust account, the diesel idle reduction account, the drinking water assistance account, the drinking water assistance administrative account, the drinking water assistance repayment account, the Eastern Washington University capital projects account, the Interstate 405 express toll lanes operations account, the education construction fund, the education legacy trust account, the election account, the electric vehicle charging infrastructure account, the energy freedom account, the energy recovery act account, the essential rail assistance account, The Evergreen State College capital projects account, the federal forest revolving account, the ferry bond retirement fund, the freight mobility investment account, the freight mobility multimodal account, the grade crossing protective fund, the public health services account, the high capacity transportation account, the state higher education construction account, the higher education construction account, the highway bond retirement fund, the highway infrastructure account, the highway safety fund, the high occupancy toll lanes operations account, the hospital safety net assessment fund, the industrial insurance premium refund account, the judges' retirement account, the judicial retirement administrative account, the judicial retirement principal account, the local leasehold excise tax account, the local real estate excise tax account, the local sales and



use tax account, the marine resources stewardship trust account, the medical aid account, the mobile home park relocation fund, the money-purchase retirement savings administrative account, the money-purchase retirement savings principal account, the motor vehicle fund, the motorcycle safety education account, the multimodal transportation account, the multiuse roadway safety account, the municipal criminal justice assistance account, the natural resources deposit account, the oyster reserve land account, the pension funding stabilization account, the perpetual surveillance and maintenance account, the public employees' retirement system plan 1 account, the public employees' retirement system combined plan 2 and plan 3 account, the public facilities construction loan revolving account beginning July 1, 2004, the public health supplemental account, the public works assistance account, the Puget Sound capital construction account, the Puget Sound ferry operations account, the Puget Sound taxpayer accountability account, the real estate appraiser commission account, the recreational vehicle account, the regional mobility grant program account, the resource management cost account, the rural arterial trust account, the rural mobility grant program account, the rural Washington loan fund, the site closure account, the skilled nursing facility safety net trust fund, the small city pavement and sidewalk account, the special category C account, the special wildlife account, the state employees' insurance account, the state employees' insurance reserve account, the state investment board expense account, the state investment board commingled trust fund accounts, the state patrol highway account, the state route number 520 civil penalties account, the state route number 520 corridor account, the state wildlife account, the supplemental pension account, the Tacoma Narrows toll bridge account, the teachers' retirement system plan 1 account, the teachers' retirement system combined plan 2 and plan 3 account, the tobacco prevention and control account, the tobacco settlement account, the toll facility bond retirement account, the transportation 2003 account (nickel account), the transportation equipment fund, the transportation fund, the transportation future funding program account, the transportation improvement account, the transportation improvement board bond retirement account, the transportation infrastructure account, the transportation partnership account, the traumatic brain injury account, the tuition recovery trust fund, the University of Washington bond retirement fund, the University of Washington building account, the volunteer firefighters' and reserve officers' relief and pension principal fund, the volunteer firefighters' and reserve officers' administrative fund, the Washington judicial retirement system account, the Washington law enforcement officers' and firefighters' system plan 1 retirement account, the Washington law enforcement officers' and firefighters' system plan 2 retirement account, the Washington public safety employees' plan 2 retirement account, the Washington school employees' retirement system combined plan 2 and 3 account, the Washington state health insurance pool account, the Washington state patrol retirement account, the Washington State University building account, the Washington State University bond retirement fund, the water pollution control revolving administration account,

the water pollution control revolving fund, the Western Washington University capital projects account, the Yakima integrated plan implementation account, the Yakima integrated plan implementation revenue recovery account, and the Yakima integrated plan implementation taxable bond account. Earnings derived from investing balances of the agricultural permanent fund, the normal school permanent fund, the permanent common school fund, the scientific permanent fund, the state university permanent fund, and the state reclamation revolving account shall be allocated to their respective beneficiary accounts.

(b) Any state agency that has independent authority over accounts or funds not statutorily required to be held in the state treasury that deposits funds into a fund or account in the state treasury 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 treasury accounts or funds shall be allocated earnings without the specific affirmative directive of this section.

**NEW SECTION. Sec. 7.** If specific funding for purposes of this act, referencing this act by bill or chapter number, is not provided by June 30, 2016, in the omnibus appropriations act, this act is null and void."

Correct the title.

Signed by Representatives Dunshee, Chair; Ormsby, Vice Chair; Parker, Assistant Ranking Minority Member; Wilcox, Assistant Ranking Minority Member; Buys; Cody; Condotta; Dent; Fitzgibbon; Haler; Hansen; Harris; Hudgins; Hunt, S.; Jinkins; Kagi; Lytton; MacEwen; Magendanz; Pettigrew; Robinson; Sawyer; Schmick; Senn; Springer; Stokesbary; Sullivan; Tharinger; Van Werven and Walkinshaw.

MINORITY recommendation: Do not pass. Signed by Representatives Chandler, Ranking Minority Member and Taylor.

MINORITY recommendation: Without recommendation. Signed by Representative Manweller.

Passed to Committee on Rules for second reading.

February 29, 2016  
SSB 5670 Prime Sponsor, Committee on Energy, Environment & Telecommunications: Clarifying expenditures under the state universal communications services program. Reported by Committee on Appropriations

MAJORITY recommendation: Do pass. Signed by Representatives Dunshee, Chair; Chandler, Ranking Minority Member; Parker, Assistant Ranking Minority Member; Wilcox, Assistant Ranking Minority Member; Buys; Cody; Condotta; Dent; Fitzgibbon; Haler;

Hansen; Harris; Hudgins; Hunt, S.; Jinkins; Kagi; Lytton; MacEwen; Magendanz; Manweller; Pettigrew; Robinson; Schmick; Senn; Springer; Stokesbary; Sullivan; Taylor; Tharinger; Van Werven and Walkinshaw.

MINORITY recommendation: Do not pass. Signed by Representatives Ormsby, Vice Chair and Sawyer.

Passed to Committee on Rules for second reading.

February 29, 2016

SB 5689 Prime Sponsor, Senator Becker:  
Concerning the scope and costs of the  
diabetes epidemic in Washington.  
Reported by Committee on Appropriations

MAJORITY recommendation: Do pass as amended by Committee on Appropriations and without amendment by Committee on Health Care & Wellness.

Strike everything after the enacting clause and insert the following:

"NEW SECTION. Sec. 8. The health care authority, department of social and health services, and department of health shall collaborate to identify goals and benchmarks while also developing individual agency plans to reduce the incidence of diabetes in Washington, improve diabetes care, and control complications associated with diabetes.

NEW SECTION. Sec. 9. The health care authority, department of social and health services, and department of health shall each submit a report to the governor and the legislature by December 31, 2019, and every second year thereafter, on the following:

(1) The financial impact and reach diabetes of all types is having on programs administered by each agency and individuals enrolled in those programs. Items included in this assessment must include the number of lives with diabetes impacted or covered by programs administered by the agency, the number of lives with diabetes and family members impacted by prevention and diabetes control programs implemented by the agency, the financial toll or impact diabetes and its complications places on these programs, and the financial toll or impact diabetes and its complications places on these programs in comparison to other chronic diseases and conditions;

(2) An assessment of the benefits of implemented programs and activities aimed at controlling diabetes and preventing the disease. This assessment must also document the amount and source for any funding directed to the agency for programs and activities aimed at reaching those with diabetes;

(3) A description of the level of coordination existing between the agencies on activities, programmatic activities, and messaging on managing, treating, or preventing all forms of diabetes and its complications;

(4) A development or revision of detailed action plans for battling diabetes with a range of actionable items for consideration by the legislature. The plans must identify proposed action steps to reduce the impact of diabetes, prediabetes, and related diabetes complications. The plan must also identify expected outcomes of the action steps proposed in the following biennium while also establishing benchmarks for controlling and preventing relevant forms of diabetes; and

(5) An estimate of costs and resources required to implement the plan identified in subsection (4) of this section.

NEW SECTION. Sec. 10. Sections 1 and 2 of this act constitute a new chapter in Title 70 RCW.

NEW SECTION. Sec. 11. If specific funding for the purposes of this act, referencing this act by bill or chapter number, is not provided by June 30, 2016, in the omnibus appropriations act, this act is null and void."

Correct the title.

Signed by Representatives Dunshee, Chair; Ormsby, Vice Chair; Chandler, Ranking Minority Member; Parker, Assistant Ranking Minority Member; Wilcox, Assistant Ranking Minority Member; Buys; Cody; Dent; Fitzgibbon; Haler; Hansen; Harris; Hudgins; Hunt, S.; Jinkins; Kagi; Lytton; MacEwen; Magendanz; Pettigrew; Robinson; Sawyer; Schmick; Senn; Springer; Stokesbary; Sullivan; Tharinger; Van Werven and Walkinshaw.

MINORITY recommendation: Do not pass. Signed by Representatives Condotta and Taylor.

MINORITY recommendation: Without recommendation. Signed by Representative Manweller.

Passed to Committee on Rules for second reading.

February 29, 2016

SSB 5778 Prime Sponsor, Committee on Health Care:  
Concerning ambulatory surgical facilities.  
Reported by Committee on Appropriations

MAJORITY recommendation: Do pass as amended by Committee on Appropriations and without amendment by Committee on Health Care & Wellness.

Strike everything after the enacting clause and insert the following:

"Sec. 12. RCW 43.70.250 and 2013 c 77 s 2 are each amended to read as follows:

(1) It shall be the policy of the state of Washington that the cost of each professional, occupational, or business licensing program be fully borne by the members of that profession, occupation, or business.

(2) The secretary shall from time to time establish the amount of all application fees, license fees, registration fees, examination fees, permit fees, renewal fees, and any other fee associated with licensing or regulation of professions, occupations, or businesses administered by the department. In fixing said fees, the secretary shall set the fees for each program at a sufficient level to defray the costs of administering that program and the cost of regulating licensed volunteer medical workers in accordance with RCW 18.130.360, except as provided in RCW 18.79.202. In no case may the secretary increase a licensing fee for an ambulatory surgical facility licensed under chapter 70.230 RCW prior to July 1, 2018, nor may he or she commence the adoption of rules to increase a licensing fee prior to July 1, 2018.

(3) All such fees shall be fixed by rule adopted by the secretary in accordance with the provisions of the administrative procedure act, chapter 34.05 RCW.

**Sec. 13.** RCW 70.230.020 and 2007 c 273 s 2 are each amended to read as follows:

The secretary shall:

(1) Issue a license to any ambulatory surgical facility that:

(a) Submits payment of the fee established in ~~((section 7, chapter 273, Laws of 2007))~~ RCW 43.70.110 and 43.70.250;

(b) Submits a completed application that demonstrates the ability to comply with the standards established for operating and maintaining an ambulatory surgical facility in statute and rule. An ambulatory surgical facility shall be deemed to have met the standards if it submits proof of certification as a medicare ambulatory surgical facility or accreditation by an organization that the secretary has determined to have substantially equivalent standards to those of the department; and

(c) Successfully completes the survey requirements established in RCW 70.230.100;

(2) Develop an application form for applicants for a license to operate an ambulatory surgical facility;

(3) Initiate investigations and enforcement actions for complaints or other information regarding failure to comply with this chapter or the standards and rules adopted under this chapter;

(4) Conduct surveys of facilities, including reviews of medical records and documents required to be maintained under this chapter or rules adopted under this chapter;

(5) By March 1, 2008, determine which accreditation organizations have substantially equivalent standards for purposes of deeming specific licensing requirements required in statute and rule as having met the state's standards; and

(6) Adopt any rules necessary to implement this chapter.

**Sec. 14.** RCW 70.230.050 and 2007 c 273 s 5 are each amended to read as follows:

(1) An applicant for a license to operate an ambulatory surgical facility must demonstrate the ability to

comply with the standards established for operating and maintaining an ambulatory surgical facility in statute and rule, including:

(a) Submitting a written application to the department providing all necessary information on a form provided by the department, including a list of surgical specialties offered;

(b) Submitting building plans for review and approval by the department for new construction, alterations other than minor alterations, and additions to existing facilities, prior to obtaining a license and occupying the building;

(c) Demonstrating the ability to comply with this chapter and any rules adopted under this chapter;

(d) Cooperating with the department during on-site surveys prior to obtaining an initial license or renewing an existing license;

(e) Providing such proof as the department may require concerning the ownership and management of the ambulatory surgical facility, including information about the organization and governance of the facility and the identity of the applicant, officers, directors, partners, managing employees, or owners of ten percent or more of the applicant's assets;

(f) Submitting proof of operation of a coordinated quality improvement program in accordance with RCW 70.230.080;

(g) Submitting a copy of the facility safety and emergency training program established under RCW 70.230.060;

(h) Paying any fees established by the secretary under ((section 7, chapter 273, Laws of 2007)) RCW 43.70.110 and 43.70.250; and

(i) Providing any other information that the department may reasonably require.

(2) A license is valid for three years, after which an ambulatory surgical facility must submit an application for renewal of license upon forms provided by the department and the renewal fee as established in ~~((section 7, chapter 273, Laws of 2007))~~ RCW 43.70.110 and 43.70.250. The applicant must demonstrate the ability to comply with the standards established for operating and maintaining an ambulatory surgical facility in statutes, standards, and rules. The applicant must submit the license renewal document no later than thirty days prior to the date of expiration of the license.

(3) The applicant may demonstrate compliance with any of the requirements of subsection (1) of this section by providing satisfactory documentation to the secretary that it has met the standards of an accreditation organization or federal agency that the secretary has determined to have substantially equivalent standards as the statutes and rules of this state.

**Sec. 15.** RCW 70.230.100 and 2007 c 273 s 11 are each amended to read as follows:

(1) The department shall make or cause to be made a survey of all ambulatory surgical facilities according to the following frequency:

(a) Except as provided in (b) of this subsection, an ambulatory surgical facility must be surveyed by the department no more than once every eighteen months.

(b) An ambulatory surgical facility must be surveyed by the department no more than once every thirty-six months if the ambulatory surgical facility:

(i) Has had, within eighteen months of a department survey, a survey in connection with its certification by the centers for medicare and medicaid services or accreditation by an accreditation organization approved by the department under RCW 70.230.020(5);

(ii) Has maintained certification by the centers for medicare and medicaid services or accreditation by an accreditation organization approved by the department under RCW 70.230.020(5) since the survey in connection with its certification or accreditation pursuant to (b)(i) of this subsection; and

(iii) As soon as practicable after a survey in connection with its certification or accreditation pursuant to (b)(i) of this subsection, provides the department with documentary evidence that the ambulatory surgical facility is certified or accredited and that the survey has occurred, including the date that the survey occurred.

(2) Every survey of an ambulatory surgical facility may include an inspection of every part of the surgical facility. The department may make an examination of all phases of the ambulatory surgical facility operation necessary to determine compliance with all applicable statutes, rules, and regulations. In the event that the department is unable to make a survey or cause a survey to be made during the three years of the term of the license, the license of the ambulatory surgical facility shall remain in effect until the state conducts a survey or a substitute survey is performed if the ambulatory surgical facility is in compliance with all other licensing requirements.

~~(((2) An ambulatory surgical facility shall be deemed to have met the survey standards of this section if it submits proof of certification as a medicare ambulatory surgical facility or accreditation by an organization that the secretary has determined to have substantially equivalent survey standards to those of the department. A survey performed pursuant to medicare certification or by an approved accrediting organization may substitute for a survey by the department if:~~

~~(a) The ambulatory surgical facility has satisfactorily completed a survey by the department in the previous eighteen months; and~~

~~(b) Within thirty days of learning the result of a survey, the ambulatory surgical facility provides the department with documentary evidence that the ambulatory surgical facility has been certified or accredited as a result of a survey and the date of the survey.))~~

(3) Ambulatory surgical facilities shall make the written reports of surveys conducted pursuant to medicare certification procedures or by an approved accrediting organization available to department surveyors during any department surveys(7) or upon request.

NEW SECTION. Sec. 16. A new section is added to chapter 48.39 RCW to read as follows:

If a payor that contracts with an ambulatory surgical facility licensed under chapter 70.230 RCW requires successful completion of a survey as part of the contract, the ambulatory surgical facility is deemed to have met survey requirements if it has successfully completed a survey performed pursuant to medicare certification or by an accrediting organization that has been determined by the secretary of the department of health to have substantially equivalent survey standards to those of the centers for medicare and medicaid services. The payor may not impose additional survey requirements on the ambulatory surgical facility.

NEW SECTION. Sec. 17. A new section is added to chapter 70.230 RCW to read as follows:

(1) The department shall report to the fiscal committees of the legislature by December 1, 2016, and December 1, 2017, if it anticipates that the amounts raised by ambulatory surgical facility licensing fees will not be sufficient to defray the costs of regulating ambulatory surgical facilities. The report shall identify the amount of state general fund money necessary to compensate for the insufficiency.

(2) The department shall conduct a benchmark survey to compare Washington's system for licensing ambulatory surgical facilities with the ambulatory surgical facility licensing systems of other states with a similar number of licensed ambulatory surgical facilities. The survey must review the licensing standards, staffing levels, training of surveyors and inspectors, and expenditures of the selected states. The survey must examine the total cost of the other states' regulatory structures and analyze the reasons for any differences in cost. The survey must assess the extent to which total program costs in other states are supported through licensing fees compared with state general fund money or other resources. The findings of the survey must be submitted to the committees of the legislature with jurisdiction over health care issues by December 1, 2016. The findings must include recommendations for statutory, regulatory, and administrative changes to reduce ambulatory surgical facility licensing fees.

(3) This section expires July 1, 2018.

NEW SECTION. Sec. 18. If specific funding for the purposes of this act, referencing this act by bill or chapter number, is not provided by June 30, 2016, in the omnibus appropriations act, this act is null and void.

NEW SECTION. Sec. 19. RCW 70.230.180 (Ambulatory surgical facility account) and 2007 c 273 s 19 are each repealed."

Correct the title.

Signed by Representatives Dunshee, Chair; Ormsby, Vice Chair; Chandler, Ranking Minority Member; Parker, Assistant Ranking Minority Member; Wilcox, Assistant Ranking Minority Member; Buys; Cody; Condotta; Dent; Fitzgibbon; Haler; Hansen; Harris;

Hudgins; Hunt, S.; Jinkins; Kagi; Lytton; MacEwen; Magendanz; Manweller; Pettigrew; Robinson; Sawyer; Schmick; Senn; Springer; Stokesbary; Sullivan; Taylor; Tharinger; Van Werven and Walkinshaw.

Passed to Committee on Rules for second reading.

February 29, 2016

5ESSB 5857 Prime Sponsor, Committee on Ways & Means: Addressing registration and regulation of pharmacy benefit managers. Reported by Committee on General Government & Information Technology

MAJORITY recommendation: Do pass as amended by Committee on General Government & Information Technology and without amendment by Committee on Health Care & Wellness.

Strike everything after the enacting clause and insert the following:

"**Sec. 20.** RCW 19.340.030 and 2014 c 213 s 2 are each amended to read as follows:

(1) To conduct business in this state, a pharmacy benefit manager must register with the ~~((department of revenue's business licensing service))~~ office of the insurance commissioner and annually renew the registration.

(2) To register under this section, a pharmacy benefit manager must:

- (a) Submit an application requiring the following information:
- (i) The identity of the pharmacy benefit manager;
  - (ii) The name, business address, phone number, and contact person for the pharmacy benefit manager; and
  - (iii) Where applicable, the federal tax employer identification number for the entity; and
- (b) Pay a registration fee ~~((of two hundred dollars))~~ established in rule by the commissioner. The registration fee must be set to allow the registration and oversight activities to be self-supporting.

(3) To renew a registration under this section, a pharmacy benefit manager must pay a renewal fee ~~((of two hundred dollars))~~ established in rule by the commissioner. The renewal fee must be set to allow the renewal and oversight activities to be self-supporting.

(4) All receipts from registrations and renewals collected by the ~~((department))~~ commissioner must be deposited into the ~~((business license account created in RCW 19.02.210))~~ insurance commissioner's regulatory account created in RCW 48.02.190.

**NEW SECTION. Sec. 21.** A new section is added to chapter 19.340 RCW to read as follows:

(1) The commissioner shall have enforcement authority over this chapter and shall have authority to render a binding decision in any dispute between a pharmacy benefit manager, or third-party administrator of

prescription drug benefits, and a pharmacy arising out of an appeal regarding drug pricing and reimbursement.

(2) Any person, corporation, third-party administrator of prescription drug benefits, pharmacy benefit manager, or business entity which violates any provision of this chapter shall be subject to a civil penalty in the amount of one thousand dollars for each act in violation of this chapter or, if the violation was knowing and willful, a civil penalty of five thousand dollars for each violation of this chapter.

**Sec. 22.** RCW 19.340.010 and 2014 c 213 s 1 are each amended to read as follows:

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

(1) "Claim" means a request from a pharmacy or pharmacist to be reimbursed for the cost of filling or refilling a prescription for a drug or for providing a medical supply or service.

(2) "Commissioner" means the insurance commissioner established in chapter 48.02 RCW.

(3) "Insurer" has the same meaning as in RCW 48.01.050.

~~((3))~~ (4) "Pharmacist" has the same meaning as in RCW 18.64.011.

~~((4))~~ (5) "Pharmacy" has the same meaning as in RCW 18.64.011.

~~((5))~~ (6)(a) "Pharmacy benefit manager" means a person that contracts with pharmacies on behalf of an insurer, a third-party payor, or the prescription drug purchasing consortium established under RCW 70.14.060 to:

- (i) Process claims for prescription drugs or medical supplies or provide retail network management for pharmacies or pharmacists;
- (ii) Pay pharmacies or pharmacists for prescription drugs or medical supplies; or
- (iii) Negotiate rebates with manufacturers for drugs paid for or procured as described in this subsection.

(b) "Pharmacy benefit manager" does not include a health care service contractor as defined in RCW 48.44.010.

~~((6))~~ (7) "Third-party payor" means a person licensed under RCW 48.39.005.

**Sec. 23.** RCW 19.340.100 and 2014 c 213 s 10 are each amended to read as follows:

(1) As used in this section:

(a) "List" means the list of drugs for which ~~((maximum allowable costs have been established.~~

~~(b) "Maximum allowable cost" means the maximum amount that a pharmacy benefit manager will reimburse a pharmacy for the cost of a drug.~~

~~(c))~~ predetermined reimbursement costs have been established, such as a maximum allowable cost or maximum allowable cost list or any other benchmark prices utilized by the pharmacy benefit manager and must include the basis of the methodology and sources utilized to determine multisource generic drug reimbursement amounts.

(b) "Multiple source drug" means a therapeutically equivalent drug that is available from at least two manufacturers.

(c) "Multisource generic drug" means any covered outpatient prescription drug for which there is at least one other drug product that is rated as therapeutically equivalent under the food and drug administration's most recent publication of "Approved Drug Products with Therapeutic Equivalence Evaluations;" is pharmaceutically equivalent or bioequivalent, as determined by the food and drug administration; and is sold or marketed in the state during the period.

(d) "Network pharmacy" means a retail drug outlet licensed as a pharmacy under RCW 18.64.043 that contracts with a pharmacy benefit manager.

(e) "Therapeutically equivalent" has the same meaning as in RCW 69.41.110.

(2) A pharmacy benefit manager:

(a) May not place a drug on a list unless ~~((are is H:\DATA\2016 JOURNAL\Journal\2016\LegDay\050\there are doe))~~ there are at least two therapeutically equivalent multiple source drugs, or at least one generic drug available from only one manufacturer, generally available for purchase by network pharmacies from national or regional wholesalers;

(b) Shall ensure that all drugs on a list are ~~((generally))~~ readily available for purchase by pharmacies in this state from national or regional wholesalers that serve pharmacies in Washington;

(c) Shall ensure that all drugs on a list are not obsolete;

(d) Shall make available to each network pharmacy at the beginning of the term of a contract, and upon renewal of a contract, the sources utilized to determine the ~~((maximum allowable cost pricing))~~ predetermined reimbursement costs for multisource generic drugs of the pharmacy benefit manager;

(e) Shall make a list available to a network pharmacy upon request in a format that is readily accessible to and usable by the network pharmacy;

(f) Shall update each list maintained by the pharmacy benefit manager every seven business days and make the updated lists, including all changes in the price of drugs, available to network pharmacies in a readily accessible and usable format;

(g) Shall ensure that dispensing fees are not included in the calculation of ~~((maximum allowable cost))~~ the predetermined reimbursement costs for multisource generic drugs.

(3) A pharmacy benefit manager must establish a process by which a network pharmacy may appeal its reimbursement for a drug subject to ~~((maximum allowable cost pricing))~~ predetermined reimbursement costs for multisource generic drugs. A network pharmacy may appeal a ~~((maximum allowable cost))~~ predetermined reimbursement cost for a multisource generic drug if the reimbursement for the drug is less than the net amount that the network pharmacy paid to the supplier of the drug. ~~((An appeal requested under this section must be completed within thirty calendar days of the pharmacy making the claim for which an appeal has been requested.))~~ An appeal requested under this section must be completed within

thirty calendar days of the pharmacy submitting the appeal. If after thirty days the network pharmacy has not received the decision on the appeal from the pharmacy benefit manager, then the appeal is considered denied.

The pharmacy benefit manager shall uphold the appeal if the pharmacy or pharmacist can demonstrate that it is unable to purchase a therapeutically equivalent interchangeable product from a supplier doing business in Washington at the pharmacy benefit manager's list price.

(4) A pharmacy benefit manager must provide as part of the appeals process established under subsection (3) of this section:

(a) A telephone number at which a network pharmacy may contact the pharmacy benefit manager and speak with an individual who is responsible for processing appeals; and

~~(b) ((A final response to an appeal of a maximum allowable cost within seven business days; and~~

~~((c)))~~ If the appeal is denied, the reason for the denial and the national drug code of a drug that ~~((may be))~~ has been purchased by ((similarly situated)) other network pharmacies located in Washington at a price that is equal to or less than the ~~((maximum allowable cost))~~ predetermined reimbursement cost for the multisource generic drug.

(5)(a) If an appeal is upheld under this section, the pharmacy benefit manager shall make ~~((a))~~ a reasonable adjustment on a date no later than one day after the date of determination. ~~((The pharmacy benefit manager shall make the adjustment effective for all similarly situated pharmacies in this state that are within the network.))~~

(b) If the request for an adjustment has come from a critical access pharmacy, as defined by the state health care authority by rule for purposes related to the prescription drug purchasing consortium established under RCW 70.14.060, the adjustment approved under (a) of this subsection shall apply only to critical access pharmacies.

(6) Beginning July 1, 2017, if a network pharmacy appeal to the pharmacy benefit manager is denied, or if the network pharmacy is unsatisfied with the outcome of the appeal, the pharmacy or pharmacist may dispute the decision and request review by the commissioner within thirty calendar days of receiving the decision.

(a) All relevant information from the parties may be presented to the commissioner, and the commissioner may enter an order directing the pharmacy benefit manager to make an adjustment to the disputed claim, deny the pharmacy appeal, or take other actions deemed fair and equitable. An appeal requested under this section must be completed within thirty calendar days of the request.

(b) Upon resolution of the dispute, the commissioner shall provide a copy of the decision to both parties within seven calendar days.

(c) The commissioner may authorize the office of administrative hearings, as provided in chapter 34.12 RCW, to conduct appeals under this subsection (6).

(7) This section does not apply to the state medical assistance program.

(8) This section applies only to a retail licensed pharmacy with fewer than ten retail outlets, within the state of Washington, under its corporate umbrella.

**NEW SECTION. Sec. 24.** A new section is added to chapter 19.340 RCW to read as follows:

- (1) As used in this section:
- (a) "List" means the list of drugs for which maximum allowable costs have been established.
- (b) "Maximum allowable cost" means the maximum amount that a pharmacy benefit manager will reimburse a pharmacy for the cost of a drug.
- (c) "Multiple source drug" means a therapeutically equivalent drug that is available from at least two manufacturers.
- (d) "Network pharmacy" means a retail drug outlet licensed as a pharmacy under RCW 18.64.043 that contracts with a pharmacy benefit manager.
- (e) "Therapeutically equivalent" has the same meaning as in RCW 69.41.110.
- (2) A pharmacy benefit manager:
- (a) May not place a drug on a list unless there are at least two therapeutically equivalent multiple source drugs, or at least one generic drug available from only one manufacturer, generally available for purchase by network pharmacies from national or regional wholesalers;
- (b) Shall ensure that all drugs on a list are generally available for purchase by pharmacies in this state from national or regional wholesalers;
- (c) Shall ensure that all drugs on a list are not obsolete;
- (d) Shall make available to each network pharmacy at the beginning of the term of a contract, and upon renewal of a contract, the sources utilized to determine the maximum allowable cost pricing of the pharmacy benefit manager;
- (e) Shall make a list available to a network pharmacy upon request in a format that is readily accessible to and usable by the network pharmacy;
- (f) Shall update each list maintained by the pharmacy benefit manager every seven business days and make the updated lists, including all changes in the price of drugs, available to network pharmacies in a readily accessible and usable format;
- (g) Shall ensure that dispensing fees are not included in the calculation of maximum allowable cost.
- (3) A pharmacy benefit manager must establish a process by which a network pharmacy may appeal its reimbursement for a drug subject to maximum allowable cost pricing. A network pharmacy may appeal a maximum allowable cost if the reimbursement for the drug is less than the net amount that the network pharmacy paid to the supplier of the drug. An appeal requested under this section must be completed within thirty calendar days of the pharmacy making the claim for which an appeal has been requested.
- (4) A pharmacy benefit manager must provide as part of the appeals process established under subsection (3) of this section:
- (a) A telephone number at which a network pharmacy may contact the pharmacy benefit manager and speak with an individual who is responsible for processing appeals;
- (b) A final response to an appeal of a maximum allowable cost within seven business days; and

(c) If the appeal is denied, the reason for the denial and the national drug code of a drug that may be purchased by similarly situated pharmacies at a price that is equal to or less than the maximum allowable cost.

(5)(a) If an appeal is upheld under this section, the pharmacy benefit manager shall make an adjustment on a date no later than one day after the date of determination. The pharmacy benefit manager shall make the adjustment effective for all similarly situated pharmacies in this state that are within the network.

(b) If the request for an adjustment has come from a critical access pharmacy, as defined by the state health care authority by rule for purposes related to the prescription drug purchasing consortium established under RCW 70.14.060, the adjustment approved under (a) of this subsection shall apply only to critical access pharmacies.

(6) This section does not apply to the state medical assistance program.

(7) This section applies only to a retail licensed pharmacy with ten or more retail outlets, within the state of Washington, under its corporate umbrella.

**NEW SECTION. Sec. 25.** A new section is added to chapter 48.02 RCW to read as follows:

(1) The commissioner shall accept registration of pharmacy benefit managers as established in RCW 19.340.030 and receipts shall be deposited in the insurance commissioner's regulatory account.

(2) The commissioner shall have enforcement authority over chapter 19.340 RCW consistent with requirements established in section 2 of this act.

(3) The commissioner may adopt rules to implement chapter 19.340 RCW and to establish registration and renewal fees that ensure the registration, renewal, and oversight activities are self-supporting.

**NEW SECTION. Sec. 26.** The insurance commissioner, in collaboration with the department of health, must review the potential to use the independent review organizations, established in RCW 48.43.535, as an alternative to the appeal process for pharmacy and pharmacy benefit manager disputes. By December 1, 2016, the agencies must submit recommendations for use of the independent review organizations including detailed suggestions for modifications to the process, and the possible transition of the process from the department of health, established in RCW 43.70.235, to the office of the insurance commissioner.

**NEW SECTION. Sec. 27.** (1) The office of the insurance commissioner shall conduct a study of the pharmacy chain of supply. The commissioner or his or her designee may convene one or more stakeholder work groups to address the components of the study, which must include but are not limited to the following:

(a) Review the entire drug supply chain including plan and pharmacy benefit manager reimbursements to network pharmacies, wholesaler or pharmacy service

administrative organization prices to network pharmacies, and drug manufacturer prices to network pharmacies;

(b) Discuss suggestions that recognize the unique nature of small and rural pharmacies and possible options that support a viable business model that do not increase the cost of pharmacy products;

(c) Review the availability of all drugs on the maximum allowable cost list or any similar list for pharmacies;

(d) Review the telephone contacts and standards for response times and availability; and

(e) Review the pharmacy acquisition cost from national or regional wholesalers that serve pharmacies in Washington, and consider when or whether to make an adjustment and under what standards. The review may assess the timing of pharmacy purchases of products and the relative risk of list price changes related to the timing of dispensing the products.

(2) The study must be delivered to the legislature by November 1, 2016.

**NEW SECTION. Sec. 28.** Section 1 of this act takes effect January 1, 2017."

Correct the title.

Signed by Representatives Hudgins, Chair; Kuderer, Vice Chair; MacEwen, Ranking Minority Member; Caldier, Assistant Ranking Minority Member; Johnson; Morris and Senn.

Passed to Committee on Rules for second reading.

February 29, 2016  
**ESB 5873** Prime Sponsor, Senator Conway: Permitting persons retired from the law enforcement officers' and firefighters' retirement system plan 1 to select a survivor benefit option. Reported by Committee on Appropriations

MAJORITY recommendation: Do pass. Signed by Representatives Dunshee, Chair; Ormsby, Vice Chair; Chandler, Ranking Minority Member; Parker, Assistant Ranking Minority Member; Wilcox, Assistant Ranking Minority Member; Buys; Cody; Fitzgibbon; Haler; Hansen; Harris; Hudgins; Hunt, S.; Jinkins; Kagi; Lytton; MacEwen; Magendanz; Pettigrew; Robinson; Sawyer; Schmick; Senn; Springer; Stokesbary; Sullivan; Tharinger; Van Werven and Walkinshaw.

MINORITY recommendation: Do not pass. Signed by Representatives Condotta and Taylor.

MINORITY recommendation: Without recommendation. Signed by Representatives Dent and Manweller.

Passed to Committee on Rules for second reading.

February 29, 2016

**ESB 6100** Prime Sponsor, Senator Chase: Establishing an economic gardening pilot program. Reported by Committee on General Government & Information Technology

MAJORITY recommendation: Do pass as amended by Committee on General Government & Information Technology and without amendment by Committee on Technology & Economic Development.

Strike everything after the enacting clause and insert the following:

**"NEW SECTION. Sec. 29.** (1) The legislature finds that:

(a) Washington's unemployment rate during the recent recession created economic and social hardships for the people of the state;

(b) Local start-up companies and small businesses are likely, as they grow, to remain in their communities of origin, thereby creating local jobs and an economic multiplier effect with their payrolls and taxes while providing local economic stimuli, which increases the local tax base;

(c) Statewide economic prosperity and job creation are advanced significantly by creating, promoting, and retaining local start-up companies and small businesses with high growth potential;

(d) Entrepreneurs and small business owners of second-stage companies, which are those companies that are beyond the start-up stage but have not yet fully matured, with innovative products or services that satisfy market needs, have particular potential for expansion and job creation;

(e) Such entrepreneurs and owners can benefit from specialized business assistance to refine core strategies and from access to in-depth market research, competitor analyses, geographic information systems, search engine optimization, and other strategic information, as well as from relationships with mentors and advisers;

(f) The aspects of economic gardening that incorporate these principles have proven successful in improving the entrepreneurial process and promoting economically sustainable local businesses; and

(g) It is important to the overall health and growth of the state's economy to promote favorable conditions for those expanding Washington businesses that demonstrate the ability to grow.

(2) In recognition of the foregoing findings and principles, it is the intent of the legislature to create a Washington economic gardening pilot project in the department of commerce.

**NEW SECTION. Sec. 30.** A new section is added to chapter 43.31 RCW to read as follows:

(1) There is hereby created within the department the economic gardening pilot project. The purpose of the pilot project is to stimulate Washington's economy and create good-paying, sustainable jobs by providing



economic gardening strategic assistance services to second-stage companies in accordance with this section.

(2) The department must oversee and direct all resources for the execution of the pilot project. The department must work with chambers of commerce, associate development organizations, and other economic development organizations to implement the pilot project. The pilot project includes developing the processes for qualifying and selecting second-stage companies, identifying training components for economic development organizations implementing the pilot project, engaging private contractors as necessary to obtain strategic assistance from nationally recognized industry experts, and providing economic gardening strategic assistance to companies participating in the pilot project.

(3)(a) On or before January 1, 2017, the department must initiate a program to provide or obtain all necessary credentials for high-impact strategic assistance for the economic development organizations participating in the pilot project.

(b) Economic development organizations participating in the pilot project must be certified in economic gardening by an entity with relevant expertise in providing strategic assistance to second-stage companies.

(i) Prior to December 1, 2016, the department must issue a request for expression of interest in offering an economic gardening strategic assistance program. The department must compile a list of interested parties identified through the request for expression of interest process.

(ii) By December 1, 2016, the department must provide the list to the legislature. The department must select from the list of interested parties the entity it deems best able to deliver the training and strategic assistance services to second-stage companies described in this section and achieve the deliverables identified in subsection (6) of this section.

(c) The department or economic development organizations participating in the pilot project may, as necessary, contract with national specialists in the industries of the second-stage companies selected for the pilot program.

(d) The department must use the existing infrastructure of economic development organizations in the state to promote the pilot project to second-stage companies and to those clients and referrals that show growth potential in jobs, sales, or export potential.

(4)(a) On or before January 1, 2017, the department and participating economic development organizations must publish criteria for a second-stage company to be selected to participate in the pilot project. The criteria must include job growth potential, sustainability, export potential, and a workforce comprised of at least fifty percent Washington residents. Application criteria must also include requirements for data collection, as specified by the department, to show the impacts of services provided through the pilot project. The department and participating economic development organizations must utilize existing strategic infrastructure and consult with local and regional economic development partners, such as chambers of commerce, associate development organizations, and other local or regional economic

development entities, to identify eligible second-stage companies.

(b) In order to participate in the pilot project, a company selected for participation must pay a one-time fee of seven hundred fifty dollars, which moneys must be deposited into the economic gardening pilot project fund, created in subsection (5) of this section, for reinvestment in the pilot project.

(c) On or before March 1, 2017, the department and participating economic development organizations must select a minimum of twenty companies to participate in the pilot project.

(d) The department must oversee staff members certified pursuant to subsection (3)(b) of this section and private contractors selected pursuant to subsection (3)(c) of this section to deploy strategic assistance to all pilot project participants. The department and participating economic development organizations must acquire any tools necessary to provide the strategic assistance, including database licenses, permits, and economic gardening certification.

(e) A participating company has twelve months from the date that the department and participating economic development organizations select the company to participate in the pilot project to use the strategic assistance and other economic gardening services offered pursuant to the pilot project.

(5) There is hereby created in the state treasury the economic gardening pilot project fund, to be administered by the department. The fund consists of all fees received under subsection (4)(b) of this section and any moneys appropriated by the legislature for the purposes of this section. The legislature must make annual appropriations of the moneys in the fund to the department for administering the pilot project. Any moneys in the fund not appropriated must remain in the fund and may not be transferred or revert to the general fund at the end of any fiscal year.

(6) On or before November 1, 2017, and on or before November 1st each year thereafter through November 1, 2019, and in compliance with RCW 43.01.036 the department must submit a report to the economic development and workforce development committees of the legislature. The report must include, at a minimum:

(a) The services offered through the pilot project's strategic assistance;

(b) The department's expenditures on strategic assistance provided to pilot project participants;

(c) The number and types of jobs created as a result of the pilot project;

(d) The increased sales as a result of the pilot project; and

(e) The value of goods or services sold outside the company's local area or state.

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

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

(b) "Economic gardening" means an approach to economic growth and development that emphasizes

nurturing and cultivating local small businesses by providing strategic assistance to second-stage companies.

(c) "Key industry" means an industry critical to the Washington economy, as identified by the department.

(d) "Pilot project" means the economic gardening pilot project created in this section.

(e) "Second-stage company" means a privately held business that:

(i) Employs full-time at least six persons but not more than ninety-nine persons;

(ii) Has maintained its principal place of business and a majority of its employees in Washington for at least the previous two years;

(iii) Claims at least five hundred thousand dollars but not more than fifty million dollars as annual gross revenue or working capital; and

(iv) Has a product or service that is, or has the potential to be, sold outside the company's local area or state.

(f) "Strategic assistance" or "economic gardening strategic assistance" means performing high-level database research and analysis or deploying staff members certified under subsection (4) of this section or possessing national expertise in the relevant industry to perform market research, develop core strategies, conduct business modeling, identify qualified sales leads, provide growth financing referrals, perform search engine optimization, utilize geographic information systems, advise on new media marketing, or assist with network analyses and innovation strategies.

(8) The pilot project created in this section terminates July 1, 2019.

(9) This section expires July 1, 2020.

**NEW SECTION. Sec. 31.** If specific funding for the purposes of this act, referencing this act by bill or chapter number, is not provided by June 30, 2016, in the omnibus appropriations act, this act is null and void."

Correct the title.

Signed by Representatives Hudgins, Chair; Kuderer, Vice Chair; MacEwen, Ranking Minority Member; Caldier, Assistant Ranking Minority Member; Johnson; Morris and Senn.

Passed to Committee on Rules for second reading.

February 29, 2016  
SSB 6120 Prime Sponsor, Committee on Transportation: Providing a registration exemption for certain vessels. Reported by Committee on Transportation

MAJORITY recommendation: Do pass as amended.

On page 3, line 22, after "hour" insert "and is not used on waters subject to the jurisdiction of the United States or on the high seas beyond the territorial seas for vessels owned in the United States"

On page 5, line 22, after "hour" insert "and is not used on waters subject to the jurisdiction of the United States or on the high seas beyond the territorial seas for vessels owned in the United States"

Signed by Representatives Clibborn, Chair; Farrell, Vice Chair; Fey, Vice Chair; Moscoso, Vice Chair; Orcutt, Ranking Minority Member; Hargrove, Assistant Ranking Minority Member; Harmsworth, Assistant Ranking Minority Member; Bergquist; Gregerson; Hayes; Hickel; Kochmar; McBride; Moeller; Morris; Ortiz-Self; Pike; Riccelli; Rodne; Rossetti; Sells; Shea; Stambaugh; Tarleton and Young.

Passed to Committee on Rules for second reading.

February 26, 2016  
ESSB 6149 Prime Sponsor, Committee on Commerce & Labor: Providing reasonable accommodations in the workplace for pregnant women. Reported by Committee on General Government & Information Technology

MAJORITY recommendation: Do pass as amended by Committee on General Government & Information Technology and without amendment by Committee on Labor & Workplace Standards.

Strike everything after the enacting clause and insert the following:

**"NEW SECTION. Sec. 32.** A new section is added to chapter 43.10 RCW to read as follows:

(1) An employer must provide reasonable accommodations to an employee for a pregnancy-related or childbirth-related health condition if so requested, with written certification from a licensed health care provider, unless the employer demonstrates that the accommodation would impose an undue hardship on the operation of the employer's business. The employer must provide written notice to the employer stating that a health condition related to pregnancy or childbirth requires accommodation.

(2) Notwithstanding subsection (1) of this section, an employee who is pregnant or has a health condition related to pregnancy or childbirth shall not be required to obtain the advice of a licensed health care provider, nor may an employer claim undue hardship, for the following accommodations: (a) More frequent, longer, or flexible restroom, food, and water breaks; (b) seating; and (c) limits on lifting over twenty pounds.

(3) The employee and employer shall engage in an interactive process with respect to an employee's request for a reasonable accommodation.

(4) Notwithstanding any other provision of this section, an employer shall not be required to create a new or additional position in order to accommodate an employee pursuant to this section, and shall not be required to discharge any employee, transfer any other employee with greater seniority, or promote any employee.

(5) An employer shall not require an employee who has a pregnancy-related or childbirth-related health condition to accept an accommodation, if such accommodation is unnecessary to enable the employee to perform the job.

(6) An employer shall not:

(a) Take adverse action against an employee who requests or uses an accommodation under this section that affects the terms, conditions, or privileges of employment;

(b) Deny employment opportunities to an otherwise qualified employee if such denial is based on the employer's need to make reasonable accommodation required by this section; or

(c) Require an employee to take leave if another reasonable accommodation can be provided for the employee's pregnancy-related or childbirth-related health condition.

(7) This section does not preempt, limit, diminish, or otherwise affect any other provision of law relating to sex discrimination or pregnancy, or in any way diminish or limit the coverage for pregnancy, childbirth, or a pregnancy-related health condition.

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

(a) "Employee" means an individual employed by an employer.

(b) "Employer" has the same meaning as RCW 49.60.040(11).

(c) "Reasonable accommodation" includes, but is not limited to:

(i) Making existing facilities used by employees readily accessible to and usable by employees who have a pregnancy-related or childbirth-related condition;

(ii) Job restructuring, part-time or modified work schedules, reassignment to a vacant position, acquisition or modification of equipment or devices, or appropriate adjustment or modifications of examinations;

(iii) Temporary transfer to a less strenuous or hazardous position;

(iv) Limits on heavy lifting;

(v) Scheduling flexibility for prenatal and postnatal visits.

(d) "Undue hardship" means an action requiring significant difficulty or expense.

(9) The attorney general shall investigate complaints and enforce this section. The attorney general may issue civil investigative demands for the inspection of documents, interrogatory responses, and oral testimony in the enforcement of this section. The attorney general may seek all appropriate relief in the superior courts for violations of this section, including costs and a reasonable attorneys' fee. In addition to the complaint process with the attorney general, any aggrieved person injured by any act in violation of this section has a civil cause of action in court to enjoin further violations, or to recover the actual damages sustained by the person, or both, together with the cost of suit including reasonable attorneys' fees or any other appropriate remedy authorized by state or federal law."

Correct the title.

Signed by Representatives Hudgins, Chair; Kuderer, Vice Chair; Morris and Senn.

MINORITY recommendation: Do not pass. Signed by Representatives MacEwen, Ranking Minority Member; Caldier, Assistant Ranking Minority Member and Johnson.

Passed to Committee on Rules for second reading.

February 29, 2016

SB 6150

Prime Sponsor, Senator Honeyford: Increasing the available term of water pollution control revolving fund program loans to reflect the 2014 amendments to the federal clean water act allowing such an increase. Reported by Committee on Capital Budget

MAJORITY recommendation: Do pass. Signed by Representatives Tharinger, Chair; Stanford, Vice Chair; DeBolt, Ranking Minority Member; Smith, Assistant Ranking Minority Member; Kilduff; Kochmar; Peterson; Riccelli and Walsh.

Passed to Committee on Rules for second reading.

February 29, 2016

SB 6156

Prime Sponsor, Senator Rivers: Reauthorizing the medicaid fraud false claims act. Reported by Committee on Appropriations

MAJORITY recommendation: Do pass. Signed by Representatives Dunshee, Chair; Ormsby, Vice Chair; Chandler, Ranking Minority Member; Parker, Assistant Ranking Minority Member; Wilcox, Assistant Ranking Minority Member; Buys; Cody; Dent; Fitzgibbon; Haler; Hansen; Harris; Hudgins; Hunt, S.; Jenkins; Kagi; Lytton; MacEwen; Magendanz; Manweller; Pettigrew; Robinson; Sawyer; Senn; Springer; Stokesbary; Sullivan; Tharinger; Van Werven and Walkinshaw.

MINORITY recommendation: Do not pass. Signed by Representatives Condotta; Schmick and Taylor.

Passed to Committee on Rules for second reading.

February 29, 2016

SSB 6160

Prime Sponsor, Committee on Law & Justice: Regulating the manufacture, sale, distribution, and installation of motor vehicle air bags. Reported by Committee on General Government & Information Technology

MAJORITY recommendation: Do pass as amended by Committee on General Government & Information Technology and without amendment by Committee on Public Safety.

Strike everything after the enacting clause and insert the following:

"Sec. 33. RCW 46.37.640 and 2003 c 33 s 1 are each amended to read as follows:

(1) "Air bag" means an inflatable restraint system or portion of an inflatable restraint system (~~installed in a motor vehicle~~) including, but not limited to, the cushion material, cover, sensors, controllers, inflators, and wiring that (a) operates in the event of a crash and (b) is designed in accordance with federal motor vehicle safety standards for the specific make, model, and year of the motor vehicle in which it is or will be installed.

(2) "Previously deployed air bag" means an inflatable restraint system or portion of the system that has been activated or inflated as a result of a collision or other incident involving the vehicle.

(3) "Nondeployed salvage air bag" means an inflatable restraint system or portion of an inflatable restraint system that has not been previously activated or inflated as a result of a collision or other incident involving the vehicle.

(4) "Counterfeit air bag" means a replacement motor vehicle inflatable occupant restraint system, including all component parts including, but not limited to, the cushion material, cover, sensors, controllers, inflators, and wiring, displaying a mark identical or similar to the genuine mark of a motor vehicle manufacturer without authorization from the manufacturer.

(5) "Nonfunctional air bag" means a replacement motor vehicle inflatable occupant restraint system, including all component parts including, but not limited to, the cushion material, cover, sensors, controllers, inflators, and wiring, which: (a) Was previously deployed or damaged; (b) has an electric fault that is detected by the vehicle air bag diagnostic system after the installation procedure is completed; or (c) includes any part or object including, but not limited to, a counterfeit or repaired air bag cover, installed in a motor vehicle to mislead the owner or operator of the motor vehicle into believing that a functional air bag has been installed.

Sec. 34. RCW 46.37.650 and 2011 c 96 s 33 are each amended to read as follows:

(1)(a) ~~It is unlawful for a person ((is guilty of a gross misdemeanor if he or she knew or reasonably should have known that an air bag he or she installs or reinstalls in a vehicle for compensation, or distributes as an auto part)), with criminal negligence, to manufacture or import a motor vehicle air bag, that: (i) Is a counterfeit air bag, (ii) is a nonfunctional air bag, (iii) is a previously deployed or damaged air bag that is part of an inflatable restraint system, or (iv) otherwise does not meet all applicable federal safety standards for an air bag. This subsection does not apply to nondeployed salvage air bags that meet the requirements of RCW 46.37.660(1).~~

~~((2)) (b) A person ((found guilty under subsection (1) of this section shall be punished by a fine of not more than five thousand dollars or by confinement in the county jail for up to three hundred sixty four days, or both)) in~~

violation of this subsection is guilty of a class C felony if the criminal negligence caused bodily injury as defined in RCW 9A.04.110 or death to another person.

(c) A person in violation of this subsection is guilty of a class C felony, regardless if the criminal negligence caused harm to another.

(2)(a) It is unlawful for a person, in a reckless manner, to sell, offer for sale, install, or reinstall a device in a vehicle for compensation, or distribute as an auto part, or replace a motor vehicle air bag, that: (i) Is a counterfeit air bag, (ii) is a nonfunctional air bag, (iii) is a previously deployed or damaged air bag that is part of an inflatable restraint system, or (iv) otherwise does not meet all applicable federal safety standards for an air bag. This subsection does not apply to nondeployed salvage air bags that meet the requirements of RCW 46.37.660(1).

(b) A person in violation of this subsection is guilty of a class C felony if the reckless manner caused bodily injury as defined in RCW 9A.04.110 or death to another person.

(c) A person in violation of this subsection is guilty of a class C felony, regardless if the reckless manner caused harm to another.

Sec. 35. RCW 46.37.660 and 2003 c 33 s 3 are each amended to read as follows:

(1)(a) Whenever an air bag that is part of a previously deployed inflatable restraint system is replaced by either a new air bag that is part of an inflatable restraint system or a nondeployed salvage air bag that is part of an inflatable restraint system, the air bag must conform to the original equipment manufacturer requirements and the installer must verify that the self-diagnostic system for the inflatable restraint system indicates that the entire inflatable restraint system is operating properly.

(b) A person in violation of this subsection (1) is guilty of a class C felony if the violation caused bodily injury as defined in RCW 9A.04.110 or death to another person.

(c) A person in violation of this subsection (1) is guilty of a class C felony, regardless if the violation caused harm to another.

(2)(a) No person may sell, install, or reinstall in any motor vehicle any device that causes the vehicle's diagnostic system to inaccurately indicate that the vehicle is equipped with a functional air bag when a counterfeit air bag, a nonfunctional air bag, or no air bag is installed. This subsection does not apply to nondeployed salvage air bags that meet the requirements of subsection (1) of this section.

(b) A person in violation of this subsection (2) is guilty of a class C felony if the violation caused bodily injury as defined in RCW 9A.04.110 or death to another person.

(c) A person in violation of this subsection (2) is guilty of a class C felony, regardless if the violation caused harm to another.

Sec. 36. RCW 46.63.020 and 2014 c 124 s 9 are each amended to read as follows:

Failure to perform any act required or the performance of any act prohibited by this title or an equivalent administrative regulation or local law, ordinance, regulation, or resolution relating to traffic including parking, standing, stopping, and pedestrian offenses, is designated as a traffic infraction and may not be classified as a criminal offense, except for an offense contained in the following provisions of this title or a violation of an equivalent administrative regulation or local law, ordinance, regulation, or resolution:

(1) RCW 46.09.457(1)(b)(i) relating to a false statement regarding the inspection of and installation of equipment on wheeled all-terrain vehicles;

(2) RCW 46.09.470(2) relating to the operation of a nonhighway vehicle while under the influence of intoxicating liquor or a controlled substance;

(3) RCW 46.09.480 relating to operation of nonhighway vehicles;

(4) RCW 46.10.490(2) relating to the operation of a snowmobile while under the influence of intoxicating liquor or narcotics or habit-forming drugs or in a manner endangering the person of another;

(5) RCW 46.10.495 relating to the operation of snowmobiles;

(6) Chapter 46.12 RCW relating to certificates of title, registration certificates, and markings indicating that a vehicle has been destroyed or declared a total loss;

(7) RCW 46.16A.030 and 46.16A.050(3) relating to the nonpayment of taxes and fees by failure to register a vehicle and falsifying residency when registering a motor vehicle;

(8) RCW 46.16A.520 relating to permitting unauthorized persons to drive;

(9) RCW 46.16A.320 relating to vehicle trip permits;

(10) RCW 46.19.050(1) relating to knowingly providing false information in conjunction with an application for a special placard or license plate for disabled persons' parking;

(11) RCW 46.19.050(8) relating to illegally obtaining a parking placard, special license plate, special year tab, or identification card;

(12) RCW 46.19.050(9) relating to sale of a parking placard, special license plate, special year tab, or identification card;

(13) RCW 46.20.005 relating to driving without a valid driver's license;

(14) RCW 46.20.091 relating to false statements regarding a driver's license or instruction permit;

(15) RCW 46.20.0921 relating to the unlawful possession and use of a driver's license;

(16) RCW 46.20.342 relating to driving with a suspended or revoked license or status;

(17) RCW 46.20.345 relating to the operation of a motor vehicle with a suspended or revoked license;

(18) RCW 46.20.410 relating to the violation of restrictions of an occupational driver's license, temporary restricted driver's license, or ignition interlock driver's license;

(19) RCW 46.20.740 relating to operation of a motor vehicle without an ignition interlock device in violation of a license notation that the device is required;

(20) RCW 46.20.750 relating to circumventing an ignition interlock device;

(21) RCW 46.25.170 relating to commercial driver's licenses;

(22) Chapter 46.29 RCW relating to financial responsibility;

(23) RCW 46.30.040 relating to providing false evidence of financial responsibility;

(24) RCW 46.35.030 relating to recording device information;

(25) RCW 46.37.435 relating to wrongful installation of sunscreening material;

(26) RCW 46.37.650 relating to the manufacture, importation, sale, ((resale,)) distribution, or installation of a counterfeit air bag, nonfunctional air bag, or previously deployed or damaged air bag;

(27) RCW 46.37.660 relating to the sale or installation of a device that causes a vehicle's diagnostic system to inaccurately indicate that the vehicle has a functional air bag when a counterfeit air bag, nonfunctional air bag, or no air bag is installed;

~~(28)~~ (28) RCW 46.37.671 through 46.37.675 relating to signal preemption devices;

~~((28))~~ (29) RCW 46.37.685 relating to switching or flipping license plates, utilizing technology to flip or change the appearance of a license plate, selling a license plate flipping device or technology used to change the appearance of a license plate, or falsifying a vehicle registration;

~~((29))~~ (30) RCW 46.44.180 relating to operation of mobile home pilot vehicles;

~~((30))~~ (31) RCW 46.48.175 relating to the transportation of dangerous articles;

~~((31))~~ (32) RCW 46.52.010 relating to duty on striking an unattended car or other property;

~~((32))~~ (33) RCW 46.52.020 relating to duty in case of injury to or death of a person or damage to an attended vehicle;

~~((33))~~ (34) RCW 46.52.090 relating to reports by repairers, storage persons, and appraisers;

~~((34))~~ (35) RCW 46.52.130 relating to confidentiality of the driving record to be furnished to an insurance company, an employer, and an alcohol/drug assessment or treatment agency;

~~((35))~~ (36) RCW 46.55.020 relating to engaging in the activities of a registered tow truck operator without a registration certificate;

~~((36))~~ (37) RCW 46.55.035 relating to prohibited practices by tow truck operators;

~~((37))~~ (38) RCW 46.55.300 relating to vehicle immobilization;

~~((38))~~ (39) RCW 46.61.015 relating to obedience to police officers, flaggers, or firefighters;

~~((39))~~ (40) RCW 46.61.020 relating to refusal to give information to or cooperate with an officer;

~~((40))~~ (41) RCW 46.61.022 relating to failure to stop and give identification to an officer;

~~((41))~~ (42) RCW 46.61.024 relating to attempting to elude pursuing police vehicles;

~~((42))~~ (43) RCW 46.61.212(4) relating to reckless endangerment of emergency zone workers;

~~((43))~~ (44) RCW 46.61.500 relating to reckless driving;  
~~((44))~~ (45) RCW 46.61.502 and 46.61.504 relating to persons under the influence of intoxicating liquor or drugs;  
~~((45))~~ (46) RCW 46.61.503 relating to a person under age twenty-one driving a motor vehicle after consuming alcohol;  
~~((46))~~ (47) RCW 46.61.520 relating to vehicular homicide by motor vehicle;  
~~((47))~~ (48) RCW 46.61.522 relating to vehicular assault;  
~~((48))~~ (49) RCW 46.61.5249 relating to first degree negligent driving;  
~~((49))~~ (50) RCW 46.61.527(4) relating to reckless endangerment of roadway workers;  
~~((50))~~ (51) RCW 46.61.530 relating to racing of vehicles on highways;  
~~((51))~~ (52) RCW 46.61.655(7) (a) and (b) relating to failure to secure a load;  
~~((52))~~ (53) RCW 46.61.685 relating to leaving children in an unattended vehicle with the motor running;  
~~((53))~~ (54) RCW 46.61.740 relating to theft of motor vehicle fuel;  
~~((54))~~ (55) RCW 46.64.010 relating to unlawful cancellation of or attempt to cancel a traffic citation;  
~~((55))~~ (56) RCW 46.64.048 relating to attempting, aiding, abetting, coercing, and committing crimes;  
~~((56))~~ (57) Chapter 46.65 RCW relating to habitual traffic offenders;  
~~((57))~~ (58) RCW 46.68.010 relating to false statements made to obtain a refund;  
~~((58))~~ (59) Chapter 46.70 RCW relating to unfair motor vehicle business practices, except where that chapter provides for the assessment of monetary penalties of a civil nature;  
~~((59))~~ (60) Chapter 46.72 RCW relating to the transportation of passengers in for hire vehicles;  
~~((60))~~ (61) RCW 46.72A.060 relating to limousine carrier insurance;  
~~((61))~~ (62) RCW 46.72A.070 relating to operation of a limousine without a vehicle certificate;  
~~((62))~~ (63) RCW 46.72A.080 relating to false advertising by a limousine carrier;  
~~((63))~~ (64) Chapter 46.80 RCW relating to motor vehicle wreckers;  
~~((64))~~ (65) Chapter 46.82 RCW relating to driver's training schools;  
~~((65))~~ (66) RCW 46.87.260 relating to alteration or forgery of a cab card, letter of authority, or other temporary authority issued under chapter 46.87 RCW;  
~~((66))~~ (67) RCW 46.87.290 relating to operation of an unregistered or unlicensed vehicle under chapter 46.87 RCW.

**Sec. 37.** RCW 9.94A.515 and 2015 c 261 s 11 are each amended to read as follows:

TABLE 2  
 CRIMES INCLUDED WITHIN  
 EACH SERIOUSNESS LEVEL

XVI Aggravated Murder 1 (RCW 10.95.020)  
 XV Homicide by abuse (RCW 9A.32.055)  
 Malicious explosion 1 (RCW 70.74.280(1))  
 Murder 1 (RCW 9A.32.030)  
 XIV Murder 2 (RCW 9A.32.050)  
 Trafficking 1 (RCW 9A.40.100(1))  
 XIII Malicious explosion 2 (RCW 70.74.280(2))  
 Malicious placement of an explosive 1 (RCW 70.74.270(1))  
 XII Assault 1 (RCW 9A.36.011)  
 Assault of a Child 1 (RCW 9A.36.120)  
 Malicious placement of an imitation device 1 (RCW 70.74.272(1)(a))  
 Promoting Commercial Sexual Abuse of a Minor (RCW 9.68A.101)  
 Rape 1 (RCW 9A.44.040)  
 Rape of a Child 1 (RCW 9A.44.073)  
 Trafficking 2 (RCW 9A.40.100(3))  
 XI Manslaughter 1 (RCW 9A.32.060)  
 Rape 2 (RCW 9A.44.050)  
 Rape of a Child 2 (RCW 9A.44.076)  
 Vehicular Homicide, by being under the influence of intoxicating liquor or any drug (RCW 46.61.520)  
 X Child Molestation 1 (RCW 9A.44.083)  
 Criminal Mistreatment 1 (RCW 9A.42.020)  
 Indecent Liberties (with forcible compulsion) (RCW 9A.44.100(1)(a))  
 Kidnapping 1 (RCW 9A.40.020)  
 Leading Organized Crime (RCW 9A.82.060(1)(a))  
 Malicious explosion 3 (RCW 70.74.280(3))  
 Sexually Violent Predator Escape (RCW 9A.76.115)  
 IX Abandonment of Dependent Person 1 (RCW 9A.42.060)  
 Assault of a Child 2 (RCW 9A.36.130)  
 Explosive devices prohibited (RCW 70.74.180)  
 Hit and Run—Death (RCW 46.52.020(4)(a))  
 Homicide by Watercraft, by being under the influence of

- intoxicating liquor or any drug (RCW 79A.60.050)
- Inciting Criminal Profiteering (RCW 9A.82.060(1)(b))
- Malicious placement of an explosive 2 (RCW 70.74.270(2))
- Robbery 1 (RCW 9A.56.200)
- Sexual Exploitation (RCW 9.68A.040)
- VIII Arson 1 (RCW 9A.48.020)
- Commercial Sexual Abuse of a Minor (RCW 9.68A.100)
- Homicide by Watercraft, by the operation of any vessel in a reckless manner (RCW 79A.60.050)
- Manslaughter 2 (RCW 9A.32.070)
- Promoting Prostitution 1 (RCW 9A.88.070)
- Theft of Ammonia (RCW 69.55.010)
- Vehicular Homicide, by the operation of any vehicle in a reckless manner (RCW 46.61.520)
- VII Air bag diagnostic systems (causing bodily injury or death) (RCW 46.37.660(2)(b))
- Air bag replacement requirements (causing bodily injury or death) (RCW 46.37.660(1)(b))
- Burglary 1 (RCW 9A.52.020)
- Child Molestation 2 (RCW 9A.44.086)
- Civil Disorder Training (RCW 9A.48.120)
- Manufacture or import counterfeit, nonfunctional, damaged, or previously deployed air bag (causing bodily injury or death) (RCW 46.37.650(1)(b))
- Sale, install, reinstall counterfeit, nonfunctional, damaged, or previously deployed airbag (RCW 46.37.650(2)(b))
- Dealing in depictions of minor engaged in sexually explicit conduct 1 (RCW 9.68A.050(1))
- Drive-by Shooting (RCW 9A.36.045)
- Homicide by Watercraft, by disregard for the safety of others (RCW 79A.60.050)
- Indecent Liberties (without forcible compulsion) (RCW 9A.44.100(1) (b) and (c))
- Introducing Contraband 1 (RCW 9A.76.140)
- Malicious placement of an explosive 3 (RCW 70.74.270(3))
- Negligently Causing Death By Use of a Signal Preemption Device (RCW 46.37.675)
- Sending, bringing into state depictions of minor engaged in sexually explicit conduct 1 (RCW 9.68A.060(1))
- Unlawful Possession of a Firearm in the first degree (RCW 9.41.040(1))
- Use of a Machine Gun in Commission of a Felony (RCW 9.41.225)
- Vehicular Homicide, by disregard for the safety of others (RCW 46.61.520)
- VI Bail Jumping with Murder 1 (RCW 9A.76.170(3)(a))
- Bribery (RCW 9A.68.010)
- Incest 1 (RCW 9A.64.020(1))
- Intimidating a Judge (RCW 9A.72.160)
- Intimidating a Juror/Witness (RCW 9A.72.110, 9A.72.130)
- Malicious placement of an imitation device 2 (RCW 70.74.272(1)(b))
- Possession of Depictions of a Minor Engaged in Sexually Explicit Conduct 1 (RCW 9.68A.070(1))
- Rape of a Child 3 (RCW 9A.44.079)
- Theft of a Firearm (RCW 9A.56.300)
- Unlawful Storage of Ammonia (RCW 69.55.020)
- V Abandonment of Dependent Person 2 (RCW 9A.42.070)
- Advancing money or property for extortionate extension of credit (RCW 9A.82.030)
- Air bag diagnostic systems (RCW 46.37.660(2)(c))
- Air bag replacement requirements (RCW 46.37.660(1)(c))
- Bail Jumping with class A Felony (RCW 9A.76.170(3)(b))
- Child Molestation 3 (RCW 9A.44.089)

<u>Manufacture or import counterfeit, nonfunctional, damaged, or previously deployed air bag (RCW 46.37.650(1)(c))</u>	Assault 2 (RCW 9A.36.021)
<u>Sale, install, reinstall counterfeit, nonfunctional, damaged, or previously deployed airbag (RCW 46.37.650(2)(c))</u>	Assault 3 (of a Peace Officer with a Projectile Stun Gun) (RCW 9A.36.031(1)(h))
Criminal Mistreatment 2 (RCW 9A.42.030)	Assault by Watercraft (RCW 79A.60.060)
Custodial Sexual Misconduct 1 (RCW 9A.44.160)	Bribing a Witness/Bribe Received by Witness (RCW 9A.72.090, 9A.72.100)
Dealing in Depictions of Minor Engaged in Sexually Explicit Conduct 2 (RCW 9.68A.050(2))	Cheating 1 (RCW 9.46.1961)
Domestic Violence Court Order Violation (RCW 10.99.040, 10.99.050, 26.09.300, 26.10.220, 26.26.138, 26.50.110, 26.52.070, or 74.34.145)	Commercial Bribery (RCW 9A.68.060)
Driving While Under the Influence (RCW 46.61.502(6))	Counterfeiting (RCW 9.16.035(4))
Extortion 1 (RCW 9A.56.120)	Endangerment with a Controlled Substance (RCW 9A.42.100)
Extortionate Extension of Credit (RCW 9A.82.020)	Escape 1 (RCW 9A.76.110)
Extortionate Means to Collect Extensions of Credit (RCW 9A.82.040)	Hit and Run—Injury (RCW 46.52.020(4)(b))
Incest 2 (RCW 9A.64.020(2))	Hit and Run with Vessel—Injury Accident (RCW 79A.60.200(3))
Kidnapping 2 (RCW 9A.40.030)	Identity Theft 1 (RCW 9.35.020(2))
Perjury 1 (RCW 9A.72.020)	Indecent Exposure to Person Under Age Fourteen (subsequent sex offense) (RCW 9A.88.010)
Persistent prison misbehavior (RCW 9.94.070)	Influencing Outcome of Sporting Event (RCW 9A.82.070)
Physical Control of a Vehicle While Under the Influence (RCW 46.61.504(6))	Malicious Harassment (RCW 9A.36.080)
Possession of a Stolen Firearm (RCW 9A.56.310)	Possession of Depictions of a Minor Engaged in Sexually Explicit Conduct 2 (RCW 9.68A.070(2))
Rape 3 (RCW 9A.44.060)	Residential Burglary (RCW 9A.52.025)
Rendering Criminal Assistance 1 (RCW 9A.76.070)	Robbery 2 (RCW 9A.56.210)
Sending, Bringing into State Depictions of Minor Engaged in Sexually Explicit Conduct 2 (RCW 9.68A.060(2))	Theft of Livestock 1 (RCW 9A.56.080)
Sexual Misconduct with a Minor 1 (RCW 9A.44.093)	Threats to Bomb (RCW 9.61.160)
Sexually Violating Human Remains (RCW 9A.44.105)	Trafficking in Stolen Property 1 (RCW 9A.82.050)
Stalking (RCW 9A.46.110)	Unlawful factoring of a credit card or payment card transaction (RCW 9A.56.290(4)(b))
Taking Motor Vehicle Without Permission 1 (RCW 9A.56.070)	Unlawful transaction of health coverage as a health care service contractor (RCW 48.44.016(3))
IV Arson 2 (RCW 9A.48.030)	Unlawful transaction of health coverage as a health maintenance organization (RCW 48.46.033(3))
	Unlawful transaction of insurance business (RCW 48.15.023(3))



- Unlicensed practice as an insurance professional (RCW 48.17.063(2))
- Use of Proceeds of Criminal Profiteering (RCW 9A.82.080 (1) and (2))
- Vehicle Prowling 2 (third or subsequent offense) (RCW 9A.52.100(3))
- Vehicular Assault, by being under the influence of intoxicating liquor or any drug, or by the operation or driving of a vehicle in a reckless manner (RCW 46.61.522)
- Viewing of Depictions of a Minor Engaged in Sexually Explicit Conduct 1 (RCW 9.68A.075(1))
- Willful Failure to Return from Furlough (RCW 72.66.060)
- III Animal Cruelty 1 (Sexual Conduct or Contact) (RCW 16.52.205(3))
- Assault 3 (Except Assault 3 of a Peace Officer With a Projectile Stun Gun) (RCW 9A.36.031 except subsection (1)(h))
- Assault of a Child 3 (RCW 9A.36.140)
- Bail Jumping with class B or C Felony (RCW 9A.76.170(3)(c))
- Burglary 2 (RCW 9A.52.030)
- Communication with a Minor for Immoral Purposes (RCW 9.68A.090)
- Criminal Gang Intimidation (RCW 9A.46.120)
- Custodial Assault (RCW 9A.36.100)
- Cyberstalking (subsequent conviction or threat of death) (RCW 9.61.260(3))
- Escape 2 (RCW 9A.76.120)
- Extortion 2 (RCW 9A.56.130)
- Harassment (RCW 9A.46.020)
- Intimidating a Public Servant (RCW 9A.76.180)
- Introducing Contraband 2 (RCW 9A.76.150)
- Malicious Injury to Railroad Property (RCW 81.60.070)
- Mortgage Fraud (RCW 19.144.080)
- Negligently Causing Substantial Bodily Harm By Use of a Signal Preemption Device (RCW 46.37.674)
- Organized Retail Theft 1 (RCW 9A.56.350(2))
- Perjury 2 (RCW 9A.72.030)
- Possession of Incendiary Device (RCW 9.40.120)
- Possession of Machine Gun or Short-Barreled Shotgun or Rifle (RCW 9.41.190)
- Promoting Prostitution 2 (RCW 9A.88.080)
- Retail Theft with Special Circumstances 1 (RCW 9A.56.360(2))
- Securities Act violation (RCW 21.20.400)
- Tampering with a Witness (RCW 9A.72.120)
- Telephone Harassment (subsequent conviction or threat of death) (RCW 9.61.230(2))
- Theft of Livestock 2 (RCW 9A.56.083)
- Theft with the Intent to Resell 1 (RCW 9A.56.340(2))
- Trafficking in Stolen Property 2 (RCW 9A.82.055)
- Unlawful Hunting of Big Game 1 (RCW 77.15.410(3)(b))
- Unlawful Imprisonment (RCW 9A.40.040)
- Unlawful Misbranding of Food Fish or Shellfish 1 (RCW 69.04.938(3))
- Unlawful possession of firearm in the second degree (RCW 9.41.040(2))
- Unlawful Taking of Endangered Fish or Wildlife 1 (RCW 77.15.120(3)(b))
- Unlawful Trafficking in Fish, Shellfish, or Wildlife 1 (RCW 77.15.260(3)(b))
- Unlawful Use of a Nondesigned Vessel (RCW 77.15.530(4))
- Vehicular Assault, by the operation or driving of a vehicle with disregard for the safety of others (RCW 46.61.522)
- Willful Failure to Return from Work Release (RCW 72.65.070)
- II Commercial Fishing Without a License 1 (RCW 77.15.500(3)(b))

Computer Trespass 1 (RCW 9A.52.110)	Unlawful Trafficking in Fish, Shellfish, or Wildlife 2 (RCW 77.15.260(3)(a))
Counterfeiting (RCW 9.16.035(3))	Unlicensed Practice of a Profession or Business (RCW 18.130.190(7))
Engaging in Fish Dealing Activity Unlicensed 1 (RCW 77.15.620(3))	Voyeurism (RCW 9A.44.115)
Escape from Community Custody (RCW 72.09.310)	I Attempting to Elude a Pursuing Police Vehicle (RCW 46.61.024)
Failure to Register as a Sex Offender (second or subsequent offense) (RCW 9A.44.130 prior to June 10, 2010, and RCW 9A.44.132)	False Verification for Welfare (RCW 74.08.055)
Health Care False Claims (RCW 48.80.030)	Forgery (RCW 9A.60.020)
Identity Theft 2 (RCW 9.35.020(3))	Fraudulent Creation or Revocation of a Mental Health Advance Directive (RCW 9A.60.060)
Improperly Obtaining Financial Information (RCW 9.35.010)	Malicious Mischief 2 (RCW 9A.48.080)
Malicious Mischief 1 (RCW 9A.48.070)	Mineral Trespass (RCW 78.44.330)
Organized Retail Theft 2 (RCW 9A.56.350(3))	Possession of Stolen Property 2 (RCW 9A.56.160)
Possession of Stolen Property 1 (RCW 9A.56.150)	Reckless Burning 1 (RCW 9A.48.040)
Possession of a Stolen Vehicle (RCW 9A.56.068)	Spotlighting Big Game 1 (RCW 77.15.450(3)(b))
Retail Theft with Special Circumstances 2 (RCW 9A.56.360(3))	Suspension of Department Privileges 1 (RCW 77.15.670(3)(b))
Scrap Processing, Recycling, or Supplying Without a License (second or subsequent offense) (RCW 19.290.100)	Taking Motor Vehicle Without Permission 2 (RCW 9A.56.075)
Theft 1 (RCW 9A.56.030)	Theft 2 (RCW 9A.56.040)
Theft of a Motor Vehicle (RCW 9A.56.065)	Theft of Rental, Leased, or Lease-purchased Property (valued at two hundred fifty dollars or more but less than one thousand five hundred dollars) (RCW 9A.56.096(5)(b))
Theft of Rental, Leased, or Lease-purchased Property (valued at one thousand five hundred dollars or more) (RCW 9A.56.096(5)(a))	Transaction of insurance business beyond the scope of licensure (RCW 48.17.063)
Theft with the Intent to Resell 2 (RCW 9A.56.340(3))	Unlawful Fish and Shellfish Catch Accounting (RCW 77.15.630(3)(b))
Trafficking in Insurance Claims (RCW 48.30A.015)	Unlawful Issuance of Checks or Drafts (RCW 9A.56.060)
Unlawful factoring of a credit card or payment card transaction (RCW 9A.56.290(4)(a))	Unlawful Possession of Fictitious Identification (RCW 9A.56.320)
Unlawful Participation of Non-Indians in Indian Fishery (RCW 77.15.570(2))	Unlawful Possession of Instruments of Financial Fraud (RCW 9A.56.320)
Unlawful Practice of Law (RCW 2.48.180)	Unlawful Possession of Payment Instruments (RCW 9A.56.320)
Unlawful Purchase or Use of a License (RCW 77.15.650(3)(b))	

- Unlawful Possession of a Personal Identification Device (RCW 9A.56.320)
- Unlawful Production of Payment Instruments (RCW 9A.56.320)
- Unlawful Releasing, Planting, Possessing, or Placing Deleterious Exotic Wildlife (RCW 77.15.250(2)(b))
- Unlawful Trafficking in Food Stamps (RCW 9.91.142)
- Unlawful Use of Food Stamps (RCW 9.91.144)
- Unlawful Use of Net to Take Fish 1 (RCW 77.15.580(3)(b))
- Unlawful Use of Prohibited Aquatic Animal Species (RCW 77.15.253(3))
- Vehicle Prowl 1 (RCW 9A.52.095)
- Violating Commercial Fishing Area or Time 1 (RCW 77.15.550(3)(b))

**NEW SECTION. Sec. 38.** The legislature finds that the practices covered by this act are matters vitally affecting the public interest for the purpose of applying the consumer protection act, chapter 19.86 RCW. A violation of this act is not reasonable in relation to the development and preservation of business and is an unfair or deceptive act in trade or commerce and an unfair method of competition for the purpose of applying the consumer protection act, chapter 19.86 RCW.

**NEW SECTION. Sec. 39.** If specific funding for the purposes of this act, referencing this act by bill or chapter number, is not provided by June 30, 2016, in the supplemental omnibus operating appropriations act, this act is null and void."

Correct the title.

Signed by Representatives Hudgins, Chair; Kuderer, Vice Chair; MacEwen, Ranking Minority Member; Caldier, Assistant Ranking Minority Member; Johnson; Morris and Senn.

Passed to Committee on Rules for second reading.

ESB 6166 February 29, 2016  
 Prime Sponsor, Senator Takko: Allowing incremental electricity produced as a result of certain capital investment projects to qualify as an eligible renewable resource under the energy independence act. Reported by Committee on General Government & Information Technology

MAJORITY recommendation: Do pass. Signed by Representatives MacEwen, Ranking Minority Member; Caldier, Assistant Ranking Minority Member; Johnson and Morris.

MINORITY recommendation: Do not pass. Signed by Representatives Hudgins, Chair; Kuderer, Vice Chair and Senn.

Passed to Committee on Rules for second reading.

February 29, 2016  
SB 6180 Prime Sponsor, Senator King: Creating a disadvantaged business enterprise advisory committee within the transportation commission. Reported by Committee on Transportation

MAJORITY recommendation: Do pass as amended.

Strike everything after the enacting clause and insert the following:

**"NEW SECTION. Sec. 40.** The legislature recognizes the importance of supporting the development of and providing opportunities for disadvantaged business enterprises in state contracting with the Washington state department of transportation. With the recent passage of an historic sixteen-year investment in the state's transportation system creating new opportunities for minority contracting, it is critical that existing programs and processes at the department of transportation are strengthened and better positioned to ensure greater participation among disadvantaged business enterprises. Many of these business enterprises have historically experienced discrimination in the contracting process and are justly worried about whether these new projects will bring about an equal share of prosperity. The legislature finds that the department of transportation could improve its efforts to engage disadvantaged business enterprises in a manner that would increase trust in the contracting community. As such, it is the intent of the legislature to create a disadvantaged business enterprise advisory committee that will provide leadership in advancing opportunities for minority and disadvantaged contractors in state transportation projects, and provide recommendations for improvements to the legislature. The legislature also intends to consider advisory committee recommendations to increase the number of disadvantaged business enterprise firms, to increase minority workers in construction trades, and to create economic opportunities for minority communities. Furthermore, the legislature intends for the department of transportation to develop goals specific to disadvantaged business enterprises and to the connecting Washington account projects funded in the 2015 transportation revenue package with input from the advisory committee.

**NEW SECTION. Sec. 41.** A new section is added to chapter 47.01 RCW to read as follows:

(1) The disadvantaged business enterprise advisory committee is created within the commission with the intent to advise the commission on issues and concerns from the disadvantaged business enterprise community and to increase the level of accountability and transparency regarding disadvantaged business enterprise inclusion spending levels, goal setting, and overall participation on both state-only funded transportation projects and procurement services and transportation projects and procurement services that include federal funds. The advisory committee must create a mission and vision and must provide the following data, analysis, and recommendations to the transportation committees of the legislature:

(a) A review of the department's nonminority women's business waiver request to the federal highway administration and the United States department of transportation, including identification of key issues, an analysis of the impact of the waiver on nonminority women's businesses, and recommended solutions that would lead to waiver approval;

(b) An analysis of the impact, if any, chapter 3, Laws of 1999 (Initiative Measure No. 200) has had on disadvantaged business enterprise participation in transportation projects and procurement services and recommendations on improvements;

(c) An analysis of the implementation of the results of existing disparity studies conducted by the department and recommendations on how the department can build on the existing studies to achieve better results in disadvantaged business enterprise inclusion;

(d) An outreach to the existing minority contracting community to collect information and gather feedback from the community on the perceptions of the current disadvantaged business enterprise contracting process, procedures, and results;

(e) An analysis of current disadvantaged business enterprise support services and the certification process overseen by the office of minority and women's business enterprises and provide recommendations on how the office and the department can increase the pool of eligible businesses, improve support services, respond to contractor needs, and increase overall participation in transportation projects. Any resulting recommendations from this subsection must also be reported to the technology and economic development committee in the house of representatives and the trade and economic development committee in the senate;

(f) A review of the types and manners of oversight the department provides to prime contractors to ensure that established disadvantaged business enterprise goals on federally funded projects are met, including the means, methods, and results of such oversight, and recommend improvements to the oversight process; and

(g) Any other recommendations or issues identified that will provide improved access to transportation projects and procurement services by disadvantaged business enterprises and increase transparency and accountability of the department's efforts to the legislature.

(2) The advisory committee must provide a progress report to the joint transportation committee by December 2016 and provide recommendations for the

items listed in subsection (1) of this section to the joint transportation committee and the house of representatives and senate transportation committees by July 1, 2017. The advisory committee must continually monitor the department's efforts and provide an evaluative report on the department's efforts, identify any gaps or continuing issues, and provide further recommendations to the transportation committees of the legislature by December 1, 2018.

(3) The department, office of minority and women's business enterprises, department of labor and industries, department of enterprise services, and other relevant state agencies must be available to assist in supplying necessary data and information to fulfill the advisory committee's purposes. The department must provide the past three years of contract awards, total funding available to contractors and awarded contracts, support services programmatic funding, work plans, and end-of-year reports. This data and information must be provided to the advisory committee before the first meeting, and the department must continually work with the advisory committee to respond to ongoing data requests.

(4) To the extent possible, the advisory committee must coordinate with the governor's subcabinet on business diversity.

(5)(a) The advisory committee must consist of seventeen members, which must meet at least two times in the 2015-2017 fiscal biennium and regularly thereafter or as needed. The advisory committee members must be jointly appointed by the speaker of the house of representatives and the president of the senate who must appoint:

(i) Representatives from the commission on Hispanic affairs, commission on African-American affairs, commission on Asian Pacific American affairs, and office of Indian affairs, with at least two representatives from each commission or office being appointed, a representative from the civil rights coalition, and a representative from Tabor 100; and

(ii) One member from each of the two largest caucuses in the house of representatives and the senate.

(b) Additionally, the advisory committee must include two disadvantaged business enterprise representatives selected by the office of minority and women's business enterprises and one representative from the department of transportation's office of equal opportunity.

(c) The advisory committee must elect from its membership a chair and vice chair.

(6) Advisory committee members are eligible for travel and per diem reimbursement.

(7) The commission must, to the extent possible, hire a consultant experienced with supporting, managing, and improving disadvantaged business enterprise goals in a public sector setting to organize and facilitate the advisory committee's work.

(8) The advisory committee terminates December 31, 2018.

**Sec. 42.** RCW 47.01.071 and 2007 c 516 s 4 are each amended to read as follows:

The transportation commission shall have the following functions, powers, and duties:

- (1) To propose policies to be adopted by the governor and the legislature designed to assure the development and maintenance of a comprehensive and balanced statewide transportation system which will meet the needs of the people of this state for safe and efficient transportation services. Wherever appropriate, the policies shall provide for the use of integrated, intermodal transportation systems. The policies must be aligned with the goals established in RCW 47.04.280. To this end the commission shall:
  - (a) Develop transportation policies which are based on the policies, goals, and objectives expressed and inherent in existing state laws;
  - (b) Inventory the adopted policies, goals, and objectives of the local and area-wide governmental bodies of the state and define the role of the state, regional, and local governments in determining transportation policies, in transportation planning, and in implementing the state transportation plan;
  - (c) Establish a procedure for review and revision of the state transportation policy and for submission of proposed changes to the governor and the legislature; and
  - (d) Integrate the statewide transportation plan with the needs of the elderly and persons with disabilities, and coordinate federal and state programs directed at assisting local governments to answer such needs;
- (2) To provide for the effective coordination of state transportation planning with national transportation policy, state and local land use policies, and local and regional transportation plans and programs;
- (3) In conjunction with the provisions under RCW 47.01.075, to provide for public involvement in transportation designed to elicit the public's views both with respect to adequate transportation services and appropriate means of minimizing adverse social, economic, environmental, and energy impact of transportation programs;
- (4) By December 2010, to prepare a comprehensive and balanced statewide transportation plan consistent with the state's growth management goals and based on the transportation policy goals provided under RCW 47.04.280 and applicable state and federal laws. The plan must reflect the priorities of government developed by the office of financial management and address regional needs, including multimodal transportation planning. The plan must, at a minimum: (a) Establish a vision for the development of the statewide transportation system; (b) identify significant statewide transportation policy issues; and (c) recommend statewide transportation policies and strategies to the legislature to fulfill the requirements of subsection (1) of this section. The plan must be the product of an ongoing process that involves representatives of significant transportation interests and the general public from across the state. Every four years, the plan shall be reviewed and revised, and submitted to the governor and the house of representatives and senate standing committees on transportation.

The plan shall take into account federal law and regulations relating to the planning, construction, and operation of transportation facilities;

(5) By December 2007, the office of financial management shall submit a baseline report on the progress toward attaining the policy goals under RCW 47.04.280 in the 2005-2007 fiscal biennium. By October 1, 2008, beginning with the development of the 2009-2011 biennial transportation budget, and by October 1st biennially thereafter, the office of financial management shall submit to the legislature and the governor a report on the progress toward the attainment by state transportation agencies of the state transportation policy goals and objectives prescribed by statute, appropriation, and governor directive. The report must, at a minimum, include the degree to which state transportation programs have progressed toward the attainment of the policy goals established under RCW 47.04.280, as measured by the objectives and performance measures established by the office of financial management under RCW 47.04.280;

(6) To propose to the governor and the legislature prior to the convening of each regular session held in an odd-numbered year a recommended budget for the operations of the commission as required by RCW 47.01.061;

(7) To adopt such rules as may be necessary to carry out reasonably and properly those functions expressly vested in the commission by statute;

(8) To contract with the office of financial management or other appropriate state agencies for administrative support, accounting services, computer services, and other support services necessary to carry out its other statutory duties;

(9) To conduct transportation-related studies and policy analysis to the extent directed by the legislature or governor in the biennial transportation budget act, or as otherwise provided in law, and subject to the availability of amounts appropriated for this specific purpose; (~~and~~)

(10) To administer the disadvantaged business enterprise advisory committee created in section 2 of this act; and

(11) To exercise such other specific powers and duties as may be vested in the transportation commission by this or any other provision of law."

Correct the title.

Signed by Representatives Clibborn, Chair; Farrell, Vice Chair; Fey, Vice Chair; Moscoso, Vice Chair; Orcutt, Ranking Minority Member; Harmsworth, Assistant Ranking Minority Member; Bergquist; Gregerson; Hayes; Hickel; Kochmar; McBride; Moeller; Morris; Ortiz-Self; Pike; Riccelli; Rodne; Rossetti; Sells; Stambaugh and Tarleton.

MINORITY recommendation: Do not pass. Signed by Representatives Hargrove, Assistant Ranking Minority Member; Shea and Young.

Passed to Committee on Rules for second reading.

February 29, 2016

SB 6200

Prime Sponsor, Senator Hewitt: Providing funding for steelhead conservation through the issuance of Washington's fish license

plate collection. Reported by Committee on Transportation

MAJORITY recommendation: Do pass. Signed by Representatives Clibborn, Chair; Farrell, Vice Chair; Fey, Vice Chair; Moscoso, Vice Chair; Orcutt, Ranking Minority Member; Hargrove, Assistant Ranking Minority Member; Harmsworth, Assistant Ranking Minority Member; Bergquist; Gregerson; Hayes; Hickel; Kochmar; McBride; Moeller; Morris; Ortiz-Self; Pike; Riccelli; Rodne; Rossetti; Sells; Shea; Stambaugh; Tarleton and Young.

Passed to Committee on Rules for second reading.

February 29, 2016

SSB 6210 Prime Sponsor, Committee on Health Care: Creating the Washington achieving a better life experience program. Reported by Committee on Appropriations

MAJORITY recommendation: Do pass as amended.

Strike everything after the enacting clause and insert the following:

**"NEW SECTION. Sec. 43.** A new section is added to chapter 43.330 RCW to read as follows:

The definitions in this section apply throughout sections 2 through 6 of this act unless the context clearly indicates otherwise.

(1) "Eligible individual" means an individual eligible for the Washington achieving a better life experience program pursuant to section 529A of the federal internal revenue code of 1986, as amended.

(2) "Governing board" means the Washington achieving a better life experience program governing board in section 4 of this act.

(3) "Individual Washington achieving a better life experience program account" means an account established by or for an eligible individual and owned by the eligible individual pursuant to the Washington achieving a better life experience program. Any moneys placed in these accounts or achieving a better life experience program accounts established in other states shall not be counted as assets for purposes of state or local means tested program eligibility or levels of state means tested program eligibility.

(4) "Washington achieving a better life experience program" means a savings or investment program that establishes individual Washington achieving a better life experience program accounts pursuant to section 529A of the federal internal revenue code of 1986, as amended.

**NEW SECTION. Sec. 44.** A new section is added to chapter 43.330 RCW to read as follows:

(1) The Washington achieving a better life experience program account is created in the custody of the state treasurer. Expenditures from the account may be used only for the purposes of the Washington achieving a better

life experience program established under this chapter, except for expenses of the state investment board and the state treasurer as specified in this section. The account must be a discrete nontreasury account retaining its interest earnings in accordance with RCW 43.79A.040.

(2) The account must be self-sustaining and consist of payments received from contributors to individual Washington achieving a better life experience program accounts. All payments contributed to the Washington achieving a better life experience program are held in trust and must be deposited in the account. With the exception of investment and operating costs associated with the investment of money paid under RCW 43.08.190, 43.33A.160, and 43.84.160, the account must be credited with all investment income earned by the account. Disbursements from the account are exempt from appropriations and the allotment provisions of chapter 43.88 RCW. An appropriation is not required for expenditures.

(3) The assets of the account may be spent without appropriation for the purpose of making payments to individual Washington achieving a better life experience program account holders. Only the Washington achieving a better life experience governing board or the board's designee may authorize expenditures from the account.

(4) With regard to the assets of the account, the state acts in a fiduciary, not ownership, capacity. Therefore, the assets of the account are not considered state money, common cash, or revenue to the state.

**NEW SECTION. Sec. 45.** A new section is added to chapter 43.330 RCW to read as follows:

(1) The governing board may elect to have the state investment board invest the money in the Washington achieving a better life experience program account. If the governing board so elects, the state investment board created in RCW 43.33A.020 has the full power to invest, reinvest, manage, contract, sell, or exchange investment money in the Washington achieving a better life experience program account. All investment and operating costs associated with the investment of money by the state investment board must be paid pursuant to RCW 43.33A.160 and 43.84.160. With the exception of these expenses, the earnings from the investment of the money must be retained by the account.

(2)(a) After consultation with the governing board, the state investment board may elect to invest any self-directed accounts associated with the Washington achieving a better life experience program. The state investment board has full authority to invest all self-directed investment moneys in accordance with this section and RCW 43.84.150. In carrying out this authority the state investment board, after consultation with the governing board regarding any recommendations, shall provide a set of options for eligible individuals to choose from for self-directed investment. Any self-directed investment options provided must comply with section 529A of the federal internal revenue code of 1986, as amended.

(b) All investment and operating costs of the state investment board associated with making self-directed investments must be paid by eligible individuals and

recovered under procedures agreed to by the governing board and the state investment board pursuant to the principles set forth in RCW 43.33A.160. All other expenses caused by self-directed investments must be paid by the eligible individual in accordance with rules established by the governing board. With the exception of these expenses, all earnings from self-directed investments shall accrue to the eligible individual's Washington achieving a better life experience program account.

(c)(i) The governing board shall keep or cause to be kept full and adequate accounts and records of each eligible individual Washington achieving a better life experience program account.

(ii) The governing board shall account for and report on the investment of self-directed assets or may enter into an agreement with the state investment board for such accounting and reporting under this chapter.

(iii) The governing board's duties related to eligible individual Washington achieving a better life experience program accounts include conducting the activities of trade instruction, settlement activities, and direction of cash movement and related wire transfers with the custodian bank and outside investment firms.

(iv) The governing board has sole responsibility for contracting with any recordkeepers for individual Washington achieving a better life experience program accounts and shall manage the performance of recordkeepers under those contracts.

(v) If selected by the governing board to invest the money in the Washington achieving a better life experience program account, the state investment board will have sole responsibility for contracting with outside investment firms to provide investment management for the individual Washington achieving a better life experience program accounts and shall manage the performance of investment managers under those contracts.

(vi) The department has sole responsibility for contracting with any recordkeepers for individual participant accounts and shall manage the performance of recordkeepers under those contracts.

(d) The state treasurer shall designate and define the terms of engagement for the custodial banks.

(3) All investments made by the state investment board must be made with the exercise of that degree of judgment and care pursuant to RCW 43.33A.140 and the investment policy established by the state investment board.

(4) As deemed appropriate by the state investment board, money in the account may be commingled for investment with other funds subject to investment by the state investment board.

(5) The authority to establish all policies relating to the account, other than the investment policies, resides with the governing board acting to implement, design, and manage the Washington achieving a better life experience savings program that allows eligible individuals to create and maintain savings accounts. The moneys in the account may be spent only for the purposes of the Washington achieving a better life experience program.

(6) The state investment board shall routinely consult and communicate with the governing board on the

investment policy, earnings of the account, and related needs of the program.

**NEW SECTION. Sec. 46.** A new section is added to chapter 43.330 RCW to read as follows:

The Washington achieving a better life experience program is established and the governing board is authorized to design and administer the Washington achieving a better life experience program in the best interests of eligible individuals. To the extent funds are appropriated for this purpose, the director of the department shall provide staff and administrative support to the governing board. The department shall consult with the governing board regarding the staffing and administrative support needs before selecting any staff pursuant to this section. To the extent practicable, the Washington achieving a better life experience program must be collocated with the developmental disabilities endowment governing board established under this chapter.

(1) The governing board shall consist of seven members as follows:

(a) The state treasurer or his or her designee;

(b) The program director for the committee on advanced tuition payment established in RCW 28B.95.020;

(c) The director of the office of financial management or his or her designee; and

(d) Four members with demonstrated financial, legal, or disability program experience, appointed by the governor.

(2) The board shall select the chair of the board from among the seven board members identified in subsection (1) of this section.

(3) Members of the board who are appointed by the governor shall serve four-year terms and may be appointed for successive four-year terms at the discretion of the governor. The governor may stagger the terms of the appointed members.

(4) Members of the board must be compensated for their service under RCW 43.03.240 and must be reimbursed for travel expenses as provided in RCW 43.03.050 and 43.03.060.

(5) The board shall meet periodically as specified by the chair, or a majority of the board, and may allow members to participate in meetings remotely.

(6) The board may appoint advisory committees to support the design or administration of the Washington achieving a better life experience program. Individuals serving on advisory committees must serve staggered terms and may be reimbursed for travel expenses as provided in RCW 43.03.050 and 43.03.060, but may not be compensated for their service.

(7) The board may execute interagency agreements that authorize other state agencies such as the committee on advanced tuition payment established in RCW 28B.95.020 to perform administrative functions necessary to carry out the Washington achieving a better life experience program.

(8) Members of the governing board and the state investment board shall not be considered an insurer of the funds or assets of the Washington achieving a better life experience program account or the individual program

accounts. Neither of these two boards are liable for the action or inaction of the other.

(9) Members of the governing board and the state investment board are not liable to the state, to the fund, or to any other person as a result of their activities as members, whether ministerial or discretionary, except for willful dishonesty or intentional violations of law. The department and the state investment board may purchase liability insurance for members.

(10) If the governing board establishes a web site or develops any promotional materials for the Washington achieving a better life experience program, it must include on that web site or promotional materials the notice permitted by federal law which allows Washington residents to enroll in the Washington achieving a better life experience program or any achieving a better life experience program offered by another state.

**NEW SECTION. Sec. 47.** A new section is added to chapter 43.330 RCW to read as follows:

(1) The Washington achieving a better life experience program governing board is authorized to design, administer, manage, promote, and market the Washington achieving a better life experience program. The governing board is further authorized to contract with other organizations to administer, manage, promote, or market the Washington achieving a better life experience program. This program must allow for the creation of savings or investment accounts for eligible individuals with disabilities and the funds must be invested.

(2) The governing board may consult with the office of the state treasurer, the department of social and health services, and the state investment board in implementing the Washington achieving a better life experience program. The governing board is authorized to formulate and adopt any policies and rules necessary to implement and operate the Washington achieving a better life experience program consistent with this act. The governing board is further authorized to establish a reasonable fee structure for Washington achieving a better life experience program account holders.

(3) The governing board shall take any action required to keep the program in compliance with requirements of this chapter and as required to qualify as a "qualified ABLE program" as defined in section 529A of the federal internal revenue code of 1986, as amended, or any rules and regulations adopted by the secretary of the United States treasury pursuant to that act.

**NEW SECTION. Sec. 48.** A new section is added to chapter 43.330 RCW to read as follows:

(1) The governing board shall implement the Washington achieving a better life experience program by July 1, 2017. The governing board must submit a semiannual report to the appropriate committees of the legislature describing the progress toward program implementation. These reports must also include any recommendations regarding legislative changes that are necessary to implement the program and an estimate regarding the timeline for implementing the program.

(2) This section expires July 1, 2018.

**Sec. 49.** RCW 43.79A.040 and 2013 c 251 s 5 and 2013 c 88 s 1 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 Washington promise scholarship account, the Washington advanced college tuition payment program account, the accessible communities account, the Washington achieving a better life experience 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 toll collection account, the developmental disabilities endowment trust fund, the energy account, the fair fund, the family leave insurance account, the food animal veterinarian conditional scholarship account, the fruit and vegetable inspection account, the future teachers 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 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 multiagency permitting team account, the pilotage account, the produce railcar pool account, the regional transportation investment district account, the rural rehabilitation account, the stadium and exhibition center account, the youth athletic facility



account, the self-insurance revolving fund, the 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 heritage center account, the reduced cigarette ignition propensity account, the center for childhood deafness and hearing loss account, the school for the blind account, the Millersylvania park trust fund, the public employees' and retirees' insurance reserve fund, and the radiation perpetual maintenance fund.

(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 advanced 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.

**Sec. 50.** RCW 43.33A.190 and 2000 c 247 s 701 are each amended to read as follows:

Pursuant to RCW 41.34.130 and section 3 of this act, the state investment board shall invest all self-directed investment moneys under teachers' retirement system plan 3, the school employees' retirement system plan 3, ~~(and)~~ the public employees' retirement system plan 3, and the Washington achieving a better life experience program with full power to establish investment policy, develop investment options, and manage self-directed investment funds.

**NEW SECTION. Sec. 51.** If specific funding for the purposes of this act, referencing this act by bill or chapter number, is not provided by June 30, 2016, in the omnibus appropriations act, this act is null and void."  
Correct the title.

Signed by Representatives Dunshee, Chair; Ormsby, Vice Chair; Chandler, Ranking Minority Member; Parker, Assistant Ranking Minority Member; Wilcox, Assistant Ranking Minority Member; Buys; Cody; Condotta; Dent; Haler; Hansen; Harris; Hudgins; Hunt, S.; Jinkins; Kagi; Lytton; MacEwen; Magendanz; Manweller; Pettigrew; Robinson; Sawyer; Schmick;

Senn; Springer; Sullivan; Tharinger; Van Werven and Walkinshaw.

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

MINORITY recommendation: Without recommendation. Signed by Representative Stokesbary.

Passed to Committee on Rules for second reading.

February 29, 2016  
SSB 6211 Prime Sponsor, Committee on Ways & Means: Concerning the exemption of property taxes for nonprofit homeownership development. Reported by Committee on Finance

MAJORITY recommendation: Do pass as amended.

Strike everything after the enacting clause and insert the following:

**"NEW SECTION. Sec. 52.** (1) This section is the tax preference performance statement for the tax preference contained in 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 be used to determine eligibility for preferential tax treatment.

(2) The legislature categorizes this tax preference as one intended to provide tax relief for certain businesses or individuals, as indicated in RCW 82.32.808(2)(e).

(3) It is the legislature's specific public policy objective to encourage and expand the ability of nonprofit low-income housing developers to provide homeownership opportunities for low-income households. It is the legislature's intent to exempt from taxation real property owned by a nonprofit entity for the purpose of building residences to be sold to low-income households in order to enhance the ability of nonprofit low-income housing developers to purchase and hold land for future affordable housing development.

(4)(a) To measure the effectiveness of the tax preference provided in section 2 of this act in achieving the specific public policy objectives described in subsection (3) of this section, the joint legislative audit and review committee must evaluate, two years prior to the expiration of the tax preference: (i) The annual growth in the percentage of revenues dedicated to the development of affordable housing, for each nonprofit claiming the preference, for the period that the preference has been claimed; and (ii) the annual changes in both the total number of parcels qualifying for the exemption and the total number of parcels for which owner occupancy notifications have been submitted to the department of revenue, from the effective date of this section through the most recent year of available data prior to the committee's review.

(b) If the review by the joint legislative audit and review committee finds that for most of the nonprofits

claiming the exemption, program spending, program expenses, or another ratio representing the percentage of the nonprofit entity's revenues dedicated to the development of affordable housing has increased for the period during which the exemption was claimed, then the legislature intends to extend 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:

(a) Initial applications and annual renewal declarations for the preference as approved by the department of revenue under RCW 84.36.815;

(b) Owner occupancy notices reported to the department of revenue under section 2 of this act;

(c) Annual financial statements for a nonprofit entity claiming this tax preference, as defined in section 2 of this act, and provided by nonprofit entities claiming this preference; and

(d) Any other data necessary for the evaluation under subsection (4) of this section.

**NEW SECTION. Sec. 53.** A new section is added to chapter 84.36 RCW to read as follows:

(1) All real property owned by a nonprofit entity for the purpose of developing or redeveloping on the real property one or more residences to be sold to low-income households is exempt from state and local property taxes.

(2) The exemption provided in this section expires on or at the earlier of:

(a) The date on which the nonprofit entity transfers title to the real property;

(b) The end of the seventh consecutive property tax year for which the property is granted an exemption under this section or, if the nonprofit entity has claimed an extension under subsection (3) of this section, the end of the tenth consecutive property tax year for which the property is granted an exemption under this section; or

(c) The property is no longer held for the purpose for which the exemption was granted.

(3) If the nonprofit entity believes that title to the real property will not be transferred by the end of the sixth consecutive property tax year, the nonprofit entity may claim a three-year extension of the exemption period by:

(a) Filing a notice of extension with the department on or before March 31st of the sixth consecutive property tax year; and

(b) Providing a filing fee equal to the greater of two hundred dollars or one-tenth of one percent of the real market value of the property as of the most recent assessment date with the notice of extension. The filing fee must be deposited into the state general fund.

(4)(a) If the nonprofit entity has not transferred title to the real property to a low-income household within the applicable period described in subsection (2) of this section, or if the nonprofit entity has converted the property to a purpose other than the purpose for which the exemption was granted, the property is disqualified from the exemption.

(b) Upon disqualification, the county treasurer must collect an additional tax equal to all taxes that would have

been paid on the property but for the existence of the exemption, plus interest at the same rate and computed in the same way as that upon delinquent property taxes.

(c) The additional tax must be distributed by the county treasurer in the same manner in which current property taxes applicable to the subject property are distributed. The additional taxes and interest are due in full thirty days following the date on which the treasurer's statement of additional tax due is issued.

(d) The additional tax and interest is a lien on the property. The lien for additional tax and interest has priority to and must be fully paid and satisfied before any recognition, mortgage, judgment, debt, obligation, or responsibility to or with which the property may become charged or liable. If a nonprofit entity sells or transfers real property subject to a lien for additional taxes under this subsection, such unpaid additional taxes must be paid by the nonprofit entity at the time of sale or transfer. The county auditor may not accept an instrument of conveyance unless the additional tax has been paid. The nonprofit entity or the new owner may appeal the assessed values upon which the additional tax is based to the county board of equalization in accordance with the provisions of RCW 84.40.038.

(5) Nonprofit entities receiving an exemption under this section must immediately notify the department when the exempt real property becomes occupied. The notice of occupancy made to the department must include a certification by the nonprofit entity that the occupants are a low-income household and a date when the title to the real property was or is anticipated to be transferred. The department of revenue must make the notices of occupancy available to the joint legislative audit and review committee, upon request by the committee, in order for the committee to complete its review of the tax preference in this section.

(6) Upon cessation of the exemption, the value of new construction and improvements to the property, not previously considered as new construction, must be considered as new construction for purposes of calculating levies under chapter 84.55 RCW.

(7) Nonprofit entities receiving an exemption under this section must provide annual financial statements to the joint legislative audit and review committee, upon request by the committee, for the years that the exemption has been claimed. The nonprofit entity must identify the line or lines on the financial statements that comprise the percentage of revenues dedicated to the development of affordable housing.

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

(a) "Financial statements" means an audited annual financial statement and a completed United States treasury internal revenue service return form 990 for organizations exempt from income tax.

(b) "Low-income household" means a single person, family, or unrelated persons living together whose adjusted income is less than eighty percent of the median family income, adjusted for family size as most recently determined by the federal department of housing and urban

development for the county in which the property is located.

(c) "Nonprofit entity" means a nonprofit as defined in RCW 84.36.800 that is exempt from federal income taxation under 26 U.S.C. Sec. 501(c)(3) of the federal internal revenue code of 1986, as amended.

(d) "Residence" means a single-family dwelling unit whether such unit be separate or part of a multiunit dwelling, including the land on which such dwelling stands.

**Sec. 54.** RCW 84.36.805 and 2014 c 99 s 13 are each amended to read as follows:

(1) In order to qualify for an exemption under this chapter, the nonprofit organizations, associations, or corporations must satisfy the conditions in this section.

(2) The property must be used exclusively for the actual operation of the activity for which exemption is granted, unless otherwise provided, and does not exceed an amount reasonably necessary for that purpose.

Notwithstanding anything to the contrary in this section:

(a) The loan or rental of the property does not subject the property to tax if:

(i) The rents and donations received for the use of the portion of the property are reasonable and do not exceed the maintenance and operation expenses attributable to the portion of the property loaned or rented; and

(ii) Except for the exemptions under RCW 84.36.030(4), 84.36.037, 84.36.050, and 84.36.060(1) (a) and (b), the property would be exempt from tax if owned by the organization to which it is loaned or rented;

(b) The use of the property for fund-raising events does not subject the property to tax if the fund-raising events are consistent with the purposes for which the exemption is granted or are conducted by a nonprofit organization. If the property is loaned or rented to conduct a fund-raising event, the requirements of (a) of this subsection (2) apply;

(c) An inadvertent use of the property in a manner inconsistent with the purpose for which exemption is granted does not subject the property to tax, 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.

(3) The facilities and services must be available to all regardless of race, color, national origin or ancestry.

(4) The organization, association, or corporation must be duly licensed or certified where such licensing or certification is required by law or regulation.

(5) Property sold to organizations, associations, or corporations with an option to be repurchased by the seller does not qualify for exempt status. This subsection does not apply to property sold to a nonprofit entity, as defined in RCW 84.36.560(7), by:

(a) A nonprofit as defined in RCW 84.36.800 that is exempt from income tax under 26 U.S.C. Sec. 501(c) of the federal internal revenue code;

(b) A governmental entity established under RCW 35.21.660, 35.21.670, or 35.21.730;

(c) A housing authority created under RCW 35.82.030;

(d) A housing authority meeting the definition in RCW 35.82.210(2)(a); or

(e) A housing authority established under RCW 35.82.300.

(6) The department must have access to its books in order to determine whether the nonprofit organization, association, or corporation is exempt from taxes under this chapter.

(7) This section does not apply to exemptions granted under RCW 84.36.020, 84.36.032, 84.36.250, section 2 of this act, and 84.36.480(2).

(8)(a) The use of property exempt under this chapter, other than as specifically authorized by this chapter, nullifies the exemption otherwise available for the property for the assessment year. However, the exemption is not nullified by the use of the property by any individual, group, or entity, where such use is not otherwise authorized by this chapter, 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 (8)(a) 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 (8)(a).

(b) If uses of the exempt property exceed the fifty and fifteen-day limitations provided in (a) of this subsection (8) during an assessment year, the exemption is removed for the affected portion of the property for that assessment year.

**Sec. 55.** RCW 84.36.815 and 2007 c 111 s 301 are each amended to read as follows:

(1) In order to qualify for exempt status for any real or personal property under this chapter except personal property under RCW 84.36.600, all foreign national governments; cemeteries; nongovernmental nonprofit corporations, organizations, and associations; hospitals owned and operated by a public hospital district for purposes of exemption under RCW 84.36.040(2); and soil and water conservation districts (~~shall~~) must file an initial application on or before March 31st with the state department of revenue. However, the initial application deadline for the exemption provided in section 2 of this act is July 1st for 2016 and March 31st for 2017 and thereafter. All applications (~~shall~~) must be filed on forms prescribed by the department and (~~shall~~) must be signed by an authorized agent of the applicant.

(2) In order to requalify for exempt status, all applicants except nonprofit cemeteries (~~shall~~) and nonprofits receiving the exemption under section 2 of this act must file an annual renewal declaration on or before March 31st each year. The renewal declaration (~~shall~~) must be on forms prescribed by the department of revenue and (~~shall~~) must contain a statement certifying the exempt status of the real or personal property owned by the exempt organization. This renewal declaration may be submitted electronically in a format provided or approved by the department. Information may also be required with the

renewal declaration to assist the department in determining whether the property tax exemption should continue.

(3) When an organization acquires real property qualified for exemption or converts real property to exempt status, the organization ~~((shall))~~ must file an initial application for the property within sixty days following the acquisition or conversion in accordance with all applicable provisions of subsection (1) of this section. If the application is filed after the expiration of the sixty-day period, a late filing penalty ~~((shall be))~~ is imposed under RCW 84.36.825.

(4) When organizations acquire real property qualified for exemption or convert real property to an exempt use, the property, upon approval of the application for exemption, is entitled to a property tax exemption for property taxes due and payable the following year. If the owner has paid taxes for the year following the year the property qualified for exemption, the owner is entitled to a refund of the amount paid on the property so acquired or converted.

(5) The department must share approved initial applications and annual renewal declarations for the tax preference provided in section 2 of this act with the joint legislative audit and review committee, upon request by the committee, in order for the committee to complete its review of the tax preference provided in section 2 of this act.

**Sec. 56.** RCW 84.36.820 and 2007 c 111 s 302 are each amended to read as follows:

On or before January 1st of each year, the department of revenue ~~((shall))~~ must notify the owners of record of property exempted from property taxation at their last known address about the obligation to file an annual renewal declaration for continued exemption. When a continued exemption is not approved, the department ~~((shall))~~ must notify the assessor of the county in which the property is located who, in turn, ~~((shall))~~ must remove the tax exemption from the property. The failure to file an annual renewal declaration for continued exemption and subsequent removal of the exemption ~~((shall))~~ is not ~~((be))~~ subject to review as provided in RCW 84.36.850. The department of revenue ~~((shall))~~ must review applications received after the ~~((March 31st))~~ due date required under RCW 84.36.815, but these applications ~~((shall be))~~ are subject to late filing penalties provided in RCW 84.36.825.

**Sec. 57.** RCW 84.36.840 and 2007 c 111 s 305 are each amended to read as follows:

(1) In order to determine whether organizations, associations, corporations, or institutions, except those exempted under RCW 84.36.020, section 2 of this act, and 84.36.030, are exempt from property taxes, and before the exemption ~~((shall be))~~ is allowed for any year, the superintendent or manager or other proper officer of the organization, association, corporation, or institution claiming exemption from taxation ~~((shall))~~ must file with the department of revenue a statement certifying that the income and the receipts thereof, including donations to it, have been applied to the actual expenses of operating and

maintaining it, or for its capital expenditures, and to no other purpose. This report ~~((shall))~~ must also include a statement of the receipts and disbursements of the exempt organization, association, corporation, or institution.

(2) Educational institutions claiming exemption under RCW 84.36.050 ~~((shall))~~ must also file a list of all property claimed to be exempt, the purpose for which it is used, the revenue derived from it for the preceding year, the use to which the revenue was applied, the number of students who attended the school or college, the total revenues of the institution with the source from which they were derived, and the purposes to which the revenues were applied, listing the items of such revenues and expenditures in detail.

(3) The reports required under subsections (1) and (2) of this section may be submitted electronically, in a format provided or approved by the department, or mailed to the department. The reports ~~((shall))~~ must be submitted on or before March 31st of each year. The department ~~((shall))~~ must remove the tax exemption from the property of any organization, association, corporation, or institution that does not file the required report with the department on or before the due date. However, the department ~~((shall))~~ must allow a reasonable extension of time for filing upon receipt of a written request on or before the required filing date and for good cause shown therein.

**Sec. 58.** RCW 84.36.845 and 1973 2nd ex.s. c 40 s 15 are each amended to read as follows:

If subsequent to the time that the exemption of any property is initially approved or renewed, it ~~((shall be))~~ is determined that such exemption was approved or renewed as the result of inaccurate information provided by the authorized agent of the applicant, the exemption ~~((shall))~~ must be revoked and taxes ~~((shall))~~ must be levied against such property pursuant to the provisions of RCW 84.36.810 or section 2(4) of this act for exemptions granted under section 2 of this act.

**Sec. 59.** RCW 84.36.855 and 1973 2nd ex.s. c 40 s 17 are each amended to read as follows:

Except as otherwise provided by law, property ~~((which))~~ that changes from exempt to taxable status ~~((shall be))~~ is subject to the provisions of RCW 84.36.810 and 84.40.350 through 84.40.390, and the assessor ~~((shall))~~ must also place the property on the assessment roll for taxes due and payable in the following year.

**NEW SECTION. Sec. 60.** This act applies to taxes levied in 2016 for collection in 2017 and thereafter." Correct the title.

Signed by Representatives Lytton, Chair; Robinson, Vice Chair; Nealey, Ranking Minority Member; Orcutt, Assistant Ranking Minority Member; Frame; Manweller; Pollet; Reykdal; Ryu; Springer; Stokesbary; Wilcox and Wylie.

MINORITY recommendation: Do not pass. Signed by Representatives Condotta and Vick.

Passed to Committee on Appropriations.

February 29, 2016  
**SSB 6219** Prime Sponsor, Committee on Ways & Means: Concerning vehicular homicide sentencing. Reported by Committee on General Government & Information Technology

MAJORITY recommendation: Do pass. Signed by Representatives Hudgins, Chair; Kuderer, Vice Chair; MacEwen, Ranking Minority Member; Caldier, Assistant Ranking Minority Member; Johnson; Morris and Senn.

Passed to Committee on Rules for second reading.

February 29, 2016  
**SSB 6227** Prime Sponsor, Committee on Natural Resources & Parks: Implementing the recommendations of the 2015 review of the Washington wildlife and recreation program. Reported by Committee on Capital Budget

MAJORITY recommendation: Do pass as amended.

Strike everything after the enacting clause and insert the following:

**"NEW SECTION. Sec. 61.** In section 3163, chapter 3, Laws of 2015 3rd sp. sess., the legislature directed the recreation and conservation office to review and make recommendations for changes to the Washington wildlife and recreation program. The recreation and conservation office conducted the review and this act details the proposed recommendations for statutory revisions to chapter 79A.15 RCW that will promote habitat conservation, outdoor recreation, working lands preservation, property rights, coordination between the state and local governments, and ensure continued success of the program for future generations.

**Sec. 62.** RCW 79A.15.010 and 2015 c 225 s 126 are each amended to read as follows:

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

(1) "Acquisition" means the purchase on a willing seller basis of fee or less than fee interests in real property. These interests include, but are not limited to, options, rights of first refusal, conservation easements, leases, and mineral rights.

(2) "Board" means the recreation and conservation funding board.

(3) "Critical habitat" means lands important for the protection, management, or public enjoyment of certain wildlife species or groups of species, including, but not

limited to, wintering range for deer, elk, and other species, waterfowl and upland bird habitat, fish habitat, and habitat for endangered, threatened, or sensitive species.

(4) "Farmlands" means any land defined as: (a) "Farm and agricultural land" in RCW 84.34.020(2); and (b) "farm and agricultural conservation land" in RCW 84.34.020(8).

(5) "Local agencies" means a city, county, town, federally recognized Indian tribe, special purpose district, port district, or other political subdivision of the state providing services to less than the entire state.

(6) "Natural areas" means areas that have, to a significant degree, retained their natural character and are important in preserving rare or vanishing flora, fauna, geological, natural historical, or similar features of scientific or educational value.

(7) "Nonprofit nature (~~(conservancy corporation or association)~~) conservancies means ~~((an))~~ organizations as defined in RCW 84.34.250.

(8) "Riparian habitat" means land adjacent to water bodies, as well as submerged land such as streambeds, which can provide functional habitat for salmonids and other fish and wildlife species. Riparian habitat includes, but is not limited to, shorelines and near-shore marine habitat, estuaries, lakes, wetlands, streams, and rivers.

(9) "Special needs populations" means physically restricted people or people of limited means.

(10) "State agencies" means the state parks and recreation commission, the department of natural resources, the department of enterprise services, and the department of fish and wildlife.

(11) "Trails" means public ways constructed for and open to pedestrians, equestrians, or bicyclists, or any combination thereof, other than a sidewalk constructed as a part of a city street or county road for exclusive use of pedestrians.

(12) "Urban wildlife habitat" means lands that provide habitat important to wildlife in proximity to a metropolitan area.

(13) "Water access" means boat or foot access to marine waters, lakes, rivers, or streams.

(14) "Confer" means a dialogue between project sponsors and local county and city officials with the purpose of early review of potential projects. The dialogue may include any matter relevant to a particular project, which may include but need not be limited to: Project purpose and scope; project elements; estimated project cost; costs and benefits to the community; plans for project management and maintenance; and public access.

(15) "Forest lands" means any land defined as "timberland" in RCW 84.34.020(3).

(16) "Multiple benefits" means recreational uses that are compatible with habitat conservation or resources uses or management practices that are compatible with and provide the ability to achieve additional conservation benefits.

**Sec. 63.** RCW 79A.15.030 and 2015 c 183 s 1 are each amended to read as follows:

(1) Moneys appropriated prior to July 1, 2016, for this chapter shall be divided as follows:

(a) Appropriations for a biennium of forty million dollars or less must be allocated equally between the habitat conservation account and the outdoor recreation account.

(b) If appropriations for a biennium total more than forty million dollars, the money must be allocated as follows: (i) Twenty million dollars to the habitat conservation account and twenty million dollars to the outdoor recreation account; (ii) any amount over forty million dollars up to fifty million dollars shall be allocated as follows: (A) Ten percent to the habitat conservation account; (B) ten percent to the outdoor recreation account; (C) forty percent to the riparian protection account; and (D) forty percent to the farmlands preservation account; and (iii) any amounts over fifty million dollars must be allocated as follows: (A) Thirty percent to the habitat conservation account; (B) thirty percent to the outdoor recreation account; (C) thirty percent to the riparian protection account; and (D) ten percent to the farmlands preservation account.

(2) ~~(Except as otherwise provided in chapter 303, Laws of 2005,)~~ Beginning July 1, 2016, moneys appropriated for this chapter must be allocated as follows: (a) Forty-five percent to the habitat conservation account; (b) forty-five percent to the outdoor recreation account; and (c) ten percent to the farm and forest account.

(3) Moneys deposited in these accounts shall be invested as authorized for other state funds, and any earnings on them shall be credited to the respective account.

~~((3))~~ (4) All moneys deposited in the habitat conservation, outdoor recreation, ~~((riparian protection, and farmlands preservation))~~ and farm and forest accounts shall be allocated as provided under RCW 79A.15.040, 79A.15.050, ~~((79A.15.120,))~~ and 79A.15.130 as grants to state or local agencies or nonprofit nature ~~((conservancy organizations or associations))~~ conservancies for acquisition, development, and renovation within the jurisdiction of those agencies, subject to legislative appropriation. The board may use or permit the use of any funds appropriated for this chapter as matching funds where federal, local, or other funds are made available for projects within the purposes of this chapter. Moneys appropriated to these accounts that are not obligated to a specific project may be used to fund projects from lists of alternate projects from the same account in biennia succeeding the biennium in which the moneys were originally appropriated.

~~((4))~~ (5) Projects receiving grants ((under this chapter that are developed or otherwise accessible for public recreational uses shall be available to the public)) for development, recreational access, or fee simple acquisition of land under this chapter must be accessible for public recreation and outdoor education unless the board specifically approves limiting public access in order to protect sensitive species, water quality, or public safety.

~~((5))~~ (6) The board may make grants to an eligible project from the habitat conservation, outdoor recreation, ~~((riparian protection, and farmlands preservation))~~ and farm and forest accounts and any one or more of the applicable categories under such accounts described in RCW 79A.15.040, 79A.15.050, ~~((79A.15.120,))~~ and 79A.15.130.

~~((6))~~ (7) The board may accept private donations to the habitat conservation account, the outdoor recreation account, ~~((the riparian protection account,))~~ and the ~~((farmlands preservation))~~ farm and forest account for the purposes specified in this chapter.

~~((7))~~ (8) The board may retain a portion of the funds appropriated for this chapter for its office for the administration of the programs and purposes specified in this chapter. The portion of the funds retained for administration may not exceed: (a) The actual administration costs averaged over the previous five biennia as a percentage of the legislature's new appropriation for this chapter; or (b) the amount specified in the appropriation, if any. Each biennium the percentage specified under (a) of this subsection must be approved by the office of financial management and submitted along with the prioritized lists of projects to be funded in RCW 79A.15.060~~((6))~~, 79A.15.070~~((7))~~, ~~((79A.15.120(10,))~~ and 79A.15.130~~((11))~~.

~~((8))~~ (9) Habitat and recreation land and facilities acquired or developed with moneys appropriated for this chapter may not, without prior approval of the board, be converted to a use other than that for which funds were originally approved. The board shall adopt rules and procedures governing the approval of such a conversion.

**Sec. 64.** RCW 79A.15.040 and 2008 c 299 s 29 are each amended to read as follows:

(1) Moneys appropriated for this chapter prior to July 1, 2016, to the habitat conservation account shall be distributed in the following way:

(a) Not less than forty percent through June 30, 2011, at which time the amount shall become forty-five percent, for the acquisition and development of critical habitat;

(b) Not less than thirty percent for the acquisition and development of natural areas;

(c) Not less than twenty percent for the acquisition and development of urban wildlife habitat; and

(d) Not less than ten percent through June 30, 2011, at which time the amount shall become five percent, shall be used by the board to fund restoration and enhancement projects on state lands. Only the department of natural resources and the department of fish and wildlife may apply for these funds to be used on existing habitat and natural area lands.

(2) Moneys appropriated beginning July 1, 2016, for this chapter to the habitat conservation account shall be distributed in the following way:

(a) Not less than thirty-five percent for the acquisition and development of critical habitat;

(b) Not less than twenty-five percent for the acquisition and development of natural areas;

(c) Not less than fifteen percent for the acquisition or enhancement or restoration of riparian habitat;

(d) Not less than fifteen percent for the acquisition and development of urban wildlife habitat; and

(e) Not less than ten percent or three million dollars, whichever is less, for the board to fund restoration and enhancement projects on state lands. Any amount

above three million dollars must be distributed for the purposes of (c) of this subsection.

~~(3)~~(a) In distributing these funds, the board retains discretion to meet the most pressing needs for critical habitat, natural areas, riparian protection, and urban wildlife habitat, and is not required to meet the percentages described in subsections (1) and (2) of this section in any one biennium.

(b) If not enough project applications are submitted in a category within the habitat conservation account to meet the percentages described in subsections (1) and (2) of this section in any biennium, the board retains discretion to distribute any remaining funds to the other categories within the account.

~~((3) Only)~~ (4) State agencies and nonprofit nature conservancies may apply for acquisition and development funds for natural areas projects under subsection (1)(b) of this section.

~~((4))~~ (5) State and local agencies and nonprofit nature conservancies may apply for acquisition and development funds for critical habitat ~~((and))~~, urban wildlife habitat, and riparian protection projects under ~~((subsection (1)(a) and (e) of))~~ this section. Other state agencies not defined in RCW 79A.15.010, such as the department of transportation and the department of corrections, may enter into interagency agreements with state agencies to apply in partnership for riparian protection funds under this section.

(6) The department of natural resources, the department of fish and wildlife, and the state parks and recreation commission may apply for restoration and enhancement funds to be used on existing state-owned lands.

~~((5))~~ (7)(a) Any lands that have been acquired with grants under this section by the department of fish and wildlife are subject to an amount in lieu of real property taxes and an additional amount for control of noxious weeds as determined by RCW 77.12.203.

(b) Any lands that have been acquired with grants under this section by the department of natural resources are subject to payments in the amounts required under the provisions of RCW 79.70.130 and 79.71.130.

~~((6))~~ (8) Except as otherwise conditioned by RCW 79A.15.140 or 79A.15.150, the board in its evaluating process shall consider the following in determining distribution priority:

(a) Whether the entity applying for funding is a Puget Sound partner, as defined in RCW 90.71.010;

(b) Effective one calendar year following the development and statewide availability of model evergreen community management plans and ordinances under RCW 35.105.050, whether the entity receiving assistance has been recognized, and what gradation of recognition was received, in the evergreen community recognition program created in RCW 35.105.030; and

(c) Whether the project is referenced in the action agenda developed by the Puget Sound partnership under RCW 90.71.310.

~~((7))~~ (9) After January 1, 2010, any project designed to address the restoration of Puget Sound may be funded under this chapter only if the project is not in

conflict with the action agenda developed by the Puget Sound partnership under RCW 90.71.310.

**Sec. 65.** RCW 79A.15.050 and 2007 c 241 s 30 are each amended to read as follows:

(1) Moneys appropriated prior to July 1, 2016, for this chapter to the outdoor recreation account shall be distributed in the following way:

(a) Not less than thirty percent to the state parks and recreation commission for the acquisition and development of state parks, with at least fifty percent of the money for acquisition costs;

(b) Not less than thirty percent for the acquisition, development, and renovation of local parks, with at least fifty percent of this money for acquisition costs;

(c) Not less than twenty percent for the acquisition, renovation, or development of trails;

(d) Not less than fifteen percent for the acquisition, renovation, or development of water access sites, with at least seventy-five percent of this money for acquisition costs; and

(e) Not less than five percent for development and renovation projects on state recreation lands. Only the department of natural resources and the department of fish and wildlife may apply for these funds to be used on their existing recreation lands.

(2) Moneys appropriated beginning July 1, 2016, for this chapter to the outdoor recreation account shall be distributed in the following way:

(a) Not less than thirty percent to the state parks and recreation commission for the acquisition and development of state parks, with at least forty percent but no more than fifty percent of the money for acquisition costs;

(b) Not less than thirty percent for the acquisition, development, and renovation of local parks, with at least forty percent but no more than fifty percent of this money for acquisition costs;

(c) Not less than twenty percent for the acquisition, renovation, or development of trails;

(d) Not less than ten percent for the acquisition, renovation, or development of water access sites, with at least seventy-five percent of this money for acquisition costs; and

(e) Not less than ten percent or three million dollars, whichever is less, for development and renovation projects on state recreation lands. Any amount above three million dollars must be distributed for the purposes of (d) of this subsection.

(3)(a) In distributing these funds, the board retains discretion to meet the most pressing needs for state and local parks, trails, and water access sites, and is not required to meet the percentages described in subsections (1) and (2) of this section in any one biennium.

(b) If not enough project applications are submitted in a category within the outdoor recreation account to meet the percentages described in subsections (1) and (2) of this section in any biennium, the board retains discretion to distribute any remaining funds to the other categories within the account.

~~((3))~~ (4) Only the state parks and recreation commission may apply for acquisition and development funds for state parks under subsections (1)(a) and (2)(a) of this section.

(5) Only local agencies may apply for acquisition, development, or renovation funds for local parks under subsections (1)(b) and (2)(b) of this section.

~~((4))~~ (6) Only state and local agencies may apply for funds for trails under subsections (1)(c) and (2)(c) of this section.

~~((5))~~ (7) Only state and local agencies may apply for funds for water access sites under subsections (1)(d) and (2)(d) of this section.

(8) Only the department of natural resources and the department of fish and wildlife may apply for funds for development and renovation projects on existing state recreation lands under subsections (1)(e) and (2)(e) of this section.

**Sec. 66.** RCW 79A.15.060 and 2009 c 341 s 3 and 2009 c 16 s 1 are each reenacted and amended to read as follows:

(1) The board may adopt rules establishing acquisition policies and priorities for distributions from the habitat conservation account.

(2) Except as provided in RCW 79A.15.030~~((7))~~ (8), moneys appropriated for this chapter may not be used by the board to fund staff positions or other overhead expenses, or by a state, regional, or local agency to fund operation or maintenance of areas acquired under this chapter.

(3) Moneys appropriated for this chapter may be used by grant recipients for costs incidental to acquisition, including, but not limited to, surveying expenses, fencing, noxious weed control, and signing.

(4) The board may not approve a local project where the local agency share is less than the amount to be awarded from the habitat conservation account.

(5) In determining acquisition priorities with respect to the habitat conservation account, the board shall consider, at a minimum, the following criteria:

(a) For critical habitat and natural areas proposals:

(i) Multiple benefits for the project;

(ii) Whether, and the extent to which, a conservation easement can be used to meet the purposes for the project;

(iii) Community support for the project based on input from, but not limited to, local citizens, local organizations, and local elected officials;

~~((ii))~~ (iv) The project proposal's ongoing stewardship program that includes estimated costs of maintaining and operating the project including, but not limited to, control of noxious weeds~~((:))~~ and detrimental invasive species, and that identifies the source of the funds from which the stewardship program will be funded;

~~((iii))~~ (v) Recommendations as part of a watershed plan or habitat conservation plan, or a coordinated regionwide prioritization effort, and for projects primarily intended to benefit salmon, limiting factors, or critical pathways analysis;

~~((iv))~~ (vi) Immediacy of threat to the site;

~~((v))~~ (vii) Uniqueness of the site;

~~((vi))~~ (viii) Diversity of species using the site;

~~((vii))~~ (ix) Quality of the habitat;

~~((viii))~~ (x) Long-term viability of the site;

~~((ix))~~ (xi) Presence of endangered, threatened, or sensitive species;

~~((x))~~ (xii) Enhancement of existing public property;

~~((xi))~~ (xiii) Consistency with a local land use plan, or a regional or statewide recreational or resource plan, including projects that assist in the implementation of local shoreline master plans updated according to RCW 90.58.080 or local comprehensive plans updated according to RCW 36.70A.130;

~~((xii))~~ (xiv) Educational and scientific value of the site;

~~((xiii))~~ (xv) Integration with recovery efforts for endangered, threatened, or sensitive species;

~~((xiv))~~ For critical habitat proposals by local agencies, (xvi) The statewide significance of the site.

(b) For urban wildlife habitat proposals, in addition to the criteria of (a) of this subsection:

(i) Population of, and distance from, the nearest urban area;

(ii) Proximity to other wildlife habitat;

(iii) Potential for public use; and

(iv) Potential for use by special needs populations.

(c) For riparian protection proposals, the board must consider, at a minimum, the following criteria:

(i) Whether the project continues the conservation reserve enhancement program. Applications that extend the duration of leases of riparian areas that are currently enrolled in the conservation reserve enhancement program are eligible. These applications are eligible for a conservation lease extension of at least twenty-five years of duration;

(ii) Whether the projects are identified or recommended in a watershed plan, salmon recovery plan, or other local plans, such as habitat conservation plans, and these must be highly considered in the process;

(iii) Whether there is community support for the project;

(iv) Whether the proposal includes an ongoing stewardship program that includes control of noxious weeds, detrimental invasive species, and that identifies the source of the funds from which the stewardship program will be funded;

(v) Whether there is an immediate threat to the site;

(vi) Whether the quality of the habitat is improved or, for projects including restoration or enhancement, the potential for restoring quality habitat including linkage of the site to other high quality habitat;

(vii) Whether the project is consistent with a local land use plan or a regional or statewide recreational or resource plan. The projects that assist in the implementation of local shoreline master plans updated according to RCW 90.58.080 or local comprehensive plans updated according to RCW 36.70A.130 must be highly considered in the process;

(viii) Whether the site has educational or scientific value; and



(ix) Whether the site has passive recreational values for walking trails, wildlife viewing, the observation of natural settings, or other multiple benefits.

(d) Moneys appropriated for this chapter to riparian protection projects must be distributed for the acquisition or enhancement or restoration of riparian habitat. All enhancement or restoration projects, except those qualifying under (c)(i) of this subsection, must include the acquisition of a real property interest in order to be eligible.

(6) Before November 1st of each even-numbered year, the board shall recommend to the governor a prioritized list of all ~~((state agency and local))~~ projects to be funded under RCW 79A.15.040~~((1)(a), (b), and (c)))~~. The governor may remove projects from the list recommended by the board and shall submit this amended list in the capital budget request to the legislature. The list shall include, but not be limited to, a description of each project and any particular match requirement, and describe for each project any anticipated restrictions upon recreational activities allowed prior to the project.

**Sec. 67.** RCW 79A.15.070 and 2007 c 241 s 33 are each amended to read as follows:

(1) In determining which state parks proposals and local parks proposals to fund, the board shall use existing policies and priorities.

(2) Except as provided in RCW 79A.15.030~~((7))~~ (8), moneys appropriated for this chapter may not be used by the board to fund staff or other overhead expenses, or by a state, regional, or local agency to fund operation or maintenance of areas acquired under this chapter.

(3) Moneys appropriated for this chapter may be used by grant recipients for costs incidental to acquisition and development, including, but not limited to, surveying expenses, fencing, and signing.

(4) The board may not approve a project of a local agency where the share contributed by the local agency is less than the amount to be awarded from the outdoor recreation account. The local agency's share may be reduced or waived if the project meets the needs of an underserved population or a community in need, as defined by the board.

(5) The board may adopt rules establishing acquisition policies and priorities for the acquisition and development of trails and water access sites to be financed from moneys in the outdoor recreation account.

(6) In determining the acquisition and development priorities, the board shall consider, at a minimum, the following criteria:

- (a) For trails proposals:
  - (i) Community support for the project;
  - (ii) Immediacy of threat to the site;
  - (iii) Linkage between communities;
  - (iv) Linkage between trails;
  - (v) Existing or potential usage;
  - (vi) Consistency with a local land use plan, or a regional or statewide recreational or resource plan, including projects that assist in the implementation of local shoreline master plans updated according to RCW 90.58.080 or local comprehensive plans updated according to RCW 36.70A.130;

- (vii) Availability of water access or views;
  - (viii) Enhancement of wildlife habitat; and
  - (ix) Scenic values of the site.
- (b) For water access proposals:
- (i) Community support for the project;
  - (ii) Distance from similar water access opportunities;
  - (iii) Immediacy of threat to the site;
  - (iv) Diversity of possible recreational uses;
  - (v) Public demand in the area; and
  - (vi) Consistency with a local land use plan, or a regional or statewide recreational or resource plan, including projects that assist in the implementation of local shoreline master plans updated according to RCW 90.58.080 or local comprehensive plans updated according to RCW 36.70A.130.

(7) Before November 1st of each even-numbered year, the board shall recommend to the governor a prioritized list of all ~~((state agency and local))~~ projects to be funded under RCW 79A.15.050~~((1)(a), (b), (c), and (d)))~~. The governor may remove projects from the list recommended by the board and shall submit this amended list in the capital budget request to the legislature. The list shall include, but not be limited to, a description of each project and any particular match requirement, and describe for each project any anticipated restrictions upon recreational activities allowed prior to the project.

**Sec. 68.** RCW 79A.15.080 and 2007 c 241 s 34 are each amended to read as follows:

The board shall not sign contracts or otherwise financially obligate funds from the habitat conservation account, the outdoor recreation account, ~~((the riparian protection account,))~~ or the ~~((farmlands preservation))~~ farm and forest account as provided in this chapter before the legislature has appropriated funds for a specific list of projects. The legislature may remove projects from the list recommended by the governor.

**Sec. 69.** RCW 79A.15.110 and 2007 c 241 s 36 are each amended to read as follows:

~~((A))~~ State or local ((agency)) agencies or nonprofit nature conservancies shall review the proposed project application and confer with the county or city with jurisdiction over the project area prior to applying for funds for the acquisition of property under this chapter. The appropriate county or city legislative authority may, at its discretion, submit a letter to the board identifying the authority's position with regard to the acquisition project. The board shall make the letters received under this section available to the governor and the legislature when the prioritized project list is submitted under ~~((RCW 79A.15.120, 79A.15.060, and 79A.15.070))~~ this chapter.

**Sec. 70.** RCW 79A.15.130 and 2009 c 341 s 5 are each amended to read as follows:

(1) The ~~((farmlands preservation))~~ farm and forest account is established in the state treasury. The board will administer the account in accordance with chapter 79A.25

RCW and this chapter, and hold it separate and apart from all other money, funds, and accounts of the board. Moneys appropriated for this chapter to the ~~((farmlands preservation))~~ farm and forest account must be distributed for the acquisition and preservation of farmlands and forest lands in order to maintain the opportunity for agricultural and forest management activity upon these lands.

~~((a))~~ Moneys appropriated for this chapter to the farmlands preservation account may be distributed for (i) the fee simple or less than fee simple acquisition of farmlands; (ii) the enhancement or restoration of ecological functions on those properties; or (iii) both. Moneys appropriated beginning July 1, 2016, for this chapter shall be divided as follows:

(a) Not less than ninety percent for the acquisition and preservation of farmlands.

(b) Not less than ten percent for the acquisition and preservation of forest lands.

(3) Moneys appropriated for this chapter to the farm and forest account may be distributed for: (a) The acquisition of a less than fee simple interest in farmlands or forest land, such as a conservation easement or lease; (b) the enhancement or restoration of ecological functions on those properties; or (c) both. In order for a farmland or forest land preservation grant to provide for an environmental enhancement or restoration project, the project must include the acquisition of a real property interest.

~~((b))~~ If a city, county, nonprofit nature conservancy organization or association, or the conservation commission acquires a property through this program in fee simple, the city, county, nonprofit nature conservancy organization or association, or the conservation commission shall endeavor to secure preservation of the property through placing a conservation easement, or other form of deed restriction, on the property which dedicates the land to agricultural use and retains one or more property rights in perpetuity. Once an easement or other form of deed restriction is placed on the property, the city, county, nonprofit nature conservancy organization or association, or the conservation commission shall seek to sell the property, at fair market value, to a person or persons who will maintain the property in agricultural production. Any moneys from the sale of the property shall either be used to purchase interests in additional properties which meet the criteria in subsection (9) of this section, or to repay the grant from the state which was originally used to purchase the property.

~~((3))~~ (4) Cities, counties, nonprofit nature (conservancy organizations or associations) conservancies, and the conservation commission may apply for acquisition and enhancement or restoration funds for farmland or forest land preservation projects within their jurisdictions under subsection (1) of this section.

~~((4))~~ (5) The board may adopt rules establishing acquisition and enhancement or restoration policies and priorities for distributions from the ((farmlands preservation)) farm and forest account.

~~((5))~~ (6) The acquisition of a property ((right)) interest in a project under this section ((by a county, city, nonprofit nature conservancy organization or association, or the conservation commission)) does not provide a right

of access to the property by the public unless explicitly provided for in a conservation easement or other form of deed restriction.

~~((6))~~ (7) Except as provided in RCW 79A.15.030((7)) (8), moneys appropriated for this section may not be used by the board to fund staff positions or other overhead expenses, or by ((a city, county, nonprofit nature conservancy organization or association)) cities, counties, nonprofit nature conservancies, or the conservation commission to fund operation or maintenance of areas acquired under this chapter.

~~((7))~~ (8) Moneys appropriated for this section may be used by grant recipients for costs incidental to restoration and acquisition, including, but not limited to, surveying expenses, fencing, noxious weed control, and signing.

~~((8))~~ (9) The board may not approve a local project where the local agency's or nonprofit nature (conservancy organization's or association's) conservancies' share is less than the amount to be awarded from the ((farmlands preservation)) farm and forest account. In-kind contributions, including contributions of a real property interest in land, may be used to satisfy the local agency's or nonprofit nature ((conservancy organization's or association's)) conservancies' share.

~~((9))~~ (10) In determining the acquisition priorities for farmland projects, the board must consider, at a minimum, the following criteria:

- (a) Community support for the project;
- (b) A recommendation as part of a limiting factors or critical pathways analysis, a watershed plan or habitat conservation plan, or a coordinated regionwide prioritization effort;
- (c) The likelihood of the conversion of the site to nonagricultural or more highly developed usage;
- (d) Consistency with a local land use plan, or a regional or statewide recreational or resource plan. The projects that assist in the implementation of local shoreline master plans updated according to RCW 90.58.080 or local comprehensive plans updated according to RCW 36.70A.130 must be highly considered in the process;
- (e) Benefits to salmonids;
- (f) Benefits to other fish and wildlife habitat;
- (g) Integration with recovery efforts for endangered, threatened, or sensitive species;
- (h) The viability of the site for continued agricultural production, including, but not limited to:
  - (i) Soil types;
  - (ii) On-site production and support facilities such as barns, irrigation systems, crop processing and storage facilities, wells, housing, livestock sheds, and other farming infrastructure;
  - (iii) Suitability for producing different types or varieties of crops;
  - (iv) Farm-to-market access;
  - (v) Water availability; and
- (i) Other community values provided by the property when used as agricultural land, including, but not limited to:
  - (i) Viewshed;
  - (ii) Aquifer recharge;

(iii) Occasional or periodic collector for storm water runoff;

(iv) Agricultural sector job creation;

(v) Migratory bird habitat and forage area; and

(vi) Educational and curriculum potential.

~~((10))~~ (11) In allotting funds for environmental enhancement or restoration projects, the board will require the projects to meet the following criteria:

(a) Enhancement or restoration projects must further the ecological functions of the farmlands;

(b) The projects, such as fencing, bridging watercourses, replanting native vegetation, replacing culverts, clearing of waterways, etc., must be less than fifty percent of the acquisition cost of the project including any in-kind contribution by any party;

(c) The projects should be based on accepted methods of achieving beneficial enhancement or restoration results; and

(d) The projects should enhance the viability of the preserved farmland to provide agricultural production while conforming to any legal requirements for habitat protection.

~~((14))~~ (12) In determining the acquisition priorities for forest land projects, the board must consider, at a minimum, the following criteria:

(a) Community support for the project;

(b) A recommendation as part of a limiting factors or critical pathways analysis, a watershed plan or habitat conservation plan, or a coordinated regionwide prioritization effort;

(c) The likelihood of conversion of the site to nontimber or more highly developed use;

(d) Consistency with a local land use plan, or a regional or statewide recreational or resource plan. The projects that assist in the implementation of local shoreline master plans updated according to RCW 90.58.080 or local comprehensive plans updated according to RCW 36.70A.130 must be highly considered in the process;

(e) Multiple benefits of the project;

(f) Project attributes, including but not limited to:

(i) Clean air and water;

(ii) Storm water management;

(iii) Wildlife habitat; and

(iv) Potential for carbon sequestration.

(13) In allotting funds for environmental enhancement or restoration projects, the board must require the projects to meet the following criteria:

(a) Enhancement or restoration projects must further the ecological functions of the forest lands;

(b) The projects, such as fencing, bridging watercourses, replanting native vegetation, replacing culverts, etc., must be less than fifty percent of the acquisition cost of the project including any in-kind contribution by any party;

(c) The projects should be based on accepted methods of achieving beneficial enhancement or restoration results;

(d) The projects should enhance the viability of the preserved forest land to provide timber production while conforming to any legal requirements for habitat protection.

(14) Before November 1st of each even-numbered year, the board will recommend to the governor a prioritized list of all projects to be funded under this

section. The governor may remove projects from the list recommended by the board and must submit this amended list in the capital budget request to the legislature. The list must include, but not be limited to, a description of each project and any particular match requirement.

NEW SECTION. Sec. 71. The allocations in sections 3, 4, and 5 of this act apply to the prioritized list of all projects submitted by November 1, 2016. The eligibility provisions in sections 4 and 5 of this act for nonprofit nature conservancies, as defined in RCW 84.34.250, and eligibility provisions in section 10 of this act are effective for projects submitted in 2016. The recreation and conservation funding board shall provide a prioritized list of projects to be funded under RCW 79A.15.130(2)(b) by November 1, 2017. All other provisions of this act apply to subsequent grant cycles.

NEW SECTION. Sec. 72. 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."

Correct the title.

Signed by Representatives Tharinger, Chair; Stanford, Vice Chair; DeBolt, Ranking Minority Member; Smith, Assistant Ranking Minority Member; Kilduff; Kochmar; Peterson; Riccelli and Walsh.

Passed to Committee on Rules for second reading.

February 29, 2016  
2SSB 6239 Prime Sponsor, Committee on Ways & Means: Providing local governments with options to preserve affordable housing in their communities. Reported by Committee on Finance

MAJORITY recommendation: Do pass as amended by Committee on Finance and without amendment by Committee on Community Development, Housing & Tribal Affairs.

Strike everything after the enacting clause and insert the following:

"NEW SECTION. Sec. 73. The legislature finds that:

(1) Families, senior citizens, and workers with fewer financial resources are more likely to experience unhealthy and unsafe housing conditions;

(2) Healthy homes promote good physical and mental health. When adequate housing protects individuals and families from harmful exposures and provides them with a sense of privacy, security, stability, and control, it can make important contributions to health and well-being;

(3) Affordable housing is a necessary component of strong, thriving neighborhoods with healthy physical and social environments;

(4) Very low-income household renters should have the opportunity to live in homes in neighborhoods close to major infrastructure investments like transit, quality schools for children, and vital services like health care, grocery shopping, and employment;

(5) Community members with critical occupations, senior citizens, and families are struggling to afford rent around the state;

(6) Rising rents are causing the displacement of very low-income household renters and long-time community members, risking the loss of cultural communities;

(7) Nonprofit property owners require additional resources to make health, safety, and quality improvements to buildings without raising rents to pay for repairs; and

(8) Communities need a wide range of local tools to create healthy, affordable homes and address affordable housing needs.

**NEW SECTION. Sec. 74.** It is the purpose of this chapter to give communities a local option to preserve and increase healthy, high-quality affordable rental housing opportunities for very low-income households for which the governing authority has found that there are insufficient healthy affordable housing opportunities. It is also the purpose of this chapter to ensure that housing opportunities are affordable to renters at below-market rent levels, as determined by the governing authority, with consideration of community needs, market rental costs, and income levels of renters.

**NEW SECTION. Sec. 75.** The definitions in this section apply throughout this chapter unless the context clearly requires otherwise.

(1) "Energy and water efficiency standards" means housing that meets standards substantially equivalent to evergreen sustainable development standards, as established by the Washington state department of commerce.

(2) "Governing authority" means the local legislative authority of a city or county having jurisdiction over the property for which an exemption may be applied under this chapter.

(3) "Health and quality standards" means standards substantially equivalent to uniform physical condition standards, as established by the United States department of housing and urban development, or the national healthy housing standard, as established by the national center for healthy housing and the American public health association. Governing authority may use a residential housing inspection program within the jurisdiction that has established the tax exemption, as long as the standards are substantially equivalent to uniform physical condition standards or the national healthy housing standard.

(4) "High-cost area" means a county where the third quarter median house price for the previous year as reported by the Runstad center for real estate studies at the University of Washington is equal to or greater than one hundred thirty percent of the statewide median house price published during the same time period.

(5) "Household" means a single person, family, or unrelated persons living together.

(6) "Low-income households" means a single person, family, or unrelated persons living together whose adjusted income is at or below sixty percent of the median family income adjusted for family size, for the county in which the project is located, as reported by the United States department of housing and urban development.

(7) "Multifamily dwelling" means a building consisting of more than one dwelling unit, as further defined by the governing authority.

(8) "Nonprofit" or "nonprofit entity" has the same meaning as provided for "nonprofit entity" in RCW 84.36.560(7).

(9) "Owner" means the property owner of record.

(10) "Permanent residential occupancy" means housing that provides rental occupancy on a nontransient basis. "Permanent residential occupancy" includes rental accommodation that is leased for a period of at least one month. "Permanent residential occupancy" excludes hotels and motels that predominately offer rental accommodation on a daily or weekly basis.

(11) "Property" means a multifamily dwelling not designed as transient accommodations, and the land upon which the dwelling is located. "Property" excludes hotels or motels. "Property" may also include a single-family dwelling and the land upon which the dwelling is located if the governing authority adopts a program for such property as provided in section 9(1)(e) of this act.

(12) "Rehabilitation improvements" means modifications to existing property made to achieve substantial compliance with health and quality standards or energy and water efficiency standards.

(13) "Single-family dwelling unit" means an individual detached dwelling, as further defined by the governing authority.

(14) "Very low-income household" means a single person, family, or unrelated persons living together whose adjusted income is at or below fifty percent of the median family income adjusted for family size, for the county in which the project is located, as reported by the United States department of housing and urban development. For cities located in high-cost areas, "very low-income household" means a household that has an income at or below sixty percent of the median family income adjusted for family size, for the county in which the project is located.

**NEW SECTION. Sec. 76.** A city governing authority may adopt a property tax exemption program to preserve affordable housing that meets health and quality standards for very low-income households at risk of displacement or that cannot afford market-rate housing. A county governing authority may adopt a property tax exemption program for unincorporated areas of the county to preserve affordable housing that meets health and quality standards for very low-income households at risk of displacement or that cannot afford market-rate housing.

**NEW SECTION. Sec. 77.** (1) Only properties owned by a nonprofit entity may qualify for a property tax exemption program under this chapter.

(2) Upon adoption of a property tax exemption program, the governing authority must establish standards for very low-income household rental housing under this chapter, including rent limits and income guidelines consistent with local housing needs, to assist very low-income households that cannot afford market-rate housing. Affordable housing units must be:

(a) Below market rent levels as determined by the governing authority; and

(b) Affordable to households with an income of fifty percent or less of the county median family income, adjusted for family size.

(3)(a) The governing authority, after holding a public hearing, may also establish lower income levels or lower rent levels adjusted to serve very low-income household renters in the community.

(b) The governing authority of a high-cost area, after holding a public hearing, may also establish higher income levels. The higher income level may not exceed sixty percent of the county area median family income, adjusted for family size.

(4) Rent levels for affordable housing units may not exceed thirty percent of the income limit for the very low-income housing unit, as established by the governing authority, and must include tenant-paid utilities other than telephone and any mandatory fees required as a condition of tenancy.

**NEW SECTION. Sec. 78.** (1) The value of residential real property qualifying under this chapter is exempt from ad valorem property taxation, except taxes levied by the state, for a period of fifteen successive years beginning January 1st of the calendar year immediately following the calendar year in which a certificate of tax exemption is filed with the county assessor in accordance with section 12 of this act.

(2) The governing authority may extend the duration of the exemption period by three years for properties meeting energy and water efficiency standards.

(3) The incentive provided under this chapter is in addition to any tax credits, grants, or other incentives provided by law.

(4) This chapter neither applies to increases in assessed valuation made by the assessor on nonqualifying portions of building or land nor to increases made by lawful order of a county board of equalization, the department of revenue, or a county, to a class of property throughout the county or specific area of the county to achieve the uniformity of assessment or appraisal required by law.

(5) The exemption does not apply to any county property tax unless the legislative authority of the county adopts a resolution and notifies the governing authority of the jurisdiction within the county that has established a tax exempt program of its intent to allow the property to be exempt.

(6) The governing authority must notify local taxing districts in the designated exemption area when a tax exemption program is established under this chapter.

**NEW SECTION. Sec. 79.** To be eligible for the exemption from property taxation under this chapter, in addition to other requirements set forth in this chapter, the property must be in compliance with the following applicable requirements for the entire exemption period:

(1) The property must be owned by a nonprofit entity;

(2)(a) A minimum of twenty-five percent of units in a multiple-unit property subject to tax exemption must be affordable as described in section 5 of this act. A governing authority may require more than twenty-five percent affordable units in multiple-unit housing buildings subject to tax exemption to address local market conditions. Affordable units must be comparable in terms of quality and living conditions to market rate units in the building.

(b) If a nonprofit entity acquires a property that meets the requirements under (a) of this subsection, and which also had within the previous twelve-month period at least an additional twenty-five percent of its units affordable to low-income households, then the property must continue to provide no less than the same number of additional units affordable to low-income households or very low-income households;

(3) At least ninety percent of the units of multiple-unit property must be occupied by tenants at the time of application;

(4) The property must be part of a residential or mixed-use (residential and nonresidential) project;

(5) The property must provide for a minimum of fifty percent of the space in each building for permanent residential occupancy;

(6) The property must meet guidelines as adopted by the governing authority that may include height, density, public benefit features, number and size of proposed development, parking, income limits for occupancy, limits on rents, health and quality standards, and other adopted requirements indicated as necessary by the governing authority. The required amenities should be relative to the size of the project and tax benefit to be obtained; and

(7) The nonprofit property owner must enter into a contract with the city or county approved by the governing authority, or an administrative official or commission authorized by the governing authority, under which the nonprofit property owner has agreed to terms and conditions satisfactory to the governing authority.

**NEW SECTION. Sec. 80.** (1) To be eligible for the exemption from taxation under this chapter, the property must also comply with all applicable land use regulations, zoning requirements, and building and housing code requirements, including space and occupancy, structural, mechanical, fire, safety, and security standards, and health and quality standards. The governing authority may establish additional standards to meet local needs.

(2)(a) The governing authority may waive certain health and quality standards for up to two years if the owner of the nonprofit property submits a rehabilitation plan to comply with health and quality standards. The nonprofit owner must notify the governing authority at the time of completion of rehabilitation. The waiver of certain health and quality standards only applies to rehabilitation

improvements specifically included in the rehabilitation plan.

(b) The governing authority must establish minimum health and quality standards for properties to qualify for a waiver under (a) of this subsection. The governing authority may not waive health and quality standards that endanger or impair the health and safety of any tenant.

(c) Nothing in this subsection may exempt or waive any obligations under federal, state, and local laws.

(3) The property must be inspected for compliance with subsections (1) and (2) of this section at the time of application for tax exemption and, thereafter, as established by the governing authority at least once every three years.

(4) If the governing authority grants a waiver of certain health and quality standards under subsection (2) of this section, the property must be inspected when the nonprofit owner notifies the governing authority that rehabilitation has been completed or at the end of the waiver period, whichever occurs first.

(5) The governing authority or its duly authorized representative may deny an application for tax exemption or revoke an existing exemption under this chapter for failure to comply with health and quality standards.

**NEW SECTION. Sec. 81.** (1) The governing authority may establish additional requirements for tax exemption eligibility or program rules under this chapter including, but not limited to:

(a) A limit on the total number of affordable housing units subject to exemption under this chapter;

(b) The designation of targeted residential areas for property to align with community needs, including to prevent displacement, preserve cultural communities, and provide affordable housing options near community infrastructure such as transportation or public schools;

(c) Standards for property size, unit size, unit type, mix of unit types, or mix of unit sizes;

(d) An exemption extension for property meeting minimum energy and water efficiency standards substantially equivalent to evergreen sustainable development building performance standards;

(e) A program for single-family dwelling rental units occupied by tenants complying with affordability requirements under this chapter as adopted by the governing authority;

(f) Any additional requirements to reduce displacement of very low-income household tenants.

(2) The governing authority must adopt and implement standards and guidelines to be utilized in considering applications and making the determinations required under this chapter. The standards and guidelines must establish basic requirements to include:

(a) An application process and procedures;

(b) Guidelines that may include height, density, public benefit features, number and size of proposed development, parking, income limits for occupancy, limits on rents, health and quality standards, and other adopted requirements indicated as necessary by the governing authority. The required amenities should be relative to the size of the project and tax benefit to be obtained;

(c) An inspection policy and procedures to ensure the property complies with housing and health and quality standards;

(d) Income and rent limits as required under section 5 of this act; and

(e) Documentation necessary to establish income eligibility of households in affordable housing units.

(3) Standards may apply to part or all of a jurisdiction and different standards may be applied to different areas within a jurisdiction or to different types of development. Programs authorized under this section may be modified to meet local needs and may include provisions not expressly provided in this section.

**NEW SECTION. Sec. 82.** A nonprofit property owner making an application under this chapter must apply by August 1st of the year prior to the first calendar year in which the taxes for collection are to be considered for exemption and meet the following requirements:

(1) The applicant must apply to the city or county on forms adopted by the governing authority. The application must contain the following:

(a) Information setting forth the grounds supporting the requested exemption, including information indicated on the application form or in the guidelines;

(b) A description of the project and site plan, including the floor plan of units and other information requested;

(c) A statement that the applicant is aware of the potential tax liability involved when the property ceases to be eligible for the incentive provided under this chapter;

(d) When the governing authority finds that rehabilitation is required to meet health and quality standards or evergreen sustainable development building performance standards, a rehabilitation plan outlining rehabilitation improvements, budget, and proposed schedule for repairs; and

(e) A certification of family size and annual income in a form acceptable to the governing authority for designated affordable housing units;

(2) The applicant must verify the application by oath or affirmation; and

(3) The applicant must submit a fee, if any, with the application as required under this chapter. The governing authority may permit the applicant to revise an application before final action by the governing authority.

**NEW SECTION. Sec. 83.** (1) Upon receipt of an application meeting the requirements of section 10 of this act, the governing authority must inspect the property to certify compliance with health and quality standards or to grant a waiver upon submission of a rehabilitation plan by the nonprofit owner of the property.

(2) The duly authorized administrative official or committee of the governing authority may approve the application if it finds that:

(a) The property meets affordable housing requirements as described in section 5 of this act;

(b) The property meets health and quality standards, or a waiver is granted upon submission of a rehabilitation plan by the nonprofit property owner;

(c) The property rehabilitation plan is of appropriate scope to be completed within the designated time frame of waiver and will result in property compliance with health and quality standards, as outlined in section 8 of this act; and

(d) The nonprofit owner has complied with all standards and guidelines adopted by the governing authority under this chapter.

**NEW SECTION. Sec. 84.** (1) The governing authority, or an administrative official or commission authorized by the governing authority, must approve or deny an application filed under this chapter within one hundred twenty days. The governing authority may adopt standards to extend the period to approve or deny an application filed under this chapter for a property that does not meet health and quality standards.

(2)(a) If the application is approved, the governing authority must issue the nonprofit property owner a certificate of tax exemption and file the certificate of exemption with the county assessor no later than December 1st of the year prior to the first calendar year in which the taxes for collection are to be exempt. If the certificate of exemption is filed after December 1st and before January 1st, the certificate of exemption is deemed filed in the next calendar year. The certificate must contain a statement by a duly authorized administrative official of the governing authority that the property has complied with the required findings indicated in this chapter.

(b) The governing authority may issue a conditional certificate of acceptance of tax exemption if a property must complete a rehabilitation plan in order to comply with health and quality standards. The rehabilitation must be completed within two years of the date of application for a tax exemption.

(3)(a) If the application is denied by the authorized administrative official or commission authorized by the governing authority, the deciding administrative official or commission must state in writing the reasons for denial and send the notice to the applicant at the applicant's last known address within ten days of the denial.

(b) Upon denial by the authorized administrative official or commission, an applicant may appeal the denial to the governing authority within thirty days after receipt of the denial. The appeal before the governing authority must be based upon the record made before the administrative official or commission with the burden of proof on the applicant to show that there was no substantial evidence to support the administrative official or commission's decision. The decision of the governing body in denying or approving the application is final.

**NEW SECTION. Sec. 85.** The governing authority may establish an application fee or other fees to not exceed an amount determined to be required to cover the cost to be incurred by the governing authority and the assessor in administering this chapter. The application fee,

if established, must be paid at the time the application is submitted. If the application is approved, the governing authority must pay the application fee to the county assessor for deposit in the county current expense fund, after first deducting that portion of the fee attributable to its own administrative costs in processing the application. If the application is denied, the governing authority may retain that portion of the application fee attributable to its own administrative costs and refund the balance to the applicant.

**NEW SECTION. Sec. 86.** The authorized representative of the governing authority must notify the applicant that a certificate of tax exemption will be denied or canceled if the authorized representative determines that:

(1) The affordable housing requirements as described in section 5 of this act were not met;

(2) The property did not meet health and quality standards; or

(3) The nonprofit owner's property is otherwise not qualified for limited exemption under this chapter.

**NEW SECTION. Sec. 87.** (1) The nonprofit owner of property receiving a tax exemption under this chapter must obtain from each tenant living in designated affordable housing units, no less than annually, a certification of family size and annual income in a form acceptable to the governing authority.

(2) The nonprofit property owner must file a report at least annually by a date established by the governing authority indicating the following:

(a) Family size and annual income for each tenant living in designated affordable housing rental units and a statement that the property is in compliance with affordable housing requirements described in section 5 of this act;

(b) A statement of occupancy and vacancy;

(c) A schedule of rents charged in market-rate units;

(d) A certification that the property has not changed use;

(e) A description of changes or improvements;

(f) When rehabilitation is required to meet health and quality standards or evergreen sustainable development building performance standards, a progress report on compliance with the rehabilitation plan, budget, and proposed schedule for repairs; and

(g) Any other information required to determine compliance with program requirements or to measure program performance.

(3) A governing authority that issues certificates of tax exemption for property that conform to the requirements of this chapter must report annually by July 1st to the department of commerce the following information:

(a) The number of tax exemption certificates granted;

(b) The number and type of units in building properties receiving a tax exemption;

(c) The number and type of units meeting affordable housing requirements;

(d) The total monthly rent amount for each affordable and market-rate unit; and

(e) The value of the tax exemption for each project receiving a tax exemption and the total value of tax exemptions granted.

**NEW SECTION. Sec. 88.** (1) After a certificate of exemption has been filed with the county assessor, the tax exemption must be canceled by the authorized representative of the governing authority under the following circumstances:

(a) The owner intends to convert the property to another use that is not residential or the owner intends to discontinue compliance with affordable housing requirements;

(b) The owner fails to file annual reports;

(c) The owner fails to maintain the property in substantial compliance with all applicable local building, safety, and health code requirements;

(d) The owner fails to complete rehabilitation improvements as outlined in the rehabilitation plan;

(e) The owner fails to meet affordable housing requirements; or

(f) The property is transferred to an owner who is not a nonprofit entity.

(2)(a) Notification of a canceled certificate of exemption must be made by the governing authority or authorized representative of the governing authority to the county assessor within thirty days of the cancellation. Upon notice of a canceled tax exemption certificate, additional real property tax must be imposed upon the value of the improvements and land that no longer qualify for exemption under this chapter in the amount that would have been imposed had the property not been exempt under this act, plus a penalty of twenty percent of the additional tax. This additional tax is calculated from January 1st of the year the certificate of tax exemption first became effective.

(b) Interest must be included upon the amounts of the additional tax at the same rate charged on delinquent property taxes from the dates on which the additional tax could have been paid without penalty if the property had been assessed at a value without regard to this chapter.

(c) The additional tax, penalty, and interest must be collected by the county treasurer. The additional tax must be distributed by the county treasurer in the same manner in which current property taxes applicable to the subject property are distributed. The additional taxes, penalty, and interest must be payable in full thirty days following the date on which the treasurer's statement of additional tax due is issued.

(d) The additional tax owed together with the interest and penalty becomes a lien on the land and attaches at the time the property or portion of the property is removed from use as affordable housing or the amenities no longer meet applicable requirements, and has priority to and must be fully paid and satisfied before a recognizance, mortgage, judgment, debt, obligation, or responsibility to or with which the land may become charged or liable. The lien may be foreclosed upon the expiration of the same period after delinquency and in the same manner provided by law for foreclosure of liens for delinquent real property

taxes. An additional tax unpaid on its due date is delinquent.

(e) The county auditor may not accept an instrument of conveyance unless the additional tax, interest, and penalty has been paid or the governing authority or authorized representative has determined that the property is not subject to the additional tax, interest, or penalty.

(f) A certificate of exemption may be continued for the remainder of the exemption period upon sale or transfer of all or a portion of the exempt property to a new nonprofit owner, if the new nonprofit owner has signed a notice of exemption continuance. The notice of exemption continuance must be in a form approved by the governing authority or its authorized representative. If the notice of continuance is not signed by the new nonprofit owner and attached to the real estate excise tax affidavit, all additional tax, penalty, and interest calculated in accordance with this section become due and payable by the owner, including the seller or transferor, at time of sale.

(3) Upon a determination that a property tax exemption is to be canceled for any reason stated in this section, the governing authority or authorized representative of the governing authority must notify the record nonprofit owner of the property as shown by the tax rolls by mail, return receipt requested, of the determination to cancel the exemption. The nonprofit owner may appeal the determination to the governing authority or authorized representative within thirty days by filing a notice of appeal with the clerk of the governing authority, which must specify the factual and legal basis on which the determination of cancellation is alleged to be erroneous. The governing authority or a hearing examiner or other official authorized by the governing authority may hear the appeal. At the hearing, all affected parties may be heard and all competent evidence received. After the hearing, the deciding body or officer must either affirm, modify, or repeal the decision of cancellation of exemption based on the evidence received. An aggrieved party may appeal the decision of the deciding body or officer to the superior court under RCW 34.05.510 through 34.05.598.

(4) Upon the expiration of the exemption period or upon cancellation of the exemption, the value of new construction or improvements to the property, not previously considered as new construction during the exemption period, must be considered as new construction for purposes of calculating levies under chapter 84.55 RCW.

**NEW SECTION. Sec. 89.** Tenant identifying information and income data obtained by the governing authority and the assessor may be used only to administer this affordable housing exemption. Notwithstanding any provision of law to the contrary, absent written consent by the person about whom the information or facts have been obtained, the tenant identifying information and income data may not be disclosed by the jurisdiction or assessor or their agents or employees to anyone other than their agents or employees except in an administrative or judicial proceeding pertaining to the taxpayer's entitlement to the tax exemption.



NEW SECTION. Sec. 90. The exemption in this chapter applies to taxes levied for collection in 2017 and thereafter.

NEW SECTION. Sec. 91. Sections 1 through 18 of this act constitute a new chapter in Title 84 RCW." Correct the title.

Signed by Representatives Lytton, Chair; Robinson, Vice Chair; Frame; Pollet; Reykdal; Ryu; Springer; Wilcox and Wylie.

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

Passed to Committee on Rules for second reading.

February 26, 2016  
E2SSB 6242 Prime Sponsor, Committee on Ways & Means: Requiring the indeterminate sentence review board to provide certain notices upon receiving a petition for early release. Reported by Committee on General Government & Information Technology

MAJORITY recommendation: Do pass. Signed by Representatives Hudgins, Chair; Kuderer, Vice Chair; MacEwen, Ranking Minority Member; Caldier, Assistant Ranking Minority Member; Johnson; Morris and Senn.

Passed to Committee on Rules for second reading.

February 29, 2016  
ESSB 6248 Prime Sponsor, Committee on Energy, Environment & Telecommunications: Concerning risk mitigation plans to promote the transition of eligible coal units. (REVISED FOR ENGROSSED: Regarding a pathway for a transition of eligible coal units. ) Reported by Committee on General Government & Information Technology

MAJORITY recommendation: Do pass. Signed by Representatives Hudgins, Chair; Kuderer, Vice Chair; MacEwen, Ranking Minority Member; Caldier, Assistant Ranking Minority Member; Johnson; Morris and Senn.

Passed to Committee on Rules for second reading.

February 29, 2016  
SSB 6254 Prime Sponsor, Committee on Transportation: Authorizing the issuance of Purple Heart license plates for more than one motor vehicle. Reported by Committee on Transportation

MAJORITY recommendation: Do pass. Signed by Representatives Clibborn, Chair; Farrell, Vice Chair; Fey, Vice Chair; Moscoso, Vice Chair; Orcutt, Ranking Minority Member; Hargrove, Assistant Ranking Minority Member; Harmsworth, Assistant Ranking Minority Member; Bergquist; Gregerson; Hayes; Hickel; Kochmar; McBride; Moeller; Morris; Ortiz-Self; Pike; Riccelli; Rodne; Rossetti; Sells; Shea; Stambaugh; Tarleton and Young.

Passed to Committee on Rules for second reading.

February 29, 2016  
SB 6263 Prime Sponsor, Senator Warnick: Providing benefits for certain retirement system members who die or become disabled in the course of providing emergency management services. Reported by Committee on Appropriations

MAJORITY recommendation: Do pass. Signed by Representatives Dunshee, Chair; Ormsby, Vice Chair; Chandler, Ranking Minority Member; Parker, Assistant Ranking Minority Member; Wilcox, Assistant Ranking Minority Member; Buys; Cody; Dent; Fitzgibbon; Haler; Hansen; Harris; Hudgins; Hunt, S.; Jinkins; Kagi; Lytton; MacEwen; Pettigrew; Robinson; Sawyer; Senn; Springer; Stokesbary; Sullivan; Tharinger; Van Werven and Walkinshaw.

MINORITY recommendation: Do not pass. Signed by Representatives Condotta; Magendanz; Schmick and Taylor.

MINORITY recommendation: Without recommendation. Signed by Representative Manweller.

Passed to Committee on Rules for second reading.

February 29, 2016  
SSB 6264 Prime Sponsor, Committee on Ways & Means: Allowing certain Washington state patrol retirement system and law enforcement officers' and firefighters' members to purchase annuities. Reported by Committee on Appropriations

MAJORITY recommendation: Do pass as amended.

Strike everything after the enacting clause and insert the following:

"NEW SECTION. Sec. 92. A new section is added to chapter 43.43 RCW to read as follows, but because of its temporary nature is not codified:

- (1) A retiree whose retirement was effective before July 24, 2015, may purchase an annuity under subsection
- (2) of this section between January 1, 2017, and June 1, 2017.

(2) Retirees who meet the requirements of subsection (1) of this section may purchase an optional actuarially equivalent life annuity benefit from the Washington state patrol retirement fund established in RCW 43.43.130. A minimum payment of twenty-five thousand dollars is required.

(a) Subject to rules adopted by the department, a member purchasing an annuity under this section must pay all of the cost with an eligible rollover, direct rollover, or trustee-to-trustee transfer from an eligible retirement plan.

(b) The department shall adopt rules to ensure that all eligible rollovers and transfers comply with the requirements of the internal revenue code and regulations adopted by the internal revenue service. The rules adopted by the department may condition the acceptance of a rollover or transfer from another plan on the receipt of information necessary to enable the department to determine the eligibility of any transferred funds for tax-free rollover treatment or other treatment under federal income tax law.

(c) "Eligible retirement plan" means a tax qualified plan offered by a governmental employer.

**NEW SECTION. Sec. 93.** A new section is added to chapter 41.26 RCW under the subchapter heading "plan 1" to read as follows:

(1) At the time of retirement, plan 1 members may purchase an optional actuarially equivalent life annuity benefit from the Washington law enforcement officers' and firefighters' retirement system plan 1 retirement fund established in RCW 41.50.075. A minimum payment of twenty-five thousand dollars is required.

(2) Subject to rules adopted by the department, a member purchasing an annuity under this section must pay all of the cost with an eligible rollover, direct rollover, or trustee-to-trustee transfer from an eligible retirement plan.

(a) The department shall adopt rules to ensure that all eligible rollovers and transfers comply with the requirements of the internal revenue code and regulations adopted by the department may condition the acceptance of a rollover or transfer from another plan on the receipt of information necessary to enable the department to determine the eligibility of any transferred funds for tax-free rollover treatment or other treatment under federal income tax law.

(b) "Eligible retirement plan" means a tax qualified plan offered by a governmental employer.

(3) Plan 1 members whose retirement was effective prior to the effective date of this section may purchase an annuity under this section between January 1, 2017, and June 1, 2017.

**NEW SECTION. Sec. 94.** A new section is added to chapter 41.26 RCW under the subchapter heading "plan 2" to read as follows, but because of its temporary nature is not codified:

(1) A plan 2 retiree whose retirement was effective before June 1, 2014, may purchase an annuity under this section between January 1, 2017, and June 1, 2017.

(2) Plan 2 retirees who meet the requirements of subsection (1) of this section may purchase an optional actuarially equivalent life annuity benefit from the Washington law enforcement officers' and firefighters' retirement system plan 2 retirement fund established in RCW 41.50.075. A minimum payment of twenty-five thousand dollars is required.

(a) Subject to rules adopted by the department, a retiree purchasing an annuity under this section must pay all of the cost with an eligible rollover, direct rollover, or trustee-to-trustee transfer from an eligible retirement plan.

(b) The department shall adopt rules to ensure that all eligible rollovers and transfers comply with the requirements of the internal revenue code and regulations adopted by the internal revenue service. The rules adopted by the department may condition the acceptance of a rollover or transfer from another plan on the receipt of information necessary to enable the department to determine the eligibility of any transferred funds for tax-free rollover treatment or other treatment under federal income tax law.

(c) "Eligible retirement plan" means a tax qualified plan offered by a governmental employer.

**NEW SECTION. Sec. 95.** If specific funding for purposes of this act, referencing this act by bill or chapter number, is not provided by June 30, 2016, in the omnibus appropriations act, this act is null and void."

Correct the title.

Signed by Representatives Dunshee, Chair; Ormsby, Vice Chair; Chandler, Ranking Minority Member; Parker, Assistant Ranking Minority Member; Wilcox, Assistant Ranking Minority Member; Buys; Cody; Dent; Fitzgibbon; Haler; Hansen; Harris; Hudgins; Hunt, S.; Jenkins; Kagi; Lytton; MacEwen; Magendanz; Pettigrew; Robinson; Sawyer; Senn; Springer; Stokesbary; Sullivan; Tharinger; Van Werven and Walkinshaw.

MINORITY recommendation: Do not pass. Signed by Representatives Condotta; Schmick and Taylor.

MINORITY recommendation: Without recommendation. Signed by Representative Manweller.

Passed to Committee on Rules for second reading.

February 29, 2016  
**SB 6274** Prime Sponsor, Senator Parlette:  
Concerning the Columbia river recreational salmon and steelhead endorsement program. Reported by Committee on Appropriations

MAJORITY recommendation: Do pass. Signed by Representatives Dunshee, Chair; Ormsby, Vice Chair; Parker, Assistant Ranking Minority Member; Cody; Condotta; Fitzgibbon; Haler; Hansen; Harris; Hudgins; Hunt, S.; Jenkins; Kagi; Lytton; MacEwen; Magendanz;

Pettigrew; Robinson; Sawyer; Senn; Springer; Sullivan; Tharinger and Walkinshaw.

MINORITY recommendation: Do not pass. Signed by Representatives Chandler, Ranking Minority Member; Schmick; Stokesbary and Taylor.

MINORITY recommendation: Without recommendation. Signed by Representatives Wilcox, Assistant Ranking Minority Member; Buys; Dent; Manweller and Van Werven.

Passed to Committee on Rules for second reading.

February 29, 2016

SSB 6285 Prime Sponsor, Committee on Ways & Means: Concerning the operating and reserve accounts of the horse racing commission. Reported by Committee on Appropriations

MAJORITY recommendation: Do pass. Signed by Representatives Dunshee, Chair; Chandler, Ranking Minority Member; Parker, Assistant Ranking Minority Member; Wilcox, Assistant Ranking Minority Member; Buys; Cody; Dent; Fitzgibbon; Haler; Hansen; Harris; Hunt, S.; Jinkins; Lytton; MacEwen; Magendanz; Manweller; Pettigrew; Robinson; Sawyer; Schmick; Springer; Stokesbary; Sullivan; Tharinger; Van Werven and Walkinshaw.

MINORITY recommendation: Do not pass. Signed by Representatives Ormsby, Vice Chair; Condotta; Hudgins; Kagi and Taylor.

MINORITY recommendation: Without recommendation. Signed by Representative Senn.

Passed to Committee on Rules for second reading.

February 26, 2016

SSB 6286 Prime Sponsor, Committee on Law & Justice: Concerning reimbursement of correctional employees for offender assaults. Reported by Committee on General Government & Information Technology

MAJORITY recommendation: Do pass. Signed by Representatives Hudgins, Chair; Kuderer, Vice Chair; MacEwen, Ranking Minority Member; Caldier, Assistant Ranking Minority Member; Johnson; Morris and Senn.

Passed to Committee on Rules for second reading.

February 29, 2016

SB 6299 Prime Sponsor, Senator King: Correcting certain manifest drafting errors in chapter 44, Laws of 2015 3rd sp. sess. (transportation revenue). Reported by Committee on Transportation

MAJORITY recommendation: Do pass. Signed by Representatives Clibborn, Chair; Farrell, Vice Chair; Fey, Vice Chair; Moscoso, Vice Chair; Orcutt, Ranking Minority Member; Hargrove, Assistant Ranking Minority Member; Harmsworth, Assistant Ranking Minority Member; Bergquist; Gregerson; Hayes; Hickel; Kochmar; McBride; Moeller; Morris; Ortiz-Self; Pike; Riccelli; Rodne; Rossetti; Sells; Stambaugh; Tarleton and Young.

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

Passed to Committee on Rules for second reading.

February 29, 2016

SSB 6329 Prime Sponsor, Committee on Human Services, Mental Health & Housing: Creating the parent to parent program for individuals with developmental disabilities. Reported by Committee on Appropriations

MAJORITY recommendation: Do pass as amended by Committee on Appropriations and without amendment by Committee on Early Learning & Human Services.

Strike everything after the enacting clause and insert the following:

"NEW SECTION. Sec. 96. For over thirty years, parent to parent programs for individuals with either developmental disabilities, or special health care needs, or both, have been providing emotional and informational support by matching parents seeking support with an experienced and trained support parent.

The parent to parent program currently exists in thirty-one counties: Adams, Asotin, Benton, Chelan, Clallam, Clark, Columbia, Cowlitz, Douglas, Franklin, Garfield, Grant, Grays Harbor, Island, Jefferson, King, Kitsap, Kittitas, Lewis, Lincoln, Mason, Pacific, Pierce, Skagit, Snohomish, Spokane, Thurston, Walla Walla, Whatcom, Whitman, and Yakima. It is the legislature's goal to continue, support, and enhance the programs in these counties and expand these programs statewide by 2021.

NEW SECTION. Sec. 97. A new section is added to chapter 71A.14 RCW to read as follows:

- The goals of the parent to parent program are to:
- (1) Provide early outreach, support, and education to parents who have a child with special health care needs;
  - (2) Match a trained volunteer support parent with a new parent who has a child with similar needs to the child of the support parent; and
  - (3) Provide parents with tools and resources to be successful as they learn to understand the support and advocacy needs of their children.

**NEW SECTION. Sec. 98.** A new section is added to chapter 71A.14 RCW to read as follows:

Subject to the availability of funds appropriated for this specific purpose, activities of the parent to parent program may include:

- (1) Outreach and support to newly identified parents of children with special health care needs;
- (2) Trainings that educate parents in ways to support their child and navigate the complex health, educational, and social systems;
- (3) Ongoing peer support from a trained volunteer support parent; and
- (4) Regular communication with other local programs to ensure consistent practices.

**NEW SECTION. Sec. 99.** A new section is added to chapter 71A.14 RCW to read as follows:

(1) Subject to the availability of funds appropriated for this specific purpose, the parent to parent program must be funded through the department and centrally administered through a pass-through to a Washington state lead organization that has extensive experience supporting and training support parents.

(2) Through the contract with the lead organization, each local program must be locally administered by an organization that shall serve as the host organization.

(3) Parents shall serve as advisors to the host organizations.

(4) A parent or grandparent of a child with developmental disabilities or special health care needs shall provide program coordination and local program information.

(5) The lead organization shall provide ongoing training to the host organizations and statewide program oversight and maintain statewide program information.

(6) For the purpose of this act, "special health care needs" means disabilities, chronic illnesses or conditions, health related educational or behavioral problems, or the risk of developing such disabilities, conditions, illnesses or problems.

**NEW SECTION. Sec. 100.** If specific funding for the purposes of this act, referencing the act by bill or chapter number, is not provided by June 30, 2016, in the omnibus appropriations act, this act is null and void."

Correct the title.

Signed by Representatives Dunshee, Chair; Ormsby, Vice Chair; Chandler, Ranking Minority Member; Parker, Assistant Ranking Minority Member; Wilcox, Assistant Ranking Minority Member; Buys; Cody; Condotta; Dent; Fitzgibbon; Haler; Hansen; Harris; Hudgins; Hunt, S.; Jenkins; Kagi; Lytton; MacEwen; Magendanz; Manweller; Pettigrew; Robinson; Sawyer; Schmick; Senn; Springer; Stokesbary; Sullivan; Tharinger; Van Werven and Walkinshaw.

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

Passed to Committee on Rules for second reading.

February 29, 2016

**SSB 6358** Prime Sponsor, Committee on Transportation: Concerning rail fixed guideway public transportation system safety and security oversight. Reported by Committee on Transportation

MAJORITY recommendation: Do pass. Signed by Representatives Clibborn, Chair; Farrell, Vice Chair; Fey, Vice Chair; Moscoso, Vice Chair; Orcutt, Ranking Minority Member; Hargrove, Assistant Ranking Minority Member; Harmsworth, Assistant Ranking Minority Member; Bergquist; Gregerson; Hayes; Hickel; Kochmar; McBride; Moeller; Morris; Ortiz-Self; Pike; Riccelli; Rodne; Rossetti; Sells; Shea; Stambaugh; Tarleton and Young.

Passed to Committee on Rules for second reading.

February 29, 2016

**SSB 6363** Prime Sponsor, Committee on Transportation: Concerning the design and construction of certain transportation facilities adjacent to or across a river or waterway. Reported by Committee on Transportation

MAJORITY recommendation: Do pass. Signed by Representatives Clibborn, Chair; Farrell, Vice Chair; Fey, Vice Chair; Moscoso, Vice Chair; Hargrove, Assistant Ranking Minority Member; Harmsworth, Assistant Ranking Minority Member; Bergquist; Gregerson; Hayes; Hickel; Kochmar; McBride; Moeller; Morris; Ortiz-Self; Pike; Riccelli; Rodne; Rossetti; Sells; Shea; Stambaugh; Tarleton and Young.

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

Passed to Committee on Rules for second reading.

February 29, 2016

**2SSB 6408** Prime Sponsor, Committee on Ways & Means: Concerning paraeducators. Reported by Committee on Appropriations

MAJORITY recommendation: Do pass as amended by Committee on Appropriations and without amendment by Committee on Education.

Strike everything after the enacting clause and insert the following:

**"NEW SECTION. Sec. 101. PARAEDUCATOR PERFORMANCE STANDARDS.** (1)(a) By September 1, 2016, the office of the superintendent of public instruction shall adopt performance standards for paraeducator professional development and credentialing as described in

this section. The purpose of the standards is to address the knowledge and skills competencies a paraeducator needs to possess and exhibit in order to meet the varied needs of the students served.

(b) The adopted standards must be based on the recommendations of the paraeducator work group established under section 2, chapter 136, Laws of 2014.

(2) The performance standards for paraeducator professional development and credentialing adopted under this section must clearly define the knowledge and skills competencies necessary for a paraeducator to, at a minimum:

- (a) Support educational outcomes;
- (b) Demonstrate professionalism and ethical practices;
- (c) Support a positive and safe learning environment; and
- (d) Communicate effectively and participate in the team process.

**NEW SECTION. Sec. 102. PARAEDUCATOR ADVISORY BOARD.** (1) Subject to the availability of amounts appropriated for this specific purpose, the office of the superintendent of public instruction shall establish a paraeducator advisory board with eleven members as follows:

(a) A paraeducator, a teacher, a principal, a parent, an administrator, a human resources director, a union representative, a representative of a community-based organization, and a representative of the office of the superintendent of public instruction, each appointed by the superintendent of public instruction;

(b) A representative of the community and technical college system appointed by the state board for community and technical colleges; and

(c) A representative of the professional educator standards board, appointed by the professional educator standards board.

(2) The purpose of the paraeducator advisory board is to provide guidance and leadership for the implementation of statewide performance standards for paraeducator professional development and credentialing described in section 1 of this act.

(3) Subject to the availability of amounts appropriated for this specific purpose, the paraeducator advisory board shall:

(a) In time for school districts to begin piloting the program in the 2017-18 school year, develop a curriculum and design a professional development program for paraeducators that meets the paraeducator performance standards described in section 1 of this act;

(b) In time for school districts to begin piloting the program in the 2017-18 school year, develop a curriculum and design a professional development program for teachers and principals that focuses on working with paraeducators, including how teachers can direct a paraeducator working within their classrooms, and how principals can supervise and evaluate paraeducators;

(c) Oversee and monitor the implementation of the professional development programs developed under this

section in school districts that volunteer to pilot these programs as described in section 3 of this act;

(d) Make recommendations to the legislature regarding statewide implementation of the professional development programs developed under this section, as required under section 3 of this act; and

(e) Collaborate with the state board for community and technical colleges on aligning the credentials offered by the community and technical colleges with the paraeducator performance standards described in section 1 of this act.

**NEW SECTION. Sec. 103. SCHOOL DISTRICT PILOTS.** (1)(a) Subject to the availability of amounts appropriated for this specific purpose, the office of the superintendent of public instruction shall select a diverse set of willing school districts to pilot the implementation of the professional development programs for paraeducators, teachers, and principals developed under section 2 of this act during the 2017-18 and 2018-19 school years.

(b) By October 31, 2018, the school districts shall report to the paraeducator advisory board and the professional educator standards board with the outcomes of year one of the pilot and any recommendations for implementation of the professional development programs statewide. The outcomes reported must include: An analysis of the costs to the district to implement the paraeducator performance standards, including professional development costs, any costs to paraeducators to meet the standards, and the impact on the size and assignment of the paraeducators in the district as a result of the pilot.

(2) Subject to the availability of amounts appropriated for this specific purpose, by December 15, 2018, the paraeducator advisory board shall submit a report to the appropriate committees of the legislature, in accordance with RCW 43.01.036, that includes: The outcomes of the pilot; barriers to statewide implementation of the paraeducator performance standards, including estimated costs of statewide implementation to the state and to districts; recommended changes to state statutes necessary in order to implement the standards statewide; recommendations on a timeline for statewide implementation of the paraeducator performance standards; the effects of requiring paraeducators to obtain a paraeducator certificate; and any other recommendations or concerns developed by the paraeducator advisory board.

**NEW SECTION. Sec. 104. PROFESSIONAL PARAEDUCATOR CERTIFICATION SYSTEM.** (1) Subject to the availability of amounts appropriated for this specific purpose, the professional educator standards board shall design a uniform and externally administered professional-level certification assessment for paraeducators based on the paraeducator performance standards described in section 1 of this act.

(2) Subject to the availability of amounts appropriated for this specific purpose, by December 15, 2018, the professional educator standards board shall submit a report to the appropriate committees of the legislature, in accordance with RCW 43.01.036, that

summarizes its work in the development of the assessment required under this section and makes recommendations for statewide implementation.

**Sec. 105.** RCW 28A.150.203 and 2009 c 548 s 102 are each amended to read as follows:

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

(1) "Basic education goal" means the student learning goals and the student knowledge and skills described under RCW 28A.150.210.

(2) "Certificated administrative staff" means all those persons who are chief executive officers, chief administrative officers, confidential employees, supervisors, principals, or assistant principals within the meaning of RCW 41.59.020(4).

(3) "Certificated employee" as used in this chapter and RCW 28A.195.010, 28A.405.100, 28A.405.210, 28A.405.240, 28A.405.250, 28A.405.300 through 28A.405.380, and chapter 41.59 RCW, means those persons who hold certificates as authorized by rule of the Washington professional educator standards board, but does not mean those persons working as paraeducators.

(4) "Certificated instructional staff" means those persons employed by a school district who are nonsupervisory certificated employees within the meaning of RCW 41.59.020(8).

(5) "Class size" means an instructional grouping of students where, on average, the ratio of students to teacher is the number specified.

(6) "Classified employee" means a person who does not hold a professional education certificate, including a paraeducator, or who is employed in a position that does not require such a certificate.

(7) "Classroom teacher" means a person who holds a professional education certificate and is employed in a position for which such certificate is required whose primary duty is the daily educational instruction of students. In exceptional cases, people of unusual competence but without certification may teach students so long as a certificated person exercises general supervision, but the hiring of such classified employees shall not occur during a labor dispute, and such classified employees shall not be hired to replace certificated employees during a labor dispute.

(8) "Instructional program of basic education" means the minimum program required to be provided by school districts and includes instructional hour requirements and other components under RCW 28A.150.220.

(9) "Paraeducator" means a classified employee who works under the supervision of a certificated employee to support and assist in providing instructional and other services to children and youth and their families. The certificated employee remains responsible for the overall conduct and management of the classroom or program including the design, implementation, and evaluation of the instructional programs and student progress.

(10) "Program of basic education" means the overall program under RCW 28A.150.200 and deemed by

the legislature to comply with the requirements of Article IX, section 1 of the state Constitution.

~~((10))~~ (11) "School day" means each day of the school year on which pupils enrolled in the common schools of a school district are engaged in academic and career and technical instruction planned by and under the direction of the school.

~~((11))~~ (12) "School year" includes the minimum number of school days required under RCW 28A.150.220 and begins on the first day of September and ends with the last day of August, except that any school district may elect to commence the annual school term in the month of August of any calendar year and in such case the operation of a school district for such period in August shall be credited by the superintendent of public instruction to the succeeding school year for the purpose of the allocation and distribution of state funds for the support of such school district.

~~((12))~~ (13) "Teacher planning period" means a period of a school day as determined by the administration and board of ~~(the)~~ directors of the district that may be used by teachers for instruction-related activities including but not limited to preparing instructional materials; reviewing student performance; recording student data; consulting with other teachers, instructional assistants, mentors, instructional coaches, administrators, and parents; or participating in professional development.

NEW SECTION. **Sec. 106.** Sections 1 through 3 of this act are each added to chapter 28A.400 RCW.

NEW SECTION. **Sec. 107.** If specific funding for the purposes of this act, referencing this act by bill or chapter number, is not provided by June 30, 2016, in the omnibus appropriations act, this act is null and void."

Correct the title.

Signed by Representatives Dunshee, Chair; Ormsby, Vice Chair; Parker, Assistant Ranking Minority Member; Wilcox, Assistant Ranking Minority Member; Cody; Fitzgibbon; Haler; Hansen; Hudgins; Hunt, S.; Jinkins; Kagi; Lytton; MacEwen; Pettigrew; Robinson; Sawyer; Senn; Springer; Sullivan; Tharinger; Van Werven and Walkinshaw.

MINORITY recommendation: Do not pass. Signed by Representatives Chandler, Ranking Minority Member; Condotta; Dent; Harris; Magendanz; Schmick and Taylor.

MINORITY recommendation: Without recommendation. Signed by Representatives Buys; Manweller and Stokesbary.

Passed to Committee on Rules for second reading.

February 26, 2016  
**ESSB 6427** Prime Sponsor, Committee on Ways & Means: Specifying the documentation that must be provided to determine when sales

tax applies to the sale of a motor vehicle to a tribal member. Reported by Committee on Finance

MAJORITY recommendation: Do pass as amended.

On page 2, beginning on line 3, after "country." strike all material through "location." on line 6 and insert "The seller must document the delivery by completing a declaration, which must be signed by the seller and the buyer. The declaration must be limited to attestation regarding the location of delivery and the enrollment status of the tribal member. The department may develop a form for the declaration."

Signed by Representatives Lytton, Chair; Robinson, Vice Chair; Nealey, Ranking Minority Member; Orcutt, Assistant Ranking Minority Member; Condotta; Frame; Manweller; Pollet; Reykdal; Ryu; Springer; Stokesbary; Vick; Wilcox and Wylie.

Passed to Committee on Rules for second reading.

February 29, 2016  
**SSB 6430** Prime Sponsor, Committee on Human Services, Mental Health & Housing; Providing continuity of care for recipients of medical assistance during periods of incarceration. Reported by Committee on Appropriations

MAJORITY recommendation: Do pass as amended.

Strike everything after the enacting clause and insert the following:

**"NEW SECTION. Sec. 108.** Persons with mental illness and persons with substance use disorders in the custody of the criminal justice system need seamless access to community treatment networks and medical assistance upon release from custody to prevent gaps in treatment and reduce barriers to accessing care. Access to care is critical to reduce recidivism and reduce costs associated with relapse, decompensation, and crisis care. In accord with the recommendations of the adult behavioral health system task force, persons should be allowed to apply or retain their enrollment in medical assistance during periods of incarceration. The legislature intends for the Washington state health care authority and the department of social and health services to raise awareness of best clinical practices to engage persons with behavioral health disorders and other chronic conditions during periods of incarceration and confinement to highlight opportunities for good preventive care and standardize reporting and payment practices for services reimbursable by federal law that support the safe transition of the person back into the community.

**NEW SECTION. Sec. 109.** A new section is added to chapter 74.09 RCW to read as follows:

The authority is directed to suspend, rather than terminate, medical assistance benefits by July 1, 2017, for persons who are incarcerated or committed to a state hospital. This must include the ability for a person to apply for medical assistance in suspense status during incarceration, and may not depend upon knowledge of the release date of the person. The authority must provide a progress report describing program design and a detailed fiscal estimate to the governor and relevant committees of the legislature by December 1, 2016.

**NEW SECTION. Sec. 110.** A new section is added to chapter 71.24 RCW to read as follows:

The department and the Washington state health care authority shall publish written guidance and provide trainings to behavioral health organizations, managed care organizations, and behavioral health providers related to how these organizations may provide outreach, assistance, transition planning, and rehabilitation case management reimbursable under federal law to persons who are incarcerated, involuntarily hospitalized, or in the process of transitioning out of one of these services. The guidance and trainings may also highlight preventive activities not reimbursable under federal law which may be cost-effective in a managed care environment. The purpose of this written guidance and trainings is to champion best clinical practices including, where appropriate, use of care coordination and long-acting injectable psychotropic medication, and to assist the health community to leverage federal funds and standardize payment and reporting procedures. The authority and the department shall construe governing laws liberally to effectuate the broad remedial purposes of this act, and provide a status update to the legislature by December 31, 2016.

**NEW SECTION. Sec. 111.** A new section is added to chapter 74.09 RCW to read as follows:

The authority shall collaborate with the department, the Washington state association of counties, the Washington association of sheriffs and police chiefs, and accountable communities of health to improve population health and reduce avoidable use of intensive services and settings by requesting expenditure authority from the federal government to provide behavioral health services to persons who are incarcerated in local jails. The authority in consultation with its partners may narrow its submission to discrete programs or regions of the state as deemed advisable to effectively demonstrate the potential to achieve savings by integrating medical assistance across community and correctional settings.

**NEW SECTION. Sec. 112.** A new section is added to chapter 74.09 RCW to read as follows:

It is the understanding of the legislature that persons participating in a work release program or other partial confinement programs at the state, county, or city level which allow regular freedom during the day to pursue rehabilitative community activities such as participation in work, treatment, or medical care should not be considered

"inmates of a public institution" for the purposes of exclusion from medicaid coverage under the social security act. The authority is instructed to obtain any permissions from the federal government necessary to confirm this understanding, and report back to the governor and relevant committees of the legislature.

**Sec. 113.** RCW 70.48.100 and 2014 c 225 s 105 are each amended to read as follows:

(1) A department of corrections or chief law enforcement officer responsible for the operation of a jail shall maintain a jail register, open to the public, into which shall be entered in a timely basis:

(a) The name of each person confined in the jail with the hour, date and cause of the confinement; and  
(b) The hour, date and manner of each person's discharge.

(2) Except as provided in subsection (3) of this section, the records of a person confined in jail shall be held in confidence and shall be made available only to criminal justice agencies as defined in RCW 43.43.705; or

(a) For use in inspections made pursuant to RCW 70.48.070;  
(b) In jail certification proceedings;  
(c) For use in court proceedings upon the written order of the court in which the proceedings are conducted;  
(d) To the Washington association of sheriffs and police chiefs;  
(e) To the Washington institute for public policy, research and data analysis division of the department of social and health services, higher education institutions of Washington state, Washington state health care authority, state auditor's office, caseload forecast council, office of financial management, or the successor entities of these organizations, for the purpose of research in the public interest. Data disclosed for research purposes must comply with relevant state and federal statutes; ((e))

(f) To federal, state, or local agencies to determine eligibility for services such as medical, mental health, chemical dependency treatment, or veterans' services, and to allow for the provision of treatment to inmates during their stay or after release. Records disclosed for eligibility determination or treatment services must be held in confidence by the receiving agency, and the receiving agency must comply with all relevant state and federal statutes regarding the privacy of the disclosed records; or

(g) Upon the written permission of the person.

(3)(a) Law enforcement may use booking photographs of a person arrested or confined in a local or state penal institution to assist them in conducting investigations of crimes.

(b) Photographs and information concerning a person convicted of a sex offense as defined in RCW 9.94A.030 may be disseminated as provided in RCW 4.24.550, 9A.44.130, 9A.44.140, 10.01.200, 43.43.540, 43.43.745, 46.20.187, 70.48.470, 72.09.330, and section 401, chapter 3, Laws of 1990.

(4) Any jail that provides inmate records in accordance with subsection (2) of this section is not responsible for any unlawful secondary dissemination of the provided inmate records.

**NEW SECTION. Sec. 114.** If specific funding for the purposes of this act, referencing this act by bill or chapter number, is not provided by June 30, 2016, in the omnibus appropriations act, this act is null and void."

Correct the title.

Signed by Representatives Dunshee, Chair; Ormsby, Vice Chair; Chandler, Ranking Minority Member; Parker, Assistant Ranking Minority Member; Wilcox, Assistant Ranking Minority Member; Buys; Cody; Condotta; Dent; Fitzgibbon; Haler; Hansen; Harris; Hudgins; Hunt, S.; Jinkins; Kagi; Lytton; MacEwen; Magendanz; Manweller; Pettigrew; Robinson; Sawyer; Schmick; Senn; Springer; Stokesbary; Sullivan; Taylor; Tharinger; Van Werven and Walkinshaw.

Passed to Committee on Rules for second reading.

February 29, 2016  
E2SSB 6455 Prime Sponsor, Committee on Ways & Means: Expanding the professional educator workforce by increasing career opportunities in education, creating a more robust enrollment forecasting, and enhancing recruitment efforts. Reported by Committee on Appropriations

MAJORITY recommendation: Do pass as amended by Committee on Appropriations and without amendment by Committee on Education.

Strike everything after the enacting clause and insert the following:

**"NEW SECTION. Sec. 115.** A new section is added to chapter 28A.300 RCW to read as follows:

Subject to an appropriation specifically provided for this purpose, the superintendent of public instruction, in consultation with school district and educational service district personnel, shall develop and implement a comprehensive, statewide initiative to increase the number of qualified individuals who apply for teaching positions in Washington. In developing and implementing the initiative, the superintendent shall:

(1) Include a teacher recruitment component that targets groups of individuals who may be interested in teaching in Washington public schools, such as: College students who have not chosen a major; out-of-state teachers; military personnel and their spouses; and individuals with teaching certificates who are not currently employed as teachers;

(2) Contract for the development of a statewide system to provide recruitment and hiring services, including a centralized hiring portal, to school districts, and a statewide central depository for applications of individuals interested in applying for certificated positions that can be accessed by school districts in the state for purposes of hiring teachers and other certificated positions. The services and tools developed under this subsection must be made available initially to small school districts, and to larger districts as resources are available. When



defining small districts for the purpose of this subsection, the office of the superintendent of public instruction must consider whether a district has fewer than three hundred certificated staff;

(3) Create or enhance an existing web site that provides useful information to individuals who are interested in teaching in Washington; and

(4) Take other actions to increase the number of qualified individuals who apply for teaching positions in Washington.

**NEW SECTION. Sec. 116.** (1) Subject to an appropriation specifically provided for this purpose, the workforce training and education coordinating board, in collaboration with the professional educator standards board, shall work with the student achievement council, the office of the superintendent of public instruction, school districts, educational service districts, the state board for community and technical colleges, the institutions of higher education, major employers, and other parties to develop and disseminate information designed to increase recruitment into professional educator standards board-approved teacher preparation programs. The information must be disseminated statewide through existing channels.

(2) This section expires July 1, 2019.

**NEW SECTION. Sec. 117.** (1) Subject to an appropriation specifically provided for this purpose, the professional educator standards board shall create and administer the recruitment specialists grant program to provide funds to professional educator standards board-approved teacher preparation programs to hire, or contract with, recruitment specialists that focus on recruitment of individuals who are from traditionally underrepresented groups among teachers in Washington when compared to the common school population.

(2) This section expires July 1, 2018.

**Sec. 118.** RCW 28A.410.250 and 2005 c 498 s 2 are each amended to read as follows:

The agency responsible for educator certification shall adopt rules for professional certification that:

(1) Provide maximum program choice for applicants, promote portability among programs, and promote maximum efficiency for applicants in attaining professional certification;

(2) Require professional certification no earlier than the fifth year following the year that the teacher first completes provisional status, with an automatic two-year extension upon enrollment;

(3) Grant professional certification to any teacher who attains certification from the national board for professional teaching standards;

(4) Permit any teacher currently enrolled in or participating in a program leading to professional certification to continue the program under administrative rules in place when the teacher began the program;

(5) Provide criteria for the approval of educational service districts, beginning no later than August 31, 2007,

to offer programs leading to professional certification. The rules shall be written to encourage institutions of higher education and educational service districts to partner with local school districts or consortia of school districts, as appropriate, to provide instruction for teachers seeking professional certification;

(6) Encourage institutions of higher education to offer professional certificate coursework as continuing education credit hours. This shall not prevent an institution of higher education from providing the option of including the professional certification requirements as part of a master's degree program;

(7) Provide criteria for a liaison relationship between approved programs and school districts in which applicants are employed;

(8) Identify an expedited professional certification process for out-of-state teachers who have five years or more of successful teaching experience ~~((to demonstrate skills and impact on student learning commensurate with Washington requirements for professional certification. The rules may require these teachers, within one year of the time they begin to teach in the state's public schools, take a course in or show evidence that they can teach to the state's essential academic learning requirements)), including a method to determine the comparability of rigor between the Washington professional certification process and the second-level teacher certification process of other states. A professional certificate must be issued to these experienced out-of-state teachers if the teacher holds: (a) A valid teaching certificate issued by the national board for professional teaching standards; or (b) a second-level teacher certificate from another state that has been determined to be comparable to the Washington professional certificate; and~~

(9) Identify an evaluation process of approved programs that includes a review of the program coursework and applicant coursework load requirements, linkages of programs to individual teacher professional growth plans, linkages to school district and school improvement plans, and, to the extent possible, linkages to school district professional enrichment and growth programs for teachers, where such programs are in place in school districts. The agency shall provide a preliminary report on the evaluation process to the senate and house of representatives committees on education policy by November 1, 2005. The board shall identify:

(a) A process for awarding conditional approval of a program that shall include annual evaluations of the program until the program is awarded full approval;

(b) A less intensive evaluation cycle every three years once a program receives full approval unless the responsible agency has reason to intensify the evaluation;

(c) A method for investigating programs that have received numerous complaints from students enrolled in the program and from those recently completing the program;

(d) A method for investigating programs at the reasonable discretion of the agency; and

(e) A method for using, in the evaluation, both program completer satisfaction responses and data on the impact of educators who have obtained professional certification on student work and achievement.

**NEW SECTION. Sec. 119.** A new section is added to chapter 41.32 RCW under the subchapter heading "provisions applicable to plan 2 and plan 3" to be codified between RCW 41.32.067 and 41.32.215 to read as follows:

In addition to the postretirement employment options available in RCW 41.32.802 or 41.32.862, and only until August 1, 2020, a teacher in plan 2 or plan 3 who has retired under the alternate early retirement provisions of RCW 41.32.765(3)(b) or 41.32.875(3)(b) may be employed with an employer for up to eight hundred sixty-seven hours per calendar year without suspension of his or her benefit, provided that the retired teacher reenters employment more than one calendar month after his or her accrual date and after the effective date of this section, and is employed exclusively as either:

(1) A substitute teacher as defined in RCW 41.32.010(48)(a) in an instructional capacity, as opposed to other capacities identified in RCW 41.32.010(49); or

(2) A mentor to teachers or an adviser to students in a professional educator standards board-approved teacher preparation program if the retired teacher has received appropriate training as defined by the office of the superintendent of public instruction, including training to become national board certified or other specialized training.

**NEW SECTION. Sec. 120.** A new section is added to chapter 41.32 RCW to read as follows:

A school district that employs a retired teacher exclusively as a substitute teacher under section 5(1) of this act must compensate its substitute teachers at an amount that is equal to or greater than the full daily amount allocated by the state to the district for substitute teacher compensation.

**NEW SECTION. Sec. 121.** (1) Subject to an appropriation specifically provided for this purpose, the professional educator standards board shall coordinate meetings between the school districts that do not have professional educator standards board-approved alternative route teacher certification programs and the nearest public or private institution of higher education with a professional educator standards board-approved teacher preparation program. The purpose of the meetings is to determine whether the districts and institutions can partner to apply to the professional educator standards board to operate an alternative route teacher certification program.

(2) Subject to an appropriation specifically provided for this purpose, an institution of higher education, as defined in RCW 28B.10.016, with a professional educator standards board-approved teacher preparation program that does not operate a professional educator standards board-approved alternative route teacher certification program must seek approval from the professional educator standards board to offer an alternative route teacher certification program by submitting the proposal developed under RCW 28A.410.290, or an updated version of the proposal, by September 1, 2016. If approved, the institution of higher education must implement an alternative route teacher

certification program according to a timeline suggested by the professional educator standards board.

(3) This section expires July 1, 2017.

**NEW SECTION. Sec. 122.** A new section is added to chapter 28B.10 RCW to read as follows:

(1) By July 1, 2018, each institution of higher education with a professional educator standards board-approved alternative route teacher certification program must develop a plan describing how the institution of higher education will partner with school districts in the general geographic region of the school, or where its programs are offered, regarding placement of resident teachers. The plans must be developed in collaboration with school districts desiring to partner with the institutions of higher education, and may include use of unexpended federal or state funds to support residencies and mentoring for students who are likely to continue teaching in the district in which they have a supervised student teaching residency.

(2) The plans required under subsection (1) of this section must be updated at least biennially.

**Sec. 123.** RCW 28A.415.265 and 2013 2nd sp.s. c 18 s 401 are each amended to read as follows:

(1) For the purposes of this section, a mentor is an educator who has achieved appropriate training in assisting, coaching, and advising beginning teachers or student teaching residents as defined by the office of the superintendent of public instruction, such as national board certification or other specialized training.

(2)(a) The educator support program is established to provide professional development and mentor support for beginning educators, candidates in alternative route teacher programs under RCW 28A.660.040, and educators on probation under RCW 28A.405.100, to be composed of the beginning educator support team for beginning educators and continuous improvement coaching for educators on probation, as provided in this section.

~~((2)(a))~~ (b) The superintendent of public instruction shall notify school districts about the educator support program and encourage districts to apply for program funds.

(3) Subject to funds appropriated for this specific purpose, the office of the superintendent of public instruction shall allocate funds for the beginning educator support team on a competitive basis to individual school districts or consortia of districts. School districts are encouraged to include educational service districts in creating regional consortia. In allocating funds, the office of the superintendent of public instruction shall give priority to:

(a) School districts with low-performing schools identified under RCW 28A.657.020 as being challenged schools in need of improvement; and

(b) School districts with a large influx of beginning classroom teachers.

(4) A portion of the appropriated funds may be used for program coordination and provision of statewide

or regional professional development through the office of the superintendent of public instruction.

~~((b))~~ (5) A beginning educator support team must include the following components:

~~((i))~~ (a) A paid orientation or individualized assistance before the start of the school year for beginning educators;

~~((ii))~~ (b) Assignment of a trained and qualified mentor for the first three years for beginning educators, with intensive support in the first year and decreasing support over the following years depending on the needs of the beginning educator;

~~((iii))~~ (c) A goal to provide beginning teachers from underrepresented populations with a mentor who has strong ties to underrepresented populations;

(d) Professional development for beginning educators that is designed to meet their unique needs for supplemental training and skill development;

~~((iv))~~ (e) Professional development for mentors;

~~((v))~~ (f) Release time for mentors and their designated educators to work together, as well as time for educators to observe accomplished peers; and

~~((vi))~~ (g) A program evaluation using a standard evaluation tool provided from the office of the superintendent of public instruction that measures increased knowledge, skills, and positive impact on student learning for program participants.

~~((3))~~ (6) Subject to funds separately appropriated for this specific purpose, the beginning educator support team components under subsection ~~((2))~~ (3) of this section may be provided for continuous improvement coaching to support educators on probation under RCW 28A.405.100.

**NEW SECTION. Sec. 124.** (1) In fiscal year 2017, the office of the superintendent of public instruction, in collaboration with the professional educator standards board and institutions of higher education with professional educator standards board-approved teacher preparation programs, shall develop mentor training program goals for the institutions to use in their teacher preparation program curricula.

(2) Once the mentor training program goals are developed as required under subsection (1) of this section, the institutions of higher education with professional educator standards board-approved teacher preparation programs are encouraged to develop and implement curricula that meet the mentor training program goals.

(3) This section expires July 1, 2019.

**NEW SECTION. Sec. 125.** A new section is added to chapter 28A.330 RCW to read as follows:

By June 15th of each year, a school district shall report to the office of the superintendent of public instruction the number of classroom teachers the district projects will be hired in the following school year.

**Sec. 126.** RCW 28A.660.050 and 2015 3rd sp.s. c 9 s 2 are each amended to read as follows:

Subject to the availability of amounts appropriated for these purposes, the conditional scholarship programs in this chapter are created under the following guidelines:

(1) The programs shall be administered by the student achievement council. In administering the programs, the council has the following powers and duties:

(a) To adopt necessary rules and develop guidelines to administer the programs;

(b) To collect and manage repayments from participants who do not meet their service obligations; and

(c) To accept grants and donations from public and private sources for the programs.

(2) Requirements for participation in the conditional scholarship programs are as provided in this subsection (2).

(a) The alternative route conditional scholarship program is limited to interns of professional educator standards board-approved alternative routes to teaching programs under RCW 28A.660.040. For fiscal year 2011, priority must be given to fiscal year 2010 participants in the alternative route partnership program. In order to receive conditional scholarship awards, recipients shall:

(i) Be accepted and maintain enrollment in alternative certification routes through a professional educator standards board-approved program;

(ii) Continue to make satisfactory progress toward completion of the alternative route certification program and receipt of a residency teaching certificate; and

(iii) Receive no more than the annual amount of the scholarship, not to exceed eight thousand dollars, for the cost of tuition, fees, and educational expenses, including books, supplies, and transportation for the alternative route certification program in which the recipient is enrolled. The council may adjust the annual award by the average rate of resident undergraduate tuition and fee increases at the state universities as defined in RCW 28B.10.016.

(b) The pipeline for paraeducators conditional scholarship program is limited to qualified paraeducators as provided by RCW 28A.660.042. In order to receive conditional scholarship awards, recipients shall:

(i) Be accepted and maintain enrollment at a community and technical college for no more than two years and attain an associate of arts degree;

(ii) Continue to make satisfactory progress toward completion of an associate of arts degree. This progress requirement is a condition for eligibility into a route one program of the alternative routes to teacher certification program for a mathematics, special education, or English as a second language endorsement; and

(iii) Receive no more than the annual amount of the scholarship, not to exceed four thousand dollars, for the cost of tuition, fees, and educational expenses, including books, supplies, and transportation for the alternative route certification program in which the recipient is enrolled. The student achievement council may adjust the annual award by the average rate of tuition and fee increases at the state community and technical colleges.

(c) The educator retooling conditional scholarship program is limited to current K-12 teachers. In order to receive conditional scholarship awards:

(i) Individuals currently employed as teachers shall pursue an endorsement in a subject or geographic

endorsement shortage area, as defined by the professional educator standards board, including but not limited to((=)) mathematics, science, special education, elementary education, early childhood education, bilingual education, English language learner, computer science education, or environmental and sustainability education; or

(ii) Individuals who are certificated with an elementary education endorsement shall pursue an endorsement in a subject or geographic endorsement shortage area, as defined by the professional educator standards board, including but not limited to((=)) mathematics, science, special education, bilingual education, English language learner, computer science education, or environmental and sustainability education; and

(iii) Individuals shall use one of the pathways to endorsement processes to receive an endorsement in a subject or geographic endorsement shortage area, as defined by the professional educator standards board, including but not limited to((=)) mathematics, science, special education, bilingual education, English language learner, computer science education, or environmental and sustainability education, which shall include passing an endorsement test plus observation and completing applicable coursework to attain the proper endorsement; and

(iv) Individuals shall receive no more than the annual amount of the scholarship, not to exceed three thousand dollars, for the cost of tuition, test fees, and educational expenses, including books, supplies, and transportation for the endorsement pathway being pursued.

(3) The Washington professional educator standards board shall select individuals to receive conditional scholarships. In selecting recipients, preference shall be given to eligible veterans or national guard members. In awarding conditional scholarships to support additional bilingual education or English language learner endorsements, the board shall also give preference to teachers assigned to schools required under state or federal accountability measures to implement a plan for improvement, and to teachers assigned to schools whose enrollment of English language learner students has increased an average of more than five percent per year over the previous three years.

(4) For the purpose of this chapter, a conditional scholarship is a loan that is forgiven in whole or in part in exchange for service as a certificated teacher employed in a Washington state K-12 public school. The state shall forgive one year of loan obligation for every two years a recipient teaches in a public school. Recipients who fail to continue a course of study leading to residency teacher certification or cease to teach in a public school in the state of Washington in their endorsement area are required to repay the remaining loan principal with interest.

(5) Recipients who fail to fulfill the required teaching obligation are required to repay the remaining loan principal with interest and any other applicable fees. The student achievement council shall adopt rules to define the terms for repayment, including applicable interest rates, fees, and deferments.

(6) The student achievement council may deposit all appropriations, collections, and any other funds received

for the program in this chapter in the future teachers conditional scholarship account authorized in RCW 28B.102.080.

**NEW SECTION. Sec. 127.** A new section is added to chapter 28B.102 RCW to read as follows:

(1) Subject to an appropriation specifically provided for this purpose, the office shall develop and administer the teacher shortage conditional grant program as a subprogram within the future teachers conditional scholarship and loan repayment program. The purpose of the teacher shortage conditional grant program is to encourage individuals to become teachers by providing financial aid to individuals enrolled in professional educator standards-approved teacher preparation programs.

(2) The office has the power and duty to develop and adopt rules as necessary under chapter 34.05 RCW to administer the program described in this section.

(3) As part of the rule-making process under subsection (2) of this section, the office must collaborate with the professional educator standards board, the Washington state school directors' association, and the professional educator standards board-approved teacher preparation programs to develop a framework for the teacher shortage conditional grant program, including eligibility requirements, contractual obligations, conditional grant amounts, and loan repayment requirements.

(4)(a) In developing the eligibility requirements, the office must consider: Whether the individual has a financial need, is a first-generation college student, or is from a traditionally underrepresented group among teachers in Washington; whether the individual is completing an alternative route to teacher certification program; whether the individual plans to obtain an endorsement in a hard-to-fill subject, as defined by the professional educator standards board; the characteristic of any geographic shortage area, as defined by the professional educator standards board, that the individual plans to teach in; and whether a school district has committed to offering the individual employment once the individual obtains a residency teacher certificate.

(b) In developing the contractual obligations, the office must consider requiring the individual to: Obtain a Washington state residency teacher certificate; teach in a subject or geographic endorsement shortage area, as defined by the professional educator standards board; and commit to teach for five school years in an approved education program with a need for a teacher with such an endorsement at the time of hire.

(c) In developing the conditional grant award amounts, the office must consider whether the individual is: Enrolled in a public or private institution of higher education, a resident, in a baccalaureate or postbaccalaureate program, or in an alternative route to teacher certification program. In addition, the award amounts must not result in a reduction of the individual's federal or state grant aid, including Pell grants, state need grants, college bound scholarships, or opportunity scholarships.

(d) In developing the repayment requirements for a conditional grant that is converted into a loan, the terms

and conditions of the loan must follow the interest rate and repayment terms of the federal direct subsidized loan program. In addition, the office must consider the following repayment schedule:

(i) For less than one school year of teaching completed, the loan obligation is eighty-five percent of the conditional grant the student received, plus interest and an equalization fee;

(ii) For less than two school years of teaching completed, the loan obligation is seventy percent of the conditional grant the student received, plus interest and an equalization fee;

(iii) For less than three school years of teaching completed, the loan obligation is fifty-five percent of the conditional grant the student received, plus interest and an equalization fee; and

(iv) For less than four school years of teaching completed, the loan obligation is forty percent of the conditional grant the student received, plus interest and an equalization fee.

(5) By November 1, 2018, and November 1, 2020, the office shall submit reports, in accordance with RCW 43.01.036, to the appropriate committees of the legislature that recommend whether the teacher shortage conditional grant program under this section should be continued, modified, or terminated, and that include information about the recipients of the grants under this program.

**NEW SECTION. Sec. 128.** A new section is added to chapter 28B.76 RCW to read as follows:

(1) Subject to funds appropriated specifically for this purpose, the office shall administer a student teaching residency grant program to provide additional funds to individuals completing student teaching residencies at public schools in Washington.

(2) To qualify for the grant, recipients must be enrolled in a professional educator standards board-approved teacher preparation program, be completing or about to start a student teaching residency at a Title I school, and demonstrate financial need, as defined by the office and consistent with the income criteria required to receive the state need grant established in chapter 28B.92 RCW.

(3) The office shall establish rules for administering the grants under this section.

**NEW SECTION. Sec. 129.** If specific funding for the purposes of this act, referencing this act by bill or chapter number, is not provided by June 30, 2016, in the omnibus appropriations act, this act is null and void.

**NEW SECTION. Sec. 130.** Sections 5 and 6 of this act expire July 1, 2021."

Correct the title.

Signed by Representatives Dunshee, Chair; Ormsby, Vice Chair; Parker, Assistant Ranking Minority Member; Wilcox, Assistant Ranking Minority Member; Buys; Cody; Dent; Fitzgibbon; Haler; Hansen; Harris;

Hudgins; Hunt, S.; Jinkins; Kagi; Lytton; MacEwen; Magendanz; Manweller; Pettigrew; Robinson; Sawyer; Schmick; Senn; Springer; Stokesbary; Sullivan; Tharinger; Van Werven and Walkinshaw.

MINORITY recommendation: Do not pass. Signed by Representatives Chandler, Ranking Minority Member; Condotta and Taylor.

Passed to Committee on Rules for second reading.

February 29, 2016

**ESSB 6470** Prime Sponsor, Committee on Commerce & Labor: Addressing provisions concerning wineries in respect to the licensing of private collections of wine, allowing wineries to make sales for off-premises consumption at special occasion licensed events, modifying special occasion licenses, and making certain related technical corrections. Reported by Committee on General Government & Information Technology

MAJORITY recommendation: Do pass as amended by Committee on General Government & Information Technology and without amendment by Committee on Commerce & Gaming.

Strike everything after the enacting clause and insert the following:

"**Sec. 131.** RCW 66.24.170 and 2014 c 105 s 1 and 2014 c 27 s 1 are each reenacted and amended to read as follows:

(1) There (~~shall be~~) is a license for domestic wineries; fee to be computed only on the liters manufactured: Less than two hundred fifty thousand liters per year, one hundred dollars per year; and two hundred fifty thousand liters or more per year, four hundred dollars per year.

(2) The license allows for the manufacture of wine in Washington state from grapes or other agricultural products.

(3) Any domestic winery licensed under this section may also act as a retailer of wine of its own production. Any domestic winery licensed under this section may act as a distributor of its own production. Notwithstanding any language in this title to the contrary, a domestic winery may use a common carrier to deliver up to one hundred cases of its own production, in the aggregate, per month to licensed Washington retailers. A domestic winery may not arrange for any such common carrier shipments to licensed retailers of wine not of its own production. Except as provided in this section, any winery operating as a distributor and/or retailer under this subsection must comply with the applicable laws and rules relating to distributors and/or retailers, except that a winery operating as a distributor may maintain a warehouse off the premises of the winery for the distribution of wine of its own production provided that: (a) The warehouse has been

approved by the board under RCW 66.24.010; and (b) the number of warehouses off the premises of the winery does not exceed one.

(4) A domestic winery licensed under this section, at locations separate from any of its production or manufacturing sites, may serve samples of its own products, with or without charge, may sell wine of its own production at retail, and may sell for off-premises consumption wines of its own production in kegs or sanitary containers meeting the applicable requirements of federal law brought to the premises by the purchaser or furnished by the licensee and filled at the tap at the time of sale, provided that: (a) Each additional location has been approved by the board under RCW 66.24.010; (b) the total number of additional locations does not exceed two; (c) a winery may not act as a distributor at any such additional location; and (d) any person selling or serving wine at an additional location for ~~((on-premise H:\DATA\2016 JOURNAL\Journal2016\LegDay050\on-premises.doc))~~ on-premises consumption must obtain a class 12 or class 13 alcohol server permit. Each additional location is deemed to be part of the winery license for the purpose of this title. At additional locations operated by multiple wineries under this section, if the board cannot connect a violation of RCW 66.44.200 or 66.44.270 to a single licensee, the board may hold all licensees operating the additional location jointly liable. Nothing in this subsection may be construed to prevent a domestic winery from holding multiple domestic winery licenses.

(5)(a) A domestic winery licensed under this section may apply to the board for an endorsement to sell wine of its own production at retail for off-premises consumption at a qualifying farmers market. The annual fee for this endorsement is seventy-five dollars. An endorsement issued pursuant to this subsection does not count toward the two additional retail locations limit specified in this section.

(b) For each month during which a domestic winery will sell wine at a qualifying farmers market, the winery must provide the board or its designee a list of the dates, times, and locations at which bottled wine may be offered for sale. This list must be received by the board before the winery may offer wine for sale at a qualifying farmers market.

(c) The wine sold at qualifying farmers markets must be made entirely from grapes grown in a recognized Washington appellation or from other agricultural products grown in this state.

(d) Each approved location in a qualifying farmers market is deemed to be part of the winery license for the purpose of this title. The approved locations under an endorsement granted under this subsection include tasting or sampling privileges subject to the conditions pursuant to RCW 66.24.175. The winery may not store wine at a farmers market beyond the hours that the winery offers bottled wine for sale. The winery may not act as a distributor from a farmers market location.

(e) Before a winery may sell bottled wine at a qualifying farmers market, the farmers market must apply to the board for authorization for any winery with an endorsement approved under this subsection to sell bottled wine at retail at the farmers market. This application shall

include, at a minimum: (i) A map of the farmers market showing all booths, stalls, or other designated locations at which an approved winery may sell bottled wine; and (ii) the name and contact information for the on-site market managers who may be contacted by the board or its designee to verify the locations at which bottled wine may be sold. Before authorizing a qualifying farmers market to allow an approved winery to sell bottled wine at retail at its farmers market location, the board ~~((shall))~~ must notify the persons or entities of such application for authorization pursuant to RCW 66.24.010 (8) and (9). An authorization granted under this subsection (5)(e) may be withdrawn by the board for any violation of this title or any rules adopted under this title.

(f) The board may adopt rules establishing the application and approval process under this section and such additional rules as may be necessary to implement this section.

(g) For the purposes of this subsection:

(i) "Qualifying farmers market" means an entity that sponsors a regular assembly of vendors at a defined location for the purpose of promoting the sale of agricultural products grown or produced in this state directly to the consumer under conditions that meet the following minimum requirements:

(A) There are at least five participating vendors who are farmers selling their own agricultural products;

(B) The total combined gross annual sales of vendors who are farmers exceeds the total combined gross annual sales of vendors who are processors or resellers. However, if a farmers market does not satisfy this subsection (5)(g)(i)(B), a farmers market is still considered a "qualifying farmers market" if the total combined gross annual sales of farmers and processors at the farmers market is one million dollars or more;

(C) The total combined gross annual sales of vendors who are farmers, processors, or resellers exceeds the total combined gross annual sales of vendors who are not farmers, processors, or resellers;

(D) The sale of imported items and secondhand items by any vendor is prohibited; and

(E) No vendor is a franchisee.

(ii) "Farmer" means a natural person who sells, with or without processing, agricultural products that he or she raises on land he or she owns or leases in this state or in another state's county that borders this state.

(iii) "Processor" means a natural person who sells processed food that he or she has personally prepared on land he or she owns or leases in this state or in another state's county that borders this state.

(iv) "Reseller" means a natural person who buys agricultural products from a farmer and resells the products directly to the consumer.

(6) Wine produced in Washington state by a domestic winery licensee may be shipped out-of-state for the purpose of making it into sparkling wine and then returned to such licensee for resale. Such wine ~~((shall be))~~ is deemed wine manufactured in the state of Washington for the purposes of RCW 66.24.206, and shall not require a special license.

(7) During an event held by a nonprofit holding a special occasion license issued under RCW 66.24.380, a

domestic winery licensed under this section may take orders, either in writing or electronically, and accept payment for wines of its own production under the following conditions:

(a) Wine produced by the domestic winery may be served for on-premises consumption by the special occasion licensee;

(b) The domestic winery delivers wine to the consumer on a date after the conclusion of the special occasion event;

(c) The domestic winery delivers wine to the consumer at a location different from the location at which the special occasion event is held;

(d) The domestic winery complies with all requirements in chapter 66.20 RCW for direct sale of wine to consumers;

(e) The wine is not sold for resale; and

(f) The domestic winery is entitled to all proceeds from the sale and delivery of its wine to a consumer after the conclusion of the special occasion event, but may enter into an agreement to share a portion of the proceeds of these sales with the special occasion licensee licensed under RCW 66.24.380.

**Sec. 132.** RCW 66.24.380 and 2012 c 2 s 112 are each amended to read as follows:

There is a retailer's license to be designated as a special occasion license to be issued to a not-for-profit society or organization to sell spirits, beer, and wine by the individual serving for on-premises consumption at a specified event, such as at picnics or other special occasions, at a specified date and place; fee sixty dollars per day.

(1) The not-for-profit society or organization is limited to sales of no more than twelve calendar days per year. For the purposes of this subsection, special occasion licenses that are "agricultural area fairs" or "agricultural county, district, and area fairs," as defined by RCW 15.76.120, that receive a special occasion license may, once per calendar year, count as one event fairs that last multiple days, so long as alcohol sales are at set dates, times, and locations, and the board receives prior notification of the dates, times, and locations. The special occasion license applicant will pay the sixty dollars per day for this event.

(2) The licensee may sell spirits, beer, and/or wine in original, unopened containers for off-premises consumption if permission is obtained from the board prior to the event.

(3) In addition to offering the sale of wine by the individual serving for on-premises consumption, the licensee may sell wine in original, unopened containers for on-premises consumption if permission is obtained from the board prior to the event.

(4) Sale, service, and consumption of spirits, beer, and wine is to be confined to specified premises or designated areas only.

~~((4))~~ (5) Liquor sold under this special occasion license must be purchased from a licensee of the board.

~~((5))~~ (6) Any violation of this section is a class 1 civil infraction having a maximum penalty of two hundred fifty dollars as provided for in chapter 7.80 RCW.

**Sec. 133.** RCW 66.12.110 and 2012 c 117 s 272 are each amended to read as follows:

A person twenty-one years of age or over may bring into the state from without the United States, free of tax and markup, for his or her personal or household use such alcoholic beverages as have been declared and permitted to enter the United States duty free under federal law.

Such entry of alcoholic beverages in excess of that herein provided may be authorized by the board upon payment of an equivalent ~~((markup and))~~ tax as would be applicable to the purchase of the same or similar liquor at retail ~~((from a Washington state liquor store))~~ in this state. The board ~~((shall))~~ must adopt appropriate regulations pursuant to chapter 34.05 RCW for the purpose of carrying out the provisions of this section. The board may issue a spirits, beer, and wine private club license to a charitable or nonprofit corporation of the state of Washington, the majority of the officers and directors of which are United States citizens and the minority of the officers and directors of which are citizens of the Dominion of Canada, and where the location of the premises for such spirits, beer, and wine private club license is not more than ten miles south of the border between the United States and the province of British Columbia.

**Sec. 134.** RCW 66.12.120 and 1995 c 100 s 1 are each amended to read as follows:

Notwithstanding any other provision of this title ~~((66 RCW))~~, a person twenty-one years of age or over may, free of tax ~~((and markup))~~, for personal or household use, bring into the state of Washington from another state no more than once per calendar month up to two liters of spirits or wine or two hundred eighty-eight ounces of beer. Additionally, such person may be authorized by the board to bring into the state of Washington from another state a reasonable amount of alcoholic beverages in excess of that provided in this section for personal or household use only upon payment of an equivalent ~~((markup and))~~ tax as would be applicable to the purchase of the same or similar liquor at retail ~~((from a state liquor store))~~ in this state. The board ~~((shall))~~ must adopt appropriate regulations pursuant to chapter 34.05 RCW for the purpose of carrying into effect the provisions of this section.

**Sec. 135.** RCW 66.12.240 and 2009 c 361 s 1 are each amended to read as follows:

(1) Nothing in this title applies to or prevents a wedding boutique or art gallery from offering or supplying without charge wine or beer by the individual glass to a customer for consumption on the premises. However, the customer must be at least twenty-one years of age and may only be offered one glass of wine or beer, and wine or beer served or consumed ~~((shall))~~ must be purchased from a Washington state licensed retailer ~~((or a Washington state liquor store or agency))~~ at full retail price. A wedding boutique or art gallery offering wine or beer without charge may not advertise the service of complimentary wine or beer and may not sell wine or beer in any manner. Any employee involved in the service of wine or beer must

complete a board-approved limited alcohol server training program.

(2) ~~(For the purposes of this section:)~~ The definitions in this subsection apply throughout this section unless the context clearly requires otherwise.

(a) "Art gallery" means a room or building devoted to the exhibition and/or sale of the works of art.

(b) "Wedding boutique" means a business primarily engaged in the sale of wedding merchandise.

**Sec. 136.** RCW 66.20.010 and 2015 c 195 s 1, 2015 c 194 s 3, and 2015 c 59 s 1 are each reenacted and amended to read as follows:

Upon application in the prescribed form being made to any employee authorized by the board to issue permits, accompanied by payment of the prescribed fee, and upon the employee being satisfied that the applicant should be granted a permit under this title, the employee must issue to the applicant under such regulations and at such fee as may be prescribed by the board a permit of the class applied for, as follows:

(1) Where the application is for a special permit by a physician or dentist, or by any person in charge of an institution regularly conducted as a hospital or sanatorium for the care of persons in ill health, or as a home devoted exclusively to the care of aged people, a special liquor purchase permit, except that the governor may waive the requirement for a special liquor purchase permit under this subsection pursuant to an order issued under RCW 43.06.220(2);

(2) Where the application is for a special permit by a person engaged within the state in mechanical or manufacturing business or in scientific pursuits requiring alcohol for use therein, or by any private individual, a special permit to purchase alcohol for the purpose named in the permit, except that the governor may waive the requirement for a special liquor purchase permit under this subsection pursuant to an order issued under RCW 43.06.220(2);

(3) Where the application is for a special permit to consume liquor at a banquet, at a specified date and place, a special permit to purchase liquor for consumption at such banquet, to such applicants as may be fixed by the board;

(4) Where the application is for a special permit to consume liquor on the premises of a business not licensed under this title, a special permit to purchase liquor for consumption thereon for such periods of time and to such applicants as may be fixed by the board;

(5) Where the application is for a special permit by a manufacturer to import or purchase within the state alcohol, malt, and other materials containing alcohol to be used in the manufacture of liquor, or other products, a special permit;

(6) Where the application is for a special permit by a person operating a drug store to purchase liquor at retail prices only, to be thereafter sold by such person on the prescription of a physician, a special liquor purchase permit, except that the governor may waive the requirement for a special liquor purchase permit under this subsection pursuant to an order issued under RCW 43.06.220(2);

(7) Where the application is for a special permit by an authorized representative of a military installation operated by or for any of the armed forces within the geographical boundaries of the state of Washington, a special permit to purchase liquor for use on such military installation;

(8) Where the application is for a special permit by a vendor that manufactures or sells a product which cannot be effectively presented to potential buyers without serving it with liquor or by a manufacturer, importer, or distributor, or representative thereof, to serve liquor without charge to delegates and guests at a convention of a trade association composed of licensees of the board, when the said liquor is served in a hospitality room or from a booth in a board-approved suppliers' display room at the convention, and when the liquor so served is for consumption in the said hospitality room or display room during the convention, anything in this title to the contrary notwithstanding. Any such spirituous liquor must be purchased from a spirits retailer or distributor, and any such liquor is subject to the taxes imposed by RCW 82.08.150, 66.24.290, and 66.24.210;

(9) Where the application is for a special permit by a manufacturer, importer, or distributor, or representative thereof, to donate liquor for a reception, breakfast, luncheon, or dinner for delegates and guests at a convention of a trade association composed of licensees of the board, when the liquor so donated is for consumption at the said reception, breakfast, luncheon, or dinner during the convention, anything in this title to the contrary notwithstanding. Any such spirituous liquor must be purchased from a spirits retailer or distributor, and any such liquor is subject to the taxes imposed by RCW 82.08.150, 66.24.290, and 66.24.210;

(10) Where the application is for a special permit by a manufacturer, importer, or distributor, or representative thereof, to donate and/or serve liquor without charge to delegates and guests at an international trade fair, show, or exposition held under the auspices of a federal, state, or local governmental entity or organized and promoted by a nonprofit organization, anything in this title to the contrary notwithstanding. Any such spirituous liquor must be purchased from a liquor spirits retailer or distributor, and any such liquor is subject to the taxes imposed by RCW 82.08.150, 66.24.290, and 66.24.210;

(11) Where the application is for an annual special permit by a person operating a bed and breakfast lodging facility to donate or serve wine or beer without charge to overnight guests of the facility if the wine or beer is for consumption on the premises of the facility. "Bed and breakfast lodging facility," as used in this subsection, means a facility offering from one to eight lodging units and breakfast to travelers and guests;

(12) Where the application is for a special permit to allow tasting of alcohol by persons at least eighteen years of age under the following circumstances:

(a) The application is from a community or technical college as defined in RCW 28B.50.030, a regional university, or a state university;

(b) The person who is permitted to taste under this subsection is enrolled as a student in a required or elective class that is part of a culinary, sommelier, wine business,



enology, viticulture, wine technology, beer technology, or spirituous technology-related degree program;

(c) The alcohol served to any person in the degree-related programs under (b) of this subsection is tasted but not consumed for the purposes of educational training as part of the class curriculum with the approval of the educational provider;

(d) The service and tasting of alcoholic beverages is supervised by a faculty or staff member of the educational provider who is twenty-one years of age or older. The supervising faculty or staff member shall possess a class 12 or 13 alcohol server permit under the provisions of RCW 66.20.310;

(e) The enrolled student permitted to taste the alcoholic beverages does not purchase the alcoholic beverages; and

(f) The permit fee for the special permit provided for in this subsection (12) must be waived by the board;

(13) Where the application is for a special permit by a distillery or craft distillery for an event not open to the general public to be held or conducted at a specific place, including at the licensed premise of the applying distillery or craft distillery, upon a specific date for the purpose of tasting and selling spirits of its own production. The distillery or craft distillery must obtain a permit for a fee of ten dollars per event. An application for the permit must be submitted for private banquet permits prior to the event and, once issued, must be posted in a conspicuous place at the premises for which the permit was issued during all times the permit is in use. No licensee may receive more than twelve permits under this subsection (13) each year;

(14) Where the application is for a special permit by a manufacturer of wine for an event not open to the general public to be held or conducted at a specific place upon a specific date for the purpose of tasting and selling wine of its own production. The winery must obtain a permit for a fee of ten dollars per event. An application for the permit must be submitted at least ten days before the event and once issued, must be posted in a conspicuous place at the premises for which the permit was issued during all times the permit is in use. No more than twelve events per year may be held by a single manufacturer under this subsection;

(15) Where the application is for a special permit by an individual or business to sell a private collection of wine or spirits to an individual or business. The seller must obtain a permit at least five business days before the sale, for a fee of twenty-five dollars per sale. The seller must provide an inventory of products sold and the agreed price on a form provided by the board. The seller shall submit the report and taxes due to the board no later than twenty calendar days after the sale. A permit may be issued under this section to allow the sale of a private collection to licensees, but may not be issued to a licensee to sell to a private individual or business which is not otherwise authorized under the license held by the seller. If the liquor is purchased by a licensee, all sales are subject to taxes assessed as on liquor acquired from any other source. The board may adopt rules to implement this section.

**Sec. 137.** RCW 66.20.170 and 1973 1st ex.s. c 209 s 5 are each amended to read as follows:

A card of identification may for the purpose of this title and for the purpose of procuring liquor, be accepted as an identification card by any licensee (~~(or store employee)~~) and as evidence of legal age of the person presenting such card, provided the licensee (~~(or store employee)~~) complies with the conditions and procedures prescribed herein and such regulations as may be made by the board.

**Sec. 138.** RCW 66.20.180 and 2005 c 151 s 9 are each amended to read as follows:

A card of identification (~~(shall)~~ **must**) be presented by the holder thereof upon request of any licensee, (~~(store employee, contract liquor store manager, contract liquor store employee,)~~) peace officer, or enforcement officer of the board for the purpose of aiding the licensee, (~~(store employee, contract liquor store manager, contract liquor store employee,)~~) peace officer, or enforcement officer of the board to determine whether or not such person is of legal age to purchase liquor when such person desires to procure liquor from a licensed establishment (~~(or state liquor store or contract liquor store)~~).

**Sec. 139.** RCW 66.20.190 and 2012 c 117 s 280 are each amended to read as follows:

In addition to the presentation by the holder and verification by the licensee (~~(or store employee)~~) of such card of identification, the licensee (~~(or store employee)~~) who is still in doubt about the true age of the holder (~~(shall)~~ **must**) require the person whose age may be in question to sign a certification card and record an accurate description and serial number of his or her card of identification thereon. Such statement (~~(shall)~~ **must**) be upon a five-inch by eight-inch file card, which card (~~(shall)~~ **must**) be filed alphabetically by the licensee (~~(or store employee)~~) at or before the close of business on the day on which the statement is executed, in the file box containing a suitable alphabetical index and the card (~~(shall)~~ **must**) be subject to examination by any peace officer or agent or employee of the board at all times. The certification card (~~(shall)~~ **must**) also contain in bold-face type a statement stating that the signer understands that conviction for unlawful purchase of alcoholic beverages or misuse of the certification card may result in criminal penalties including imprisonment or fine or both.

**Sec. 140.** RCW 66.20.200 and 2003 c 53 s 295 are each amended to read as follows:

(1) It (~~(shall be)~~ **is**) unlawful for the owner of a card of identification to transfer the card to any other person for the purpose of aiding such person to procure alcoholic beverages from any licensee (~~(or store employee)~~). Any person who (~~(shall)~~ **permits**) his or her card of identification to be used by another or transfer such card to another for the purpose of aiding such transferee to obtain alcoholic beverages from a licensee (~~(or store employee)~~) or gain admission to a premises or portion of a premises classified by the board as off-limits to persons under

twenty-one years of age, ~~((shall be))~~ is guilty of a misdemeanor punishable as provided by RCW 9A.20.021, except that a minimum fine of two hundred fifty dollars ~~((shall))~~ must be imposed and any sentence requiring community restitution ~~((shall))~~ must require not fewer than twenty-five hours of community restitution.

(2) Any person not entitled thereto who unlawfully procures or has issued or transferred to him or her a card of identification, and any person who possesses a card of identification not issued to him or her, and any person who makes any false statement on any certification card required by RCW 66.20.190, to be signed by him or her, ~~((shall be))~~ is guilty of a misdemeanor punishable as provided by RCW 9A.20.021, except that a minimum fine of two hundred fifty dollars ~~((shall))~~ must be imposed and any sentence requiring community restitution ~~((shall))~~ must require not fewer than twenty-five hours of community restitution.

**Sec. 141.** RCW 66.20.210 and 1973 1st ex.s. c 209 s 9 are each amended to read as follows:

(1) No licensee or the agent or employee of the licensee ~~((or store employee, shall))~~ may be prosecuted criminally or be sued in any civil action for serving liquor to a person under legal age to purchase liquor if such person has presented a card of identification in accordance with RCW 66.20.180, and has signed a certification card as provided in RCW 66.20.190.

(2) Such card in the possession of a licensee may be offered as a defense in any hearing held by the board for serving liquor to the person who signed the card and may be considered by the board as evidence that the licensee acted in good faith.

**Sec. 142.** RCW 66.24.210 and 2012 c 20 s 2 are each amended to read as follows:

(1) There is hereby imposed upon all wines except cider sold to wine distributors ~~((and the Washington state liquor control board,))~~ within the state a tax at the rate of twenty and one-fourth cents per liter. Any domestic winery or certificate of approval holder acting as a distributor of its own production ~~((shall))~~ must pay taxes imposed by this section. There is hereby imposed on all cider sold to wine distributors ~~((and the Washington state liquor control board,))~~ within the state a tax at the rate of three and fifty-nine one-hundredths cents per liter. However, wine sold or shipped in bulk from one winery to another winery ~~((shall))~~ is not ~~((be))~~ subject to such tax.

(a) The tax provided for in this section shall be collected by direct payments based on wine purchased by wine distributors.

(b) Except as provided in subsection (7) of this section, every person purchasing wine under the provisions of this section ~~((shall))~~ must on or before the twentieth day of each month report to the board all purchases during the preceding calendar month in such manner and upon such forms as may be prescribed by the board, and with such report ~~((shall))~~ must pay the tax due from the purchases covered by such report unless the same has previously been paid. Any such purchaser of wine whose applicable tax

payment is not postmarked by the twentieth day following the month of purchase will be assessed a penalty at the rate of two percent a month or fraction thereof. The board may require that every such person shall execute to and file with the board a bond to be approved by the board, in such amount as the board may fix, securing the payment of the tax. If any such person fails to pay the tax when due, the board may ~~((forthwith))~~ suspend or cancel the license until all taxes are paid.

(c) Any licensed retailer authorized to purchase wine from a certificate of approval holder with a direct shipment endorsement or a domestic winery ~~((shall))~~ must make monthly reports to the liquor ~~((control))~~ and cannabis board on wine purchased during the preceding calendar month in the manner and upon such forms as may be prescribed by the board.

(2) An additional tax is imposed equal to the rate specified in RCW 82.02.030 multiplied by the tax payable under subsection (1) of this section. All revenues collected during any month from this additional tax ~~((shall))~~ must be transferred to the state general fund by the twenty-fifth day of the following month.

(3) An additional tax is imposed on wines subject to tax under subsection (1) of this section, at the rate of one-fourth of one cent per liter for wine sold after June 30, 1987. After June 30, 1996, such additional tax does not apply to cider. An additional tax of five one-hundredths of one cent per liter is imposed on cider sold after June 30, 1996. All revenues collected under this subsection (3) shall be disbursed quarterly to the Washington wine commission for use in carrying out the purposes of chapter 15.88 RCW.

(4) An additional tax is imposed on all wine subject to tax under subsection (1) of this section. The additional tax is equal to twenty-three and forty-four one-hundredths cents per liter on fortified wine as defined in RCW 66.04.010 when bottled or packaged by the manufacturer, one cent per liter on all other wine except cider, and eighteen one-hundredths of one cent per liter on cider. All revenues collected during any month from this additional tax shall be deposited in the state general fund by the twenty-fifth day of the following month.

(5)(a) An additional tax is imposed on all cider subject to tax under subsection (1) of this section. The additional tax is equal to two and four one-hundredths cents per liter of cider sold after June 30, 1996, and before July 1, 1997, and is equal to four and seven one-hundredths cents per liter of cider sold after June 30, 1997.

(b) All revenues collected from the additional tax imposed under this subsection (5) ~~((shall))~~ must be deposited in the state general fund.

(6) For the purposes of this section, "cider" means table wine that contains not less than one-half of one percent of alcohol by volume and not more than seven percent of alcohol by volume and is made from the normal alcoholic fermentation of the juice of sound, ripe apples or pears. "Cider" includes, but is not limited to, flavored, sparkling, or carbonated cider and cider made from condensed apple or pear must.

(7) For the purposes of this section, out-of-state wineries ~~((shall))~~ must pay taxes under this section on wine sold and shipped directly to Washington state residents in a manner consistent with the requirements of a wine

distributor under subsections (1) through (4) of this section, except wineries shall be responsible for the tax and not the resident purchaser.

(8) Notwithstanding any other provision of this section, any domestic winery or wine certificate of approval holder acting as a distributor of its own production that had total taxable sales of wine in Washington state of six thousand gallons or less during the calendar year preceding the date on which the tax would otherwise be due is not required to pay taxes under this section more often than annually.

**Sec. 143.** RCW 66.28.030 and 2012 c 2 s 113 are each amended to read as follows:

Every domestic distillery, brewery, and microbrewery, domestic winery, certificate of approval holder, licensed ~~(liquor)~~ spirits importer, licensed wine importer, and licensed beer importer is responsible for the conduct of any licensed spirits, beer, or wine distributor in selling, or contracting to sell, to retail licensees, spirits, beer, or wine manufactured by such domestic distillery, brewery, microbrewery, domestic winery, manufacturer holding a certificate of approval, sold by an authorized representative holding a certificate of approval, or imported by such ~~(liquor)~~ spirits, beer, or wine importer. Where the board finds that any licensed spirits, beer, or wine distributor has violated any of the provisions of this title or of the regulations of the board in selling or contracting to sell spirits, beer, or wine to retail licensees, the board may, in addition to any punishment inflicted or imposed upon such distributor, prohibit the sale of the brand or brands of spirits, beer, or wine involved in such violation to any or all retail licensees within the trade territory usually served by such distributor for such period of time as the board may fix, irrespective of whether the distiller manufacturing such spirits or the ~~(liquor)~~ spirits importer importing such spirits, brewer manufacturing such beer or the beer importer importing such beer, or the domestic winery manufacturing such wine or the wine importer importing such wine or the certificate of approval holder manufacturing such spirits, beer, or wine or acting as authorized representative actually participated in such violation.

**Sec. 144.** RCW 66.28.035 and 2012 c 39 s 7 are each amended to read as follows:

(1) By the ~~(15th)~~ 20th day of each month, all spirits certificate of approval holders must file with the board, in a form and manner required by the board, a report of all spirits delivered to purchasers in this state during the preceding month ~~(along with a copy)~~. Copies of the invoices for all such purchases or other information required by the board that would disclose the identity of the purchasers must be made available upon request.

(2) A spirits certificate of approval holder may not ship or cause to be transported into this state any spirits unless the purchaser to whom the spirits are to be delivered is:

(a) Licensed by the board to sell spirits in this state, and the license is in good standing; or

(b) Otherwise legally authorized to sell spirits in this state.

(3) The liquor ~~(control)~~ and cannabis board must maintain on its web site a list of all purchasers that meet the conditions of subsection (2) of this section.

(4) A violation of this section is grounds for suspension of a spirits certificate of approval license in accordance with RCW 66.08.150, in addition to any punishment as may be authorized by RCW 66.28.030.

**Sec. 145.** RCW 66.28.040 and 2014 c 92 s 2 are each amended to read as follows:

Except as permitted by the board under RCW 66.20.010, no domestic brewery, microbrewery, distributor, distiller, domestic winery, importer, rectifier, certificate of approval holder, or other manufacturer of liquor may, within the state of Washington, give to any person any liquor; but nothing in this section nor in RCW 66.28.305 prevents a domestic brewery, microbrewery, distributor, domestic winery, distiller, certificate of approval holder, or importer from furnishing samples of beer, wine, or spirituous liquor to authorized licensees for the purpose of negotiating a sale, in accordance with regulations adopted by the liquor ~~(control)~~ and cannabis board, provided that the samples are subject to taxes imposed by RCW 66.24.290 and 66.24.210; nothing in this section prevents a domestic brewery, microbrewery, domestic winery, distillery, certificate of approval holder, or distributor from furnishing beer, wine, or spirituous liquor for instructional purposes under RCW 66.28.150; nothing in this section prevents a domestic winery, certificate of approval holder, or distributor from furnishing wine without charge, subject to the taxes imposed by RCW 66.24.210, to a not-for-profit group organized and operated solely for the purpose of enology or the study of viticulture which has been in existence for at least six months and that uses wine so furnished solely for such educational purposes or a domestic winery, or an out-of-state certificate of approval holder, from furnishing wine without charge or a domestic brewery, or an out-of-state certificate of approval holder, from furnishing beer without charge, subject to the taxes imposed by RCW 66.24.210 or 66.24.290, or a domestic distiller licensed under RCW 66.24.140 or an accredited representative of a distiller, manufacturer, importer, or distributor of spirituous liquor licensed under RCW 66.24.310, from furnishing spirits without charge, to a nonprofit charitable corporation or association exempt from taxation under 26 U.S.C. Sec. 501(c)(3) or (6) of the internal revenue code of 1986 for use consistent with the purpose or purposes entitling it to such exemption; nothing in this section prevents a domestic brewery or microbrewery from serving beer without charge, on the brewery premises; nothing in this section prevents donations of wine for the purposes of RCW 66.12.180; nothing in this section prevents a domestic winery from serving wine without charge, on the winery premises; and nothing in this section prevents a craft distillery from serving spirits, on the distillery premises subject to RCW 66.24.145.

**Sec. 146.** RCW 66.44.350 and 2014 c 29 s 4 are each amended to read as follows:

Notwithstanding provisions of RCW 66.44.310, employees of businesses holding beer and/or wine restaurant; beer and/or wine private club; snack bar; spirits, beer, and wine restaurant; spirits, beer, and wine private club; catering; and sports entertainment facility licenses who are (~~licensees~~) between eighteen and twenty-one years of age (~~and over~~) may take orders for, serve, and sell liquor in any part of the licensed premises except cocktail lounges, bars, or other areas classified by the Washington state liquor (~~control~~) and cannabis board as off-limits to persons under twenty-one years of age: PROVIDED, That such employees may enter such restricted areas to perform work assignments including picking up liquor for service in other parts of the licensed premises, performing clean up work, setting up and arranging tables, delivering supplies, delivering messages, serving food, and seating patrons: PROVIDED FURTHER, That such employees (~~shall~~) remain in the areas off-limits to minors no longer than is necessary to carry out their aforementioned duties: PROVIDED FURTHER, That such employees (~~shall~~) are not be permitted to perform activities or functions of a bartender.

**NEW SECTION. Sec. 147.** RCW 66.24.440 (Liquor by the drink, spirits, beer, and wine restaurant, spirits, beer, and wine private club, hotel, spirits, beer, and wine nightclub, sports entertainment facility, and VIP airport lounge license—Purchase of liquor by licensees—Discount) and 2011 c 325 s 3, 2009 c 271 s 8, 2007 c 370 s 20, 1998 c 126 s 8, 1997 c 321 s 29, & 1949 c 5 s 5 are each repealed.

**NEW SECTION. Sec. 148.** If specific funding for the purposes of this act, referencing this act by bill or chapter number, is not provided by June 30, 2016, in the supplemental omnibus operating appropriations act, this act is null and void."

Correct the title.

Signed by Representatives Hudgins, Chair; Kuderer, Vice Chair; MacEwen, Ranking Minority Member; Caldier, Assistant Ranking Minority Member; Johnson; Morris and Senn.

Passed to Committee on Rules for second reading.

February 29, 2016  
SB 6475 Prime Sponsor, Senator Dansel: Addressing political subdivisions purchasing health coverage through the public employees' benefits board program. Reported by Committee on Appropriations

MAJORITY recommendation: Do pass. Signed by Representatives Dunshee, Chair; Ormsby, Vice Chair; Chandler, Ranking Minority Member; Parker, Assistant Ranking Minority Member; Wilcox, Assistant Ranking Minority Member; Buys; Cody; Condotta; Dent;

Fitzgibbon; Haler; Hansen; Harris; Hudgins; Hunt, S.; Jinkins; Kagi; Lytton; MacEwen; Magendanz; Manweller; Pettigrew; Robinson; Sawyer; Schmick; Senn; Springer; Stokesbary; Sullivan; Taylor; Tharinger; Van Werven and Walkinshaw.

Passed to Committee on Rules for second reading.

February 29, 2016  
SSB 6483 Prime Sponsor, Committee on Ways & Means: Concerning the Dan Thompson memorial developmental disabilities community trust account. Reported by Committee on Capital Budget

MAJORITY recommendation: Do pass. Signed by Representatives Tharinger, Chair; Stanford, Vice Chair; DeBolt, Ranking Minority Member; Smith, Assistant Ranking Minority Member; Kilduff; Kochmar; Peterson; Riccelli and Walsh.

Passed to Committee on Appropriations.

February 29, 2016  
2SSB 6497 Prime Sponsor, Committee on Ways & Means: Providing court-based and school-based intervention and prevention efforts to promote attendance and reduce truancy. Reported by Committee on Appropriations

MAJORITY recommendation: Do pass as amended by Committee on Appropriations and without amendment by Committee on Judiciary.

Strike everything after the enacting clause and insert the following:

**"NEW SECTION. Sec. 149.** The legislature recognizes that school attendance really matters, and that poor school attendance can have far-reaching effects on academic performance and achievement, development of social skills and school engagement, dropout rates, and even college completion rates. According to an August 2014 report by Attendance Works titled "Absences Add Up: How School Attendance Influences Student Success," students who missed more school than their peers scored lower on the 2013 national assessment for educational progress (NAEP). This was true at every age, in every racial and ethnic group, and in every state and city examined in the state-by-state analysis, and reinforced other research that has shown that: Poor attendance in the first month of school can predict chronic absence for the entire year; absenteeism in kindergarten can affect whether a child develops necessary grit and perseverance; absenteeism in preschool and kindergarten can influence whether a child will master reading by the end of third grade or be held back; absenteeism in middle and high school can predict dropout rates; absenteeism influences not just chances for graduating but also for completing college; improving attendance is important for reducing

educational opportunity gaps; and when students reduce absences, they can make academic gains.

The legislature further finds that these effects occur regardless of whether excessive absenteeism is considered excused or unexcused or the specific reason or reasons for excessive absenteeism. By taking a three-pronged approach, focusing not just on truancy but on school attendance in general, and providing additional tools to schools, courts, communities, and families, the legislature hopes to reduce excessive absenteeism, strengthen family engagement with schools, involve communities, promote academic achievement, reduce educational opportunity gaps, and increase high school graduation rates.

First, with respect to absenteeism in general, the legislature intends to put in place consistent practices and procedures, beginning in kindergarten, pursuant to which schools share information with families about the importance of consistent attendance and the consequences of excessive absences, involve families early, and provide families with information, services, and tools that they may access to improve and maintain their children's school attendance.

Second, the legislature recognizes the success that has been had by school districts and county juvenile courts around the state that have worked in tandem with one another to establish truancy boards capable of therapeutic prevention and intervention and that regularly stay truancy petitions in order to first allow these boards to identify barriers to school attendance, cooperatively solve problems, and connect students and their families with needed academic supports and community-based services, and that turn to court orders only as a last resort. While keeping petition filing requirements in place, the legislature intends to require an initial stay of truancy petitions in order to allow for appropriate intervention and prevention before using a court order to enforce attendance laws. The legislature also intends to encourage efforts by county juvenile courts and school districts to: Establish and maintain therapeutic truancy boards; and to employ other best practices, including the provision of training for board members and other school and court personnel on trauma-informed approaches to discipline, the research regarding adverse childhood experiences, the use of the Washington assessment of the risks and needs of students (WARNS) or other assessment tools to identify the specific needs of individual children, and the provision of evidence-based treatments that have been found to be effective in supporting at-risk youth and their families as well as those that have been shown to be culturally appropriate promising practices.

Third, the legislature recognizes that there are instances in which individual barriers to school attendance that have led to a student's absences may be best addressed by providing access to a bed in a HOPE center. The legislature further recognizes that even when a student is found in contempt of a court order to attend school, it is best practice that the student not be placed in juvenile detention but, where feasible and available, instead be placed in a crisis residential center. The legislature intends to increase the number of beds in HOPE centers and crisis residential centers in order to facilitate their use for these students.

**Sec. 150.** RCW 28A.225.005 and 2009 c 556 s 5 are each amended to read as follows:

(1) Each school within a school district shall inform the students and the parents of the students enrolled in the school about: The benefits of regular school attendance; the potential effects of excessive absenteeism, whether excused or unexcused, on academic achievement, and graduation and dropout rates; the school's expectations of the parents and guardians to ensure regular school attendance by the child; the resources available to assist the child and the parents and guardians; the role and responsibilities of the school; and the consequences of truancy, including the compulsory education requirements under this chapter. The school shall provide access to the information ((at least annually-)) before or at the time of enrollment of the child at a new school and at the beginning of each school year. If the school regularly and ordinarily communicates most other information to parents online, providing online access to the information required by this section satisfies the requirements of this section unless a parent or guardian specifically requests information to be provided in written form. Provision must be made to enable parents to request and receive the information in a language in which they are fluent. A parent must date and acknowledge review of this information online or in writing before or at the time of enrollment of the child at a new school and at the beginning of each school year.

(2) The office of the superintendent of public instruction shall develop a template that schools may use to satisfy the requirements of subsection (1) of this section and shall post the information on its web site.

**NEW SECTION. Sec. 151.** A new section is added to chapter 28A.225 RCW to read as follows:

(1) Except as provided in subsection (2) of this section, in the event that a child in elementary school is required to attend school under RCW 28A.225.010 or 28A.225.015(1) and has five or more excused absences in a single month during the current school year, or ten or more excused absences in the current school year, the school district shall schedule a conference or conferences with the parent and child at a time reasonably convenient for all persons included for the purpose of identifying the barriers to the child's regular attendance, and the supports and resources that may be made available to the family so that the child is able to regularly attend school. If a regularly scheduled parent-teacher conference day is to take place within thirty days of the absences, the school district may schedule this conference on that day. To satisfy the requirements of this section, the conference must include at least one school district employee such as a nurse, counselor, social worker, or teacher, except in those instances regarding the attendance of a child who has an individualized education program or a plan developed under section 504 of the rehabilitation act of 1973, in which case the reconvening of the team that created the program or plan is required.

(2) A conference pursuant to subsection (1) of this section is not required in the event of excused absences for which prior notice has been given to the school or a

doctor's note has been provided and an academic plan is put in place so that the child does not fall behind.

**Sec. 152.** RCW 28A.225.025 and 2009 c 266 s 2 are each amended to read as follows:

(1) For purposes of this chapter, "community truancy board" means a board composed of members of the local community in which the child attends school. Juvenile courts may establish and operate community truancy boards. If the juvenile court and the school district agree, a school district may establish and operate a community truancy board under the jurisdiction of the juvenile court. Juvenile courts may create a community truancy board or may use other entities that exist or are created, such as diversion units. However, a diversion unit or other existing entity must agree before it is used as a truancy board. Duties of a community truancy board shall include, but not be limited to, recommending methods for improving school attendance such as assisting the parent or the child to obtain supplementary services that might eliminate or ameliorate the causes for the absences or suggesting to the school district that the child enroll in another school, an alternative education program, an education center, a skill center, a dropout prevention program, or another public or private educational program.

(2) The legislature finds that utilization of community truancy boards, or other diversion units that fulfill a similar function, is the preferred means of intervention when preliminary methods of notice and parent conferences and taking appropriate steps to eliminate or reduce unexcused absences have not been effective in securing the child's attendance at school. The legislature intends to encourage and support the development and expansion of community truancy boards and other diversion programs which are effective in promoting school attendance and preventing the need for more intrusive intervention by the court. Operation of a school truancy board does not excuse a district from the obligation of filing a petition within the requirements of RCW 28A.225.015(3).

(3) For purposes of this chapter, "therapeutic truancy board" means a community truancy board operated within existing resources pursuant to a memorandum of understanding between a school district and a juvenile court. All members of a therapeutic truancy board receive training with respect to the identification of barriers to school attendance, the use of the Washington assessment of the risks and needs of students (WARNS) or other assessment tools to identify the specific needs of individual children, trauma-informed approaches to discipline, the research regarding adverse childhood experiences, evidence-based treatments that have been found to be effective in supporting at-risk youth and their families as well as those that have been shown to be culturally appropriate promising practices, and the specific academic supports, services, and treatments available in the particular school, court, community, and elsewhere. A therapeutic truancy board identifies barriers to school attendance, cooperatively solves problems, connects students and their families with academic supports, community services, evidence-based services such as functional family therapy,

and culturally appropriate promising practices, and may refer children to a HOPE center.

**Sec. 153.** RCW 28A.225.035 and 2012 c 157 s 2 are each amended to read as follows:

(1) A petition for a civil action under RCW 28A.225.030 or 28A.225.015 shall consist of a written notification to the court alleging that:

(a) The child has unexcused absences during the current school year;

(b) Actions taken by the school district have not been successful in substantially reducing the child's absences from school; and

(c) Court intervention and supervision are necessary to assist the school district or parent to reduce the child's absences from school.

(2) The petition shall set forth the name, date of birth, school, address, gender, race, and ethnicity of the child and the names and addresses of the child's parents, and shall set forth whether the child and parent are fluent in English, whether there is an existing individualized education program, and the child's current academic status in school.

(3) The petition shall set forth facts that support the allegations in this section and shall generally request relief available under this chapter and provide information about what the court might order under RCW 28A.225.090.

(4)(a) When a petition is filed under RCW 28A.225.030 or 28A.225.015, it shall initially be stayed and intervention and prevention efforts employed in order to substantially reduce the child's unexcused absences. Intervention and prevention efforts under this subsection may include referral to a community truancy board, preferably a therapeutic truancy board, use of the Washington assessment of the risks and needs of students (WARNS) or other assessment tools to identify the specific needs of individual children, the provision of academic services such as tutoring, credit retrieval and school reengagement supports, and community-based services, and the provision of evidence-based treatments that have been found to be effective in supporting at-risk youth and their families and those that have been shown to be culturally appropriate promising practices.

(b) If intervention and prevention efforts under (a) of this subsection are unsuccessful at substantially reducing the child's unexcused absences, the stay shall be lifted and the juvenile court shall schedule a hearing at which the court shall consider the petition, or if the court determines that ((a)) an initial or subsequent referral to an available community truancy board would substantially reduce the child's unexcused absences, the court may refer the case to a community truancy board under the jurisdiction of the juvenile court.

(5) If a referral is made to a community truancy board, the truancy board must meet with the child, a parent, and the school district representative and enter into an agreement with the petitioner and respondent regarding expectations and any actions necessary to address the child's truancy within twenty days of the referral. If the petition is based on RCW 28A.225.015, the child shall not be required to attend and the agreement under this

subsection shall be between the truancy board, the school district, and the child's parent. The court may permit the truancy board or truancy prevention counselor to provide continued supervision over the student, or parent if the petition is based on RCW 28A.225.015.

(6) If the truancy board fails to reach an agreement, or the parent or student does not comply with the agreement, the truancy board shall return the case to the juvenile court for a hearing.

(7)(a) Notwithstanding the provisions in subsection (4)(a) of this section, a hearing shall not be required if other actions by the court would substantially reduce the child's unexcused absences. When a juvenile court hearing is held, the court shall:

(i) Separately notify the child, the parent of the child, and the school district of the hearing. If the parent is not fluent in English, the preferred practice is for notice to be provided in a language in which the parent is fluent;

(ii) Notify the parent and the child of their rights to present evidence at the hearing; and

(iii) Notify the parent and the child of the options and rights available under chapter 13.32A RCW.

(b) If the child is not provided with counsel, the advisement of rights must take place in court by means of a colloquy between the court, the child if eight years old or older, and the parent.

(8)(a) The court may require the attendance of the child if eight years old or older, the parents, and the school district at any hearing on a petition filed under RCW 28A.225.030.

(b) The court may not issue a bench warrant for a child for failure to appear at a hearing on an initial truancy petition filed under RCW 28A.225.030. If there has been proper service, the court may instead enter a default order assuming jurisdiction under the terms specified in subsection (12) of this section.

(9) A school district is responsible for determining who shall represent the school district at hearings on a petition filed under RCW 28A.225.030 or 28A.225.015.

(10) The court may permit the first hearing to be held without requiring that either party be represented by legal counsel, and to be held without a guardian ad litem for the child under RCW 4.08.050. At the request of the school district, the court shall permit a school district representative who is not an attorney to represent the school district at any future hearings.

(11) If the child is in a special education program or has a diagnosed mental or emotional disorder, the court shall inquire as to what efforts the school district has made to assist the child in attending school.

(12) If the allegations in the petition are established by a preponderance of the evidence, the court shall grant the petition and enter an order assuming jurisdiction to intervene for the period of time determined by the court, after considering the facts alleged in the petition and the circumstances of the juvenile, to most likely cause the juvenile to return to and remain in school while the juvenile is subject to this chapter. In no case may the order expire before the end of the school year in which it is entered.

(13)(a) If the court assumes jurisdiction, the school district shall periodically report to the court any additional unexcused absences by the child, actions taken by the

school district, and an update on the child's academic status in school at a schedule specified by the court.

(b) The first report under this subsection (13) must be received no later than three months from the date that the court assumes jurisdiction.

(14) Community truancy boards and the courts shall coordinate, to the extent possible, proceedings and actions pertaining to children who are subject to truancy petitions and at-risk youth petitions in RCW 13.32A.191 or child in need of services petitions in RCW 13.32A.140.

(15) If after a juvenile court assumes jurisdiction in one county the child relocates to another county, the juvenile court in the receiving county shall, upon the request of a school district or parent, assume jurisdiction of the petition filed in the previous county.

**NEW SECTION. Sec. 154.** A new section is added to chapter 28A.225 RCW to read as follows:

(1) Subject to funds appropriated for this purpose, the office of the superintendent of public instruction shall allocate to therapeutic truancy boards grant funds that may be used to supplement existing funds in order to pay for training for board members or the provision of services and treatment to children and their families.

(2) The superintendent of public instruction must select grant recipients based on the criteria in this section. This is a competitive grant process. A prerequisite to applying for either or both grants is a memoranda of understanding, between a school district and a court, to institute a new or maintain an existing therapeutic truancy board that meets the requirements of RCW 28A.225.025.

(3) Successful applicants for an award of grant funds to supplement existing funds to pay for the training of therapeutic truancy board members must commit to the provision of training to board members regarding the identification of barriers to school attendance, the use of the Washington assessment of the risks and needs of students (WARNS) or other assessment tools to identify the specific needs of individual children, trauma-informed approaches to discipline, research about adverse childhood experiences, evidence-based treatments and culturally appropriate promising practices, as well as the specific academic and community services and treatments available in the school, court, community, and elsewhere. This training may be provided by educational service districts.

(4) Successful applicants for an award of grant funds to supplement existing funds to pay for services and treatments provided to children and their families must commit to the provision of academic services such as tutoring, credit retrieval and school reengagement supports, community services, and evidence-based treatments that have been found to be effective in supporting at-risk youth and their families, such as functional family therapy, or those that have been shown to be culturally appropriate promising practices.

**Sec. 155.** RCW 28A.225.090 and 2009 c 266 s 4 are each amended to read as follows:

(1) A court may order a child subject to a petition under RCW 28A.225.035 to do one or more of the following:

(a) Attend the child's current school, and set forth minimum attendance requirements, including suspensions;

(b) If there is space available and the program can provide educational services appropriate for the child, order the child to attend another public school, an alternative education program, center, a skill center, dropout prevention program, or another public educational program;

(c) Attend a private nonsectarian school or program including an education center. Before ordering a child to attend an approved or certified private nonsectarian school or program, the court shall: (i) Consider the public and private programs available; (ii) find that placement is in the best interest of the child; and (iii) find that the private school or program is willing to accept the child and will not charge any fees in addition to those established by contract with the student's school district. If the court orders the child to enroll in a private school or program, the child's school district shall contract with the school or program to provide educational services for the child. The school district shall not be required to contract for a weekly rate that exceeds the state general apportionment dollars calculated on a weekly basis generated by the child and received by the district. A school district shall not be required to enter into a contract that is longer than the remainder of the school year. A school district shall not be required to enter into or continue a contract if the child is no longer enrolled in the district;

(d) Be referred to a community truancy board, if available; ~~((e))~~

(e) Submit to testing for the use of controlled substances or alcohol based on a determination that such testing is appropriate to the circumstances and behavior of the child and will facilitate the child's compliance with the mandatory attendance law and, if any test ordered under this subsection indicates the use of controlled substances or alcohol, order the minor to abstain from the unlawful consumption of controlled substances or alcohol and adhere to the recommendations of the drug assessment at no expense to the school; or

(f) Submit to a temporary placement in a crisis residential center if the court determines there is an immediate health and safety concern, or a family conflict with the need for mediation.

(2) If the child fails to comply with the court order, the court may order the child to be subject to detention, as provided in RCW 7.21.030(2)(e), or may impose alternatives to detention such as community restitution. Failure by a child to comply with an order issued under this subsection shall not be subject to detention for a period greater than that permitted pursuant to a civil contempt proceeding against a child under chapter 13.32A RCW. Detention ordered under this subsection may be for no longer than seven days. Detention ordered under this subsection shall preferably be served at a crisis residential center close to the child's home rather than in a juvenile detention facility. A warrant of arrest for a child under this subsection may not be served on a child inside of school

during school hours in a location where other students are present.

(3) Any parent violating any of the provisions of either RCW 28A.225.010, 28A.225.015, or 28A.225.080 shall be fined not more than twenty-five dollars for each day of unexcused absence from school. The court shall remit fifty percent of the fine collected under this section to the child's school district. It shall be a defense for a parent charged with violating RCW 28A.225.010 to show that he or she exercised reasonable diligence in attempting to cause a child in his or her custody to attend school or that the child's school did not perform its duties as required in RCW 28A.225.020. The court may order the parent to provide community restitution instead of imposing a fine. Any fine imposed pursuant to this section may be suspended upon the condition that a parent charged with violating RCW 28A.225.010 shall participate with the school and the child in a supervised plan for the child's attendance at school or upon condition that the parent attend a conference or conferences scheduled by a school for the purpose of analyzing the causes of a child's absence.

(4) If a child continues to be truant after entering into a court-approved order with the truancy board under RCW 28A.225.035, the juvenile court shall find the child in contempt, and the court may order the child to be subject to detention, as provided in RCW 7.21.030(2)(e), or may impose alternatives to detention such as meaningful community restitution. Failure by a child to comply with an order issued under this subsection may not subject a child to detention for a period greater than that permitted under a civil contempt proceeding against a child under chapter 13.32A RCW.

(5) Subsections (1), (2), and (4) of this section shall not apply to a six or seven year old child required to attend public school under RCW 28A.225.015.

**Sec. 156.** RCW 43.185C.315 and 2015 c 69 s 22 are each amended to read as follows:

(1) The department shall establish HOPE centers that provide no more than seventy-five beds across the state and may establish HOPE centers by contract, within funds appropriated by the legislature specifically for this purpose. HOPE centers shall be operated in a manner to reasonably assure that street youth placed there will not run away. Street youth may leave a HOPE center during the course of the day to attend school or other necessary appointments, but the street youth must be accompanied by an administrator or an administrator's designee. The street youth must provide the administration with specific information regarding his or her destination and expected time of return to the HOPE center. Any street youth who runs away from a HOPE center shall not be readmitted unless specifically authorized by the street youth's placement and liaison specialist, and the placement and liaison specialist shall document with specific factual findings an appropriate basis for readmitting any street youth to a HOPE center. HOPE centers are required to have the following:

~~((1))~~ (a) A license issued by the department of social and health services;



~~((2))~~ (b) A professional with a master's degree in counseling, social work, or related field and at least one year of experience working with street youth or a bachelor of arts degree in social work or a related field and five years of experience working with street youth. This professional staff person may be contractual or a part-time employee, but must be available to work with street youth in a HOPE center at a ratio of one to every fifteen youth staying in a HOPE center. This professional shall be known as a placement and liaison specialist. Preference shall be given to those professionals cross-credentialed in mental health and chemical dependency. The placement and liaison specialist shall:

~~((a))~~ (i) Conduct an assessment of the street youth that includes a determination of the street youth's legal status regarding residential placement;

~~((b))~~ (ii) Facilitate the street youth's return to his or her legally authorized residence at the earliest possible date or initiate processes to arrange legally authorized appropriate placement. Any street youth who may meet the definition of dependent child under RCW 13.34.030 must be referred to the department of social and health services. The department of social and health services shall determine whether a dependency petition should be filed under chapter 13.34 RCW. A shelter care hearing must be held within seventy-two hours to authorize out-of-home placement for any youth the department of social and health services determines is appropriate for out-of-home placement under chapter 13.34 RCW. All of the provisions of chapter 13.32A RCW must be followed for children in need of services or at-risk youth;

~~((c))~~ (iii) Interface with other relevant resources and system representatives to secure long-term residential placement and other needed services for the street youth;

~~((d))~~ (iv) Be assigned immediately to each youth and meet with the youth within eight hours of the youth receiving HOPE center services;

~~((e))~~ (v) Facilitate a physical examination of any street youth who has not seen a physician within one year prior to residence at a HOPE center and facilitate evaluation by a county-designated mental health professional, a chemical dependency specialist, or both if appropriate; and

~~((f))~~ (vi) Arrange an educational assessment to measure the street youth's competency level in reading, writing, and basic mathematics, and that will measure learning disabilities or special needs;

~~((3))~~ (c) Staff trained in development needs of street youth as determined by the department, including an administrator who is a professional with a master's degree in counseling, social work, or a related field and at least one year of experience working with street youth, or a bachelor of arts degree in social work or a related field and five years of experience working with street youth, who must work with the placement and liaison specialist to provide appropriate services on site;

~~((4))~~ (d) A data collection system that measures outcomes for the population served, and enables research and evaluation that can be used for future program development and service delivery. Data collection systems must have confidentiality rules and protocols developed by the department;

~~((5))~~ (e) Notification requirements that meet the notification requirements of chapter 13.32A RCW. The youth's arrival date and time must be logged at intake by HOPE center staff. The staff must immediately notify law enforcement and dependency caseworkers if a street youth runs away from a HOPE center. A child may be transferred to a secure facility as defined in RCW 13.32A.030 whenever the staff reasonably believes that a street youth is likely to leave the HOPE center and not return after full consideration of the factors set forth in RCW 43.185C.290(2)(a) (i) and (ii). The street youth's temporary placement in the HOPE center must be authorized by the court or the secretary of the department of social and health services if the youth is a dependent of the state under chapter 13.34 RCW or the department of social and health services is responsible for the youth under chapter 13.32A RCW, or by the youth's parent or legal custodian, until such time as the parent can retrieve the youth who is returning to home;

~~((6))~~ (f) HOPE centers must identify to the department of social and health services any street youth it serves who is not returning promptly to home. The department of social and health services then must contact the missing children's clearinghouse identified in chapter 13.60 RCW and either report the youth's location or report that the youth is the subject of a dependency action and the parent should receive notice from the department of social and health services; and

~~((7))~~ (g) Services that provide counseling and education to the street youth(~~and~~);

~~((8))~~ (2) The department shall award contracts for the operation of HOPE center beds with the goal of facilitating the coordination of services provided for youth by such programs and those services provided by secure and semi-secure crisis residential centers.

(3) Subject to funds appropriated for this purpose, the beds available in HOPE centers shall be increased incrementally beyond the limit of seventy-five set forth in subsection (1) of this section. The additional capacity shall be distributed around the state based upon need and, to the extent feasible, shall be geographically situated so that HOPE beds are available across the state. In determining the need for increased numbers of HOPE beds in a particular county or counties, one of the considerations should be the volume of truancy petitions filed there.

**Sec. 157.** RCW 43.185C.320 and 2015 c 69 s 23 are each amended to read as follows:

To be eligible for placement in a HOPE center, a minor must be either a street youth, as that term is defined in this chapter, or a youth who, without placement in a HOPE center, will continue to participate in increasingly risky behavior, including truancy. Youth may also self-refer to a HOPE center. Payment for a HOPE center bed is not contingent upon prior approval by the department; however, approval from the department of social and health services is needed if the youth is dependent under chapter 13.34 RCW.

**NEW SECTION. Sec. 158.** A new section is added to chapter 43.185C RCW to read as follows:

Subject to funds appropriated for this purpose, the capacity available in crisis residential centers established pursuant to this chapter shall be increased incrementally in order to accommodate truant students found in contempt of a court order to attend school. The additional capacity shall be distributed around the state based upon need and, to the extent feasible, shall be geographically situated so that crisis residential centers are available for use by all courts.

**NEW SECTION. Sec. 159.** The office of the superintendent of public instruction shall develop recommendations as to how mandatory school attendance and truancy amelioration provisions under chapter 28A.225 RCW should be applied to online schools and report back to the relevant committees of the legislature by November 1, 2016.

**NEW SECTION. Sec. 160.** (1) The educational opportunity gap oversight and accountability committee shall conduct a review and make recommendations to the appropriate committees of the legislature with respect to:

- (a) The cultural competence training that therapeutic truancy board members, as well as others involved in the truancy process, should receive;
  - (b) Best practices for supporting and facilitating parent and community involvement and outreach; and
  - (c) The cultural relevance of the assessments employed to identify barriers to attendance and the treatments and tools provided to children and their families.
- (2) By June 30, 2017, a preliminary review shall be completed and preliminary recommendations provided. The review shall be completed, and a report and final recommendations provided, by December 1, 2017.

(3) For the purposes of this section, "cultural competence" includes knowledge of children's cultural histories and contexts, as well as family norms and values in different cultures; knowledge and skills in accessing community resources and community and parent outreach; and skills in adapting instruction and treatment to children's experiences and identifying cultural contexts for individual children.

(4) This section expires July 1, 2018.

**NEW SECTION. Sec. 161.** A new section is added to chapter 28A.225 RCW to read as follows:

(1) The Washington state institute for public policy shall conduct a study of local practices that address truancy. The study must include:

(a) A systematic review of the research literature on the effectiveness of the various practices in reducing absenteeism, fostering school engagement, improving academic performance and achievement, increasing graduation rates, and decreasing dropout rates; and

(b) An outcome evaluation of the impact on the outcomes listed in (a) of this subsection from local practices including, but not limited to, therapeutic truancy boards under RCW 28A.225.025 and section 6 of this act.

(2) In conducting its analysis, the Washington state institute for public policy may consult with employees and access data systems of the office of the superintendent of public instruction, any educational service district or school district, and the administrative office of the courts, each of which shall provide the Washington state institute for public policy with access to necessary data and administrative systems.

(3) The Washington state institute for public policy shall report the findings of the study under subsection (1)(a) of this section to the appropriate committees of the legislature by December 1, 2017, and the findings of the evaluation under subsection (1)(b) of this section by December 1, 2022.

(4) This section expires August 1, 2023.

**NEW SECTION. Sec. 162.** A new section is added to chapter 2.56 RCW to read as follows:

To accurately track the extent to which courts order youth into a secure detention facility in Washington state for the violation of a court order related to a truancy, at-risk youth, or a child in need of services petition, all juvenile courts shall transmit youth-level secure detention data to the administrative office of the courts. Data may either be entered into the statewide management information system for juvenile courts or securely transmitted to the administrative office of the courts at least monthly. Juvenile courts shall provide, at a minimum, the name and date of birth for the youth, the court case number assigned to the petition, the reasons for admission to the juvenile detention facility, the date of admission, the date of exit, and the time the youth spent in secure confinement. Courts are also encouraged to report individual-level data reflecting whether a detention alternative, such as electronic monitoring, was used, and the time spent in detention alternatives. The administrative office of the courts and the juvenile court administrators must work to develop uniform data standards for detention. The administrative office of the courts shall deliver an annual statewide report to the legislature that details the number of Washington youth who are placed into detention facilities during the preceding calendar year. The first report shall be delivered by March 1, 2017, and shall detail the most serious reason for detention and youth gender, race, and ethnicity. The report must have a specific emphasis on youth who are detained for reasons relating to a truancy, at-risk youth, or a child in need of services petition.

**NEW SECTION. Sec. 163.** This act shall be known and cited as the keeping kids in school act.

**NEW SECTION. Sec. 164.** If specific funding for the purposes of this act, referencing this act by bill or chapter number, is not provided by June 30, 2016, in the omnibus appropriations act, this act is null and void."

Correct the title.

Signed by Representatives Dunshee, Chair; Ormsby, Vice Chair; Chandler, Ranking Minority Member;

Parker, Assistant Ranking Minority Member; Wilcox, Assistant Ranking Minority Member; Buys; Cody; Dent; Fitzgibbon; Haler; Hansen; Harris; Hudgins; Hunt, S.; Jinkins; Kagi; Lytton; MacEwen; Magendanz; Manweller; Pettigrew; Robinson; Sawyer; Senn; Springer; Stokesbary; Sullivan; Tharinger; Van Werven and Walkinshaw.

MINORITY recommendation: Do not pass. Signed by Representatives Condotta; Schmick and Taylor.

Passed to Committee on Rules for second reading.

February 29, 2016  
**SSB 6519** Prime Sponsor, Committee on Health Care: Expanding patient access to health services through telemedicine and establishing a collaborative for the advancement of telemedicine. Reported by Committee on Appropriations

MAJORITY recommendation: Do pass as amended.

Strike everything after the enacting clause and insert the following:

**"NEW SECTION. Sec. 165.** The legislature recognizes telemedicine will play an increasingly important role in the health care system. Telemedicine is a meaningful and efficient way to treat patients and control costs while improving access to care. The expansion of the use of telemedicine should be thoughtfully and systematically considered in Washington state in order to maximize its application and expand access to care. Therefore, it is the intent of the legislature to broaden the reimbursement opportunities for health care services and establish a collaborative for the advancement of telemedicine to provide guidance, research, and recommendations for the benefit of professionals providing care through telemedicine.

**NEW SECTION. Sec. 166.** (1) The collaborative for the advancement of telemedicine is created to enhance the understanding and use of health services provided through telemedicine and other similar models in Washington state. The collaborative shall be hosted by the University of Washington telehealth services and shall be comprised of one member from each of the two largest caucuses of the senate and the house of representatives, and representatives from the academic community, hospitals, clinics, and health care providers in primary care and specialty practices, carriers, and other interested parties.

(2) By July 1, 2016, the collaborative shall be convened. The collaborative shall develop recommendations on improving reimbursement and access to services, including originating site restrictions, provider to provider consultative models, and technologies and models of care not currently reimbursed; identify the existence of telemedicine best practices, guidelines, billing requirements, and fraud prevention developed by

recognized medical and telemedicine organizations; and explore other priorities identified by members of the collaborative. After review of existing resources, the collaborative shall explore and make recommendations on whether to create a technical assistance center to support providers in implementing or expanding services delivered through telemedicine technologies.

(3) The collaborative must submit an initial progress report by December 1, 2016, with follow-up policy reports including recommendations by December 1, 2017, and December 1, 2018. The reports shall be shared with the relevant professional associations, governing boards or commissions, and the health care committees of the legislature.

(4) The meetings of the board shall be open public meetings, with meeting summaries available on a web page.

(5) The future of the collaborative shall be reviewed by the legislature with consideration of ongoing technical assistance needs and opportunities. The collaborative terminates December 31, 2018.

**Sec. 167.** RCW 48.43.735 and 2015 c 23 s 3 are each amended to read as follows:

(1) For health plans issued or renewed on or after January 1, 2017, a health carrier shall reimburse a provider for a health care service provided to a covered person through telemedicine ~~((H:\DATA\2016 JOURNAL\Journal2016\LegDay050\or.doe))~~ or store and forward technology if:

(a) The plan provides coverage of the health care service when provided in person by the provider;  
 (b) The health care service is medically necessary;  
~~((and))~~

(c) The health care service is a service recognized as an essential health benefit under section 1302(b) of the federal patient protection and affordable care act in effect on January 1, ~~((2017))~~ 2015; and

(d) The health care service is determined to be safely and effectively provided through telemedicine or store and forward technology according to generally accepted health care practices and standards, and the technology used to provide the health care service meets the standards required by state and federal laws governing the privacy and security of protected health information.

(2)(a) If the service is provided through store and forward technology there must be an associated office visit between the covered person and the referring health care provider. Nothing in this section prohibits the use of telemedicine for the associated office visit.

(b) For purposes of this section, reimbursement of store and forward technology is available only for those covered services specified in the negotiated agreement between the health carrier and the health care provider.

(3) An originating site for a telemedicine health care service subject to subsection (1) of this section includes a:

- (a) Hospital;
- (b) Rural health clinic;
- (c) Federally qualified health center;

(d) Physician's or other health care provider's office;

(e) Community mental health center;

(f) Skilled nursing facility; ~~((e#))~~

(g) Home; or

(h) Renal dialysis center, except an independent renal dialysis center.

(4) Except for subsection (3)(g) of this section, any originating site under subsection (3) of this section may charge a facility fee for infrastructure and preparation of the patient. Reimbursement must be subject to a negotiated agreement between the originating site and the health carrier. A distant site or any other site not identified in subsection (3) of this section may not charge a facility fee.

(5) A health carrier may not distinguish between originating sites that are rural and urban in providing the coverage required in subsection (1) of this section.

(6) A health carrier may subject coverage of a telemedicine or store and forward technology health service under subsection (1) of this section to all terms and conditions of the plan in which the covered person is enrolled, including, but not limited to, utilization review, prior authorization, deductible, copayment, or coinsurance requirements that are applicable to coverage of a comparable health care service provided in person.

(7) This section does not require a health carrier to reimburse:

(a) An originating site for professional fees;

(b) A provider for a health care service that is not a covered benefit under the plan; or

(c) An originating site or health care provider when the site or provider is not a contracted provider under the plan.

(8) For purposes of this section:

(a) "Distant site" means the site at which a physician or other licensed provider, delivering a professional service, is physically located at the time the service is provided through telemedicine;

(b) "Health care service" has the same meaning as in RCW 48.43.005;

(c) "Hospital" means a facility licensed under chapter 70.41, 71.12, or 72.23 RCW;

(d) "Originating site" means the physical location of a patient receiving health care services through telemedicine;

(e) "Provider" has the same meaning as in RCW 48.43.005;

(f) "Store and forward technology" means use of an asynchronous transmission of a covered person's medical information from an originating site to the health care provider at a distant site which results in medical diagnosis and management of the covered person, and does not include the use of audio-only telephone, facsimile, or email; and

(g) "Telemedicine" means the delivery of health care services through the use of interactive audio and video technology, permitting real-time communication between the patient at the originating site and the provider, for the purpose of diagnosis, consultation, or treatment. For purposes of this section only, "telemedicine" does not include the use of audio-only telephone, facsimile, or email.

**Sec. 168.** RCW 41.05.700 and 2015 c 23 s 2 are each amended to read as follows:

(1) A health plan offered to employees and their covered dependents under this chapter issued or renewed on or after January 1, 2017, shall reimburse a provider for a health care service provided to a covered person through telemedicine or store and forward technology if:

(a) The plan provides coverage of the health care service when provided in person by the provider;

(b) The health care service is medically necessary;

~~((and))~~

(c) The health care service is a service recognized as an essential health benefit under section 1302(b) of the federal patient protection and affordable care act in effect on January 1, ~~((2017))~~ 2015; and

(d) The health care service is determined to be safely and effectively provided through telemedicine or store and forward technology according to generally accepted health care practices and standards, and the technology used to provide the health care service meets the standards required by state and federal laws governing the privacy and security of protected health information.

(2)(a) If the service is provided through store and forward technology there must be an associated office visit between the covered person and the referring health care provider. Nothing in this section prohibits the use of telemedicine for the associated office visit.

(b) For purposes of this section, reimbursement of store and forward technology is available only for those covered services specified in the negotiated agreement between the health plan and health care provider.

(3) An originating site for a telemedicine health care service subject to subsection (1) of this section includes a:

(a) Hospital;

(b) Rural health clinic;

(c) Federally qualified health center;

(d) Physician's or other health care provider's office;

(e) Community mental health center;

(f) Skilled nursing facility; ~~((e#))~~

(g) Home; or

(h) Renal dialysis center, except an independent renal dialysis center.

(4) Except for subsection (3)(g) of this section, any originating site under subsection (3) of this section may charge a facility fee for infrastructure and preparation of the patient. Reimbursement must be subject to a negotiated agreement between the originating site and the health plan. A distant site or any other site not identified in subsection (3) of this section may not charge a facility fee.

(5) The plan may not distinguish between originating sites that are rural and urban in providing the coverage required in subsection (1) of this section.

(6) The plan may subject coverage of a telemedicine or store and forward technology health service under subsection (1) of this section to all terms and conditions of the plan, including, but not limited to, utilization review, prior authorization, deductible, copayment, or coinsurance requirements that are applicable to coverage of a comparable health care service provided in person.

(7) This section does not require the plan to reimburse:

- (a) An originating site for professional fees;
- (b) A provider for a health care service that is not a covered benefit under the plan; or
- (c) An originating site or health care provider when the site or provider is not a contracted provider under the plan.

~~((H:DATA\2016 JOURNAL\Journal2016\LegDay050\8.doc))~~ (8) For purposes of this section:

- (a) "Distant site" means the site at which a physician or other licensed provider, delivering a professional service, is physically located at the time the service is provided through telemedicine;
- (b) "Health care service" has the same meaning as in RCW 48.43.005;
- (c) "Hospital" means a facility licensed under chapter 70.41, 71.12, or 72.23 RCW;
- (d) "Originating site" means the physical location of a patient receiving health care services through telemedicine;
- (e) "Provider" has the same meaning as in RCW 48.43.005;
- (f) "Store and forward technology" means use of an asynchronous transmission of a covered person's medical information from an originating site to the health care provider at a distant site which results in medical diagnosis and management of the covered person, and does not include the use of audio-only telephone, facsimile, or email; and
- (g) "Telemedicine" means the delivery of health care services through the use of interactive audio and video technology, permitting real-time communication between the patient at the originating site and the provider, for the purpose of diagnosis, consultation, or treatment. For purposes of this section only, "telemedicine" does not include the use of audio-only telephone, facsimile, or email.

**Sec. 169.** RCW 74.09.325 and 2015 c 23 s 4 are each amended to read as follows:

(1) Upon initiation or renewal of a contract with the Washington state health care authority to administer a medicaid managed care plan, a managed health care system shall reimburse a provider for a health care service provided to a covered person through telemedicine ~~((H:DATA\2016 JOURNAL\Journal2016\LegDay050\8.doc))~~ or store and forward technology if:

- (a) The medicaid managed care plan in which the covered person is enrolled provides coverage of the health care service when provided in person by the provider;
- (b) The health care service is medically necessary; ~~((and))~~
- (c) The health care service is a service recognized as an essential health benefit under section 1302(b) of the federal patient protection and affordable care act in effect on January 1, ~~((2017))~~ 2015; and

(d) The health care service is determined to be safely and effectively provided through telemedicine or

store and forward technology according to generally accepted health care practices and standards, and the technology used to provide the health care service meets the standards required by state and federal laws governing the privacy and security of protected health information.

(2)(a) If the service is provided through store and forward technology there must be an associated visit between the covered person and the referring health care provider. Nothing in this section prohibits the use of telemedicine for the associated office visit.

(b) For purposes of this section, reimbursement of store and forward technology is available only for those services specified in the negotiated agreement between the managed health care system and health care provider.

(3) An originating site for a telemedicine health care service subject to subsection (1) of this section includes a:

- (a) Hospital;
- (b) Rural health clinic;
- (c) Federally qualified health center;
- (d) Physician's or other health care provider's office;
- (e) Community mental health center;
- (f) Skilled nursing facility; ~~((or))~~
- (g) Home; or
- (h) Renal dialysis center, except an independent renal dialysis center.

(4) Except for subsection (3)(g) of this section, any originating site under subsection (3) of this section may charge a facility fee for infrastructure and preparation of the patient. Reimbursement must be subject to a negotiated agreement between the originating site and the managed health care system. A distant site or any other site not identified in subsection (3) of this section may not charge a facility fee.

(5) A managed health care system may not distinguish between originating sites that are rural and urban in providing the coverage required in subsection (1) of this section.

(6) A managed health care system may subject coverage of a telemedicine or store and forward technology health service under subsection (1) of this section to all terms and conditions of the plan in which the covered person is enrolled, including, but not limited to, utilization review, prior authorization, deductible, copayment, or coinsurance requirements that are applicable to coverage of a comparable health care service provided in person.

(7) This section does not require a managed health care system to reimburse:

- (a) An originating site for professional fees;
- (b) A provider for a health care service that is not a covered benefit under the plan; or
- (c) An originating site or health care provider when the site or provider is not a contracted provider under the plan.

(8) For purposes of this section:

- (a) "Distant site" means the site at which a physician or other licensed provider, delivering a professional service, is physically located at the time the service is provided through telemedicine;
- (b) "Health care service" has the same meaning as in RCW 48.43.005;

(c) "Hospital" means a facility licensed under chapter 70.41, 71.12, or 72.23 RCW;

(d) "Managed health care system" means any health care organization, including health care providers, insurers, health care service contractors, health maintenance organizations, health insuring organizations, or any combination thereof, that provides directly or by contract health care services covered under this chapter and rendered by licensed providers, on a prepaid capitated basis and that meets the requirements of section 1903(m)(1)(A) of Title XIX of the federal social security act or federal demonstration waivers granted under section 1115(a) of Title XI of the federal social security act;

(e) "Originating site" means the physical location of a patient receiving health care services through telemedicine;

(f) "Provider" has the same meaning as in RCW 48.43.005;

(g) "Store and forward technology" means use of an asynchronous transmission of a covered person's medical information from an originating site to the health care provider at a distant site which results in medical diagnosis and management of the covered person, and does not include the use of audio-only telephone, facsimile, or email; and

(h) "Telemedicine" means the delivery of health care services through the use of interactive audio and video technology, permitting real-time communication between the patient at the originating site and the provider, for the purpose of diagnosis, consultation, or treatment. For purposes of this section only, "telemedicine" does not include the use of audio-only telephone, facsimile, or email.

(9) To measure the impact on access to care for underserved communities and costs to the state and the medicaid managed health care system for reimbursement of telemedicine services, the Washington state health care authority, using existing data and resources, shall provide a report to the appropriate policy and fiscal committees of the legislature no later than December 31, 2018.

**Sec. 170.** RCW 70.41.230 and 2015 c 23 s 6 are each amended to read as follows:

(1) Except as provided in subsection (3) of this section, prior to granting or renewing clinical privileges or association of any physician or hiring a physician, a hospital or facility approved pursuant to this chapter shall request from the physician and the physician shall provide the following information:

(a) The name of any hospital or facility with or at which the physician had or has any association, employment, privileges, or practice during the prior five years: PROVIDED, That the hospital may request additional information going back further than five years, and the physician shall use his or her best efforts to comply with such a request for additional information;

(b) Whether the physician has ever been or is in the process of being denied, revoked, terminated, suspended, restricted, reduced, limited, sanctioned, placed on probation, monitored, or not renewed for any professional activity listed in (b)(i) through (x) of this subsection, or has

ever voluntarily or involuntarily relinquished, withdrawn, or failed to proceed with an application for any professional activity listed in (b)(i) through (x) of this subsection in order to avoid an adverse action or to preclude an investigation or while under investigation relating to professional competence or conduct:

(i) License to practice any profession in any jurisdiction;

(ii) Other professional registration or certification in any jurisdiction;

(iii) Specialty or subspecialty board certification;

(iv) Membership on any hospital medical staff;

(v) Clinical privileges at any facility, including hospitals, ambulatory surgical centers, or skilled nursing facilities;

(vi) Medicare, medicaid, the food and drug administration, the national institute of health (office of human research protection), governmental, national, or international regulatory agency, or any public program;

(vii) Professional society membership or fellowship;

(viii) Participation or membership in a health maintenance organization, preferred provider organization, independent practice association, physician-hospital organization, or other entity;

(ix) Academic appointment;

(x) Authority to prescribe controlled substances (drug enforcement agency or other authority);

(c) Any pending professional medical misconduct proceedings or any pending medical malpractice actions in this state or another state, the substance of the allegations in the proceedings or actions, and any additional information concerning the proceedings or actions as the physician deems appropriate;

(d) The substance of the findings in the actions or proceedings and any additional information concerning the actions or proceedings as the physician deems appropriate;

(e) A waiver by the physician of any confidentiality provisions concerning the information required to be provided to hospitals pursuant to this subsection; and

(f) A verification by the physician that the information provided by the physician is accurate and complete.

(2) Except as provided in subsection (3) of this section, prior to granting privileges or association to any physician or hiring a physician, a hospital or facility approved pursuant to this chapter shall request from any hospital with or at which the physician had or has privileges, was associated, or was employed, during the preceding five years, the following information concerning the physician:

(a) Any pending professional medical misconduct proceedings or any pending medical malpractice actions, in this state or another state;

(b) Any judgment or settlement of a medical malpractice action and any finding of professional misconduct in this state or another state by a licensing or disciplinary board; and

(c) Any information required to be reported by hospitals pursuant to RCW 18.71.0195.

(3) In lieu of the requirements of subsections (1) and (2) of this section, when granting or renewing

privileges or association of any physician providing telemedicine or store and forward services, an originating site hospital may rely on a distant site hospital's decision to grant or renew clinical privileges or association of the physician if the originating site hospital obtains reasonable assurances, through a written agreement with the distant site hospital, that all of the following provisions are met:

(a) The distant site hospital providing the telemedicine or store and forward services is a medicare participating hospital;

(b) Any physician providing telemedicine or store and forward services at the distant site hospital will be fully privileged to provide such services by the distant site hospital;

(c) Any physician providing telemedicine or store and forward services will hold and maintain a valid license to perform such services issued or recognized by the state of Washington; and

(d) With respect to any distant site physician who holds current privileges at the originating site hospital whose patients are receiving the telemedicine or store and forward services, the originating site hospital has evidence of an internal review of the distant site physician's performance of these privileges and sends the distant site hospital such performance information for use in the periodic appraisal of the distant site physician. At a minimum, this information must include all adverse events, as defined in RCW 70.56.010, that result from the telemedicine or store and forward services provided by the distant site physician to the originating site hospital's patients and all complaints the originating site hospital has received about the distant site physician.

(4) The medical quality assurance commission or the board of osteopathic medicine and surgery shall be advised within thirty days of the name of any physician denied staff privileges, association, or employment on the basis of adverse findings under subsection (1) of this section.

(5) A hospital or facility that receives a request for information from another hospital or facility pursuant to subsections (1) through (3) of this section shall provide such information concerning the physician in question to the extent such information is known to the hospital or facility receiving such a request, including the reasons for suspension, termination, or curtailment of employment or privileges at the hospital or facility. A hospital, facility, or other person providing such information in good faith is not liable in any civil action for the release of such information.

(6) Information and documents, including complaints and incident reports, created specifically for, and collected, and maintained by a quality improvement committee are not subject to discovery or introduction into evidence in any civil action, and no person who was in attendance at a meeting of such committee or who participated in the creation, collection, or maintenance of information or documents specifically for the committee shall be permitted or required to testify in any civil action as to the content of such proceedings or the documents and information prepared specifically for the committee. This subsection does not preclude: (a) In any civil action, the discovery of the identity of persons involved in the medical care that is the basis of the civil action whose involvement

was independent of any quality improvement activity; (b) in any civil action, the testimony of any person concerning the facts which form the basis for the institution of such proceedings of which the person had personal knowledge acquired independently of such proceedings; (c) in any civil action by a health care provider regarding the restriction or revocation of that individual's clinical or staff privileges, introduction into evidence information collected and maintained by quality improvement committees regarding such health care provider; (d) in any civil action, disclosure of the fact that staff privileges were terminated or restricted, including the specific restrictions imposed, if any and the reasons for the restrictions; or (e) in any civil action, discovery and introduction into evidence of the patient's medical records required by regulation of the department of health to be made regarding the care and treatment received.

(7) Hospitals shall be granted access to information held by the medical quality assurance commission and the board of osteopathic medicine and surgery pertinent to decisions of the hospital regarding credentialing and recredentialing of practitioners.

(8) Violation of this section shall not be considered negligence per se.

**NEW SECTION. Sec. 171.** Sections 3 through 5 of this act take effect January 1, 2018.

**NEW SECTION. Sec. 172.** If specific funding for the purposes of this act, referencing this act by bill or chapter number, is not provided by June 30, 2016, in the omnibus appropriations act, this act is null and void."

Correct the title.

Signed by Representatives Dunshee, Chair; Ormsby, Vice Chair; Parker, Assistant Ranking Minority Member; Wilcox, Assistant Ranking Minority Member; Buys; Cody; Dent; Fitzgibbon; Haler; Hansen; Harris; Hudgins; Hunt, S.; Jinkins; Kagi; Lytton; MacEwen; Magendanz; Manweller; Pettigrew; Robinson; Sawyer; Schmick; Senn; Springer; Stokesbary; Sullivan; Tharinger; Van Werven and Walkinshaw.

MINORITY recommendation: Do not pass. Signed by Representatives Chandler, Ranking Minority Member; Condotta and Taylor.

Passed to Committee on Rules for second reading.

February 29, 2016  
**SSB 6523** Prime Sponsor, Committee on Ways & Means: Providing service credit for pension purposes for certain emergency medical services employees. Reported by Committee on Appropriations

MAJORITY recommendation: Do pass as amended.

Strike everything after the enacting clause and insert the following:

**"NEW SECTION. Sec. 173.** (1) Local governments formed intergovernmental consortiums, also known as provider groups, to provide emergency medical services over their shared geographic area. Funds collected through an emergency services levy under RCW 84.52.069 were used to fund the consortium. Employees funded by the consortium provided services to the citizens of all the consortium members.

(2) The attorney general has ruled that where such a consortium is formed pursuant to an interlocal agreement, the consortium members retain their legal responsibilities as employers under the law enforcement officers' and firefighters' retirement system and public employees' retirement system. That is, the employees providing services to the consortium are entitled to retirement system membership if they otherwise meet membership eligibility requirements (*AGO 2007 No. 6*).

(3) This act is intended to provide those public employees with an opportunity to establish service credit in the public employees' retirement system for emergency medical services they provided to the public on behalf of a consortium or provider group.

**NEW SECTION. Sec. 174.** A new section is added to chapter 41.40 RCW under the subchapter heading "provisions applicable to plan 1, plan 2, and plan 3" to read as follows:

(1) An employee providing emergency medical services for a consortium of local governments, where some of those local governments qualified as public employees' retirement system employers at the time the service was rendered, may make an election to establish credit for service performed prior to July 27, 2003, as a full-time emergency medical technician serving the consortium to the public employees' retirement system. This option is only available to employees who:

(a) Performed services for a consortium of local governments fully contained within the boundaries of a county whose population on the effective date of this section exceeds seven hundred thousand residents but is less than eight hundred thousand residents; and

(b) File a written election to establish service credit under this section with the department of retirement systems no later than June 30, 2026.

(2)(a) The department of retirement systems shall treat the consortium member with the largest current population among consortium members who qualified as a public employees' retirement system employer at the time the service was rendered as the employer for purposes of this section. This employer classification:

(i) Is solely for the purpose of streamlining reporting service and compensation credit and paying contributions for periods of service covered by this section; and

(ii) Does not mean that the consortium member is the employee's employer for any other purpose.

(b) All contributions required for past periods of service established under this section shall be by the employees electing to establish service credit under this section.

(i) Employee contributions shall be calculated by the department equal to the contributions that would have been paid by the employee had the employee been a member of public employees' retirement system.

(ii) Employer contributions shall be calculated by the department equal to the contributions that would have been paid by the employer had the employee been reported in public employees' retirement system.

(iii) All contributions must be submitted by the employer under (a) of this subsection within five years of electing to establish service credit under this section.

(3) If a member who elected to establish service credit under this section dies or retires for disability prior to payment of contributions under subsection (2)(b) of this section, the member, or in the case of death the surviving spouse or eligible minor children, may:

(a) Pay the bill in full;

(b) If a continuing monthly benefit is chosen, have the benefit actuarially reduced to reflect the amount of the unpaid obligation under subsection (2)(b) of this section; or

(c) Continue to make payment against the obligation under subsection (2)(b) of this section, provided that payment in full is made no later than five years from the member's original election date."

Correct the title.

Signed by Representatives Dunshee, Chair; Ormsby, Vice Chair; Cody; Fitzgibbon; Hansen; Hudgins; Hunt, S.; Jenkins; Kagi; Lytton; Pettigrew; Robinson; Sawyer; Senn; Springer; Sullivan; Tharinger and Walkinshaw.

MINORITY recommendation: Do not pass. Signed by Representatives Chandler, Ranking Minority Member; Wilcox, Assistant Ranking Minority Member; Buys; Condotta; Dent; Haler; Harris; MacEwen; Magendanz; Schmick; Taylor and Van Werven.

MINORITY recommendation: Without recommendation. Signed by Representatives Parker, Assistant Ranking Minority Member; Manweller and Stokesbary.

Passed to Committee on Rules for second reading.

February 26, 2016

**ESSB 6525** Prime Sponsor, Committee on Government Operations & Security: Concerning the state building code council. Reported by Committee on General Government & Information Technology

MAJORITY recommendation: Do pass as amended by Committee on Local Government. Signed by Representatives Hudgins, Chair; Kuderer, Vice Chair; Morris and Senn.

MINORITY recommendation: Do not pass. Signed by Representatives MacEwen, Ranking Minority Member; Caldier, Assistant Ranking Minority Member and Johnson.

Passed to Committee on Rules for second reading.



February 29, 2016  
**ESSB 6528** Prime Sponsor, Committee on Trade & Economic Development: Enacting the cybersecurity jobs act. Reported by Committee on General Government & Information Technology

MAJORITY recommendation: Do pass as amended by Committee on General Government & Information Technology and without amendment by Committee on Technology & Economic Development.

Strike everything after the enacting clause and insert the following:

**"NEW SECTION. Sec. 175.** (1) Communication and information resources in the various state agencies are strategic and vital assets belonging to the people of Washington and are an important component of maintaining a vibrant economy. Coordinated efforts and a sense of urgency are necessary to protect these assets against unauthorized access, disclosure, use, and modification or destruction, whether accidental or deliberate, as well as to assure the confidentiality, integrity, and availability of information.

(2) State government has a duty to Washington citizens to ensure that the information entrusted to state agencies is safe, secure, and protected from unauthorized access, unauthorized use, or destruction.

(3) Securing the state's communication and information resources is a statewide imperative requiring a coordinated and shared effort from all departments, agencies, and political subdivisions of the state and a long-term commitment to state funding that ensures the success of such efforts.

(4) Risks to communication and information resources must be managed, and the integrity of data and the source, destination, and processes applied to data must be assured.

(5) Information security standards, policies, and guidelines must be adopted and implemented throughout state agencies to ensure the development and maintenance of minimum information security controls to protect communication and information resources that support the operations and assets of those agencies.

(6) Washington state must build upon its existing expertise in information technology including research and development facilities and workforce to become a national leader in cybersecurity.

**Sec. 176.** RCW 43.105.020 and 2015 3rd sp.s. c 1 s 102 are each reenacted and amended to read as follows:

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

(1) "Agency" means the consolidated technology services agency.

(2) "Board" means the technology services board.

(3) "Customer agencies" means all entities that purchase or use information technology resources, telecommunications, or services from the consolidated technology services agency.

(4) "Director" means the state chief information officer, who is the director of the consolidated technology services agency.

(5) "Enterprise architecture" means an ongoing activity for translating business vision and strategy into effective enterprise change. It is a continuous activity. Enterprise architecture creates, communicates, and improves the key principles and models that describe the enterprise's future state and enable its evolution.

(6) "Equipment" means the machines, devices, and transmission facilities used in information processing, including but not limited to computers, terminals, telephones, wireless communications system facilities, cables, and any physical facility necessary for the operation of such equipment.

(7) "Information" includes, but is not limited to, data, text, voice, and video.

(8) "Information security" means the protection of communication and information resources from unauthorized access, use, disclosure, disruption, modification, or destruction in order to:

(a) Prevent improper information modification or destruction;

(b) Preserve authorized restrictions on information access and disclosure;

(c) Ensure timely and reliable access to and use of information; and

(d) Maintain the confidentiality, integrity, and availability of information.

(9) "Information technology" includes, but is not limited to, all electronic technology systems and services, automated information handling, system design and analysis, conversion of data, computer programming, information storage and retrieval, telecommunications, requisite system controls, simulation, electronic commerce, radio technologies, and all related interactions between people and machines.

~~((9))~~ (10) "Information technology portfolio" or "portfolio" means a strategic management process documenting relationships between agency missions and information technology and telecommunications investments.

~~((10))~~ (11) "K-20 network" means the network established in RCW 43.41.391.

~~((11))~~ (12) "Local governments" includes all municipal and quasi-municipal corporations and political subdivisions, and all agencies of such corporations and subdivisions authorized to contract separately.

~~((12))~~ (13) "Office" means the office of the state chief information officer within the consolidated technology services agency.

~~((13))~~ (14) "Oversight" means a process of comprehensive risk analysis and management designed to ensure optimum use of information technology resources and telecommunications.

~~((14))~~ (15) "Proprietary software" means that software offered for sale or license.

~~((15))~~ (16) "Public agency" means any agency of this state or another state; any political subdivision or unit of local government of this state or another state including, but not limited to, municipal corporations, quasi-municipal corporations, special purpose districts, and local service districts; any public benefit nonprofit corporation; any agency of the United States; and any Indian tribe recognized as such by the federal government.

~~((16))~~ (17) "Public benefit nonprofit corporation" means a public benefit nonprofit corporation as defined in RCW 24.03.005 that is receiving local, state, or federal funds either directly or through a public agency other than an Indian tribe or political subdivision of another state.

~~((17))~~ (18) "Public record" has the definitions in RCW 42.56.010 and chapter 40.14 RCW and includes legislative records and court records that are available for public inspection.

~~((18))~~ (19) "Security incident" means an accidental or deliberative event that results in or constitutes an imminent threat of the unauthorized access, loss, disclosure, modification, disruption, or destruction of communication and information resources.

(20) "State agency" means every state office, department, division, bureau, board, commission, or other state agency, including offices headed by a statewide elected official.

~~((19))~~ (21) "Telecommunications" includes, but is not limited to, wireless or wired systems for transport of voice, video, and data communications, network systems, requisite facilities, equipment, system controls, simulation, electronic commerce, and all related interactions between people and machines.

~~((20))~~ (22) "Utility-based infrastructure services" includes personal computer and portable device support, servers and server administration, security administration, network administration, telephony, email, and other information technology services commonly used by state agencies.

**Sec. 177.** RCW 43.105.054 and 2015 3rd sp.s. c 1 s 108 are each amended to read as follows:

(1) The director shall establish standards and policies to govern information technology in the state of Washington.

(2) The office shall have the following powers and duties related to information services:

(a) To develop statewide standards and policies governing the:

(i) Acquisition of equipment, software, and technology-related services;

(ii) Disposition of equipment;

(iii) Licensing of the radio spectrum by or on behalf of state agencies; and

(iv) Confidentiality of computerized data;

(b) To develop statewide and interagency technical policies, standards, and procedures;

(c) To review and approve standards and common specifications for new or expanded telecommunications networks proposed by agencies, public postsecondary education institutions, educational service districts, or

statewide or regional providers of K-12 information technology services;

(d) With input from the legislature and the judiciary, ~~((H:\DATA\2016 JOURNAL\Journal2016\LegDay050(to.doc)))~~ to provide direction concerning strategic planning goals and objectives for the state;

(e) To establish policies for the periodic review by the director of state agency performance which may include but are not limited to analysis of:

(i) Planning, management, control, and use of information services;

(ii) Training and education;

(iii) Project management; and

(iv) Cybersecurity;

(f) To coordinate with state agencies with an annual information technology expenditure that exceeds ten million dollars to implement a technology business management program to identify opportunities for savings and efficiencies in information technology expenditures and to monitor ongoing financial performance of technology investments; ~~((and))~~

(g) In conjunction with the consolidated technology services agency, to develop statewide standards for agency purchases of technology networking equipment and services;

(h) To implement a process for detecting, reporting, and responding to security incidents consistent with the information security standards, policies, and guidelines adopted by the director;

(i) To develop plans and procedures to ensure the continuity of commerce for information resources that support the operations and assets of state agencies in the event of a security incident; and

(j) To work with the department of commerce and other economic development stakeholders to facilitate the development of a strategy that includes key local, state, and federal assets that will create Washington as a national leader in cybersecurity. The office shall collaborate with, including but not limited to, community colleges, universities, the national guard, the department of defense, the department of energy, and national laboratories to develop the strategy.

(3) Statewide technical standards to promote and facilitate electronic information sharing and access are an essential component of acceptable and reliable public access service and complement content-related standards designed to meet those goals. The office shall:

(a) Establish technical standards to facilitate electronic access to government information and interoperability of information systems, including wireless communications systems; and

(b) Require agencies to include an evaluation of electronic public access needs when planning new information systems or major upgrades of systems.

In developing these standards, the office is encouraged to include the state library, state archives, and appropriate representatives of state and local government.

**NEW SECTION. Sec. 178.** A new section is added to chapter 43.105 RCW to read as follows:

(1) The office must evaluate the extent to which the state is building upon its existing expertise in information technology to become a national leader in cybersecurity, as described in section 1(6) of this act, by periodically evaluating the state's performance in achieving the following objectives:

(a) High levels of compliance with the state's information technology security policy and standards, as demonstrated by the attestation that state agencies make annually to the office in which they report their implementation of best practices identified by the office;

(b) Achieving recognition from the federal government as a leader in cybersecurity, as evidenced by federal dollars received for ongoing efforts or for piloting cybersecurity programs;

(c) Developing future leaders in cybersecurity, as evidenced by an increase in the number of students trained, and cybersecurity programs enlarged in educational settings from a January 1, 2016, baseline;

(d) Broad participation in cybersecurity trainings and exercises or outreach, as evidenced by the number of events and the number of participants;

(e) Full coverage and protection of state information technology assets by a centralized cybersecurity protocol; and

(f) Adherence by state agencies to recovery and resilience plans post cyber attack.

(2) The office is encouraged to collaborate with community colleges, universities, the department of commerce, and other stakeholders in obtaining the information necessary to measure its progress in achieving these objectives.

(3) Before December 1, 2020, the office must report to the legislature:

(a) Its performance in achieving the objectives described in subsection (1) of this section; and

(b) Its recommendations, if any, for additional or different metrics that would improve measurement of the effectiveness of the state's efforts to maintain leadership in cybersecurity.

(4) This section expires October 1, 2021.

**NEW SECTION. Sec. 179.** This act may be known and cited as the cybersecurity jobs act of 2016."

Correct the title.

Signed by Representatives Hudgins, Chair; Kuderer, Vice Chair; MacEwen, Ranking Minority Member; Caldier, Assistant Ranking Minority Member; Johnson, Morris and Senn.

Passed to Committee on Rules for second reading.

**SSB 6529**

February 29, 2016  
Prime Sponsor, Committee on Human Services, Mental Health & Housing: Strengthening opportunities for the rehabilitation and reintegration of juvenile offenders. Reported by Committee on Transportation

MAJORITY recommendation: Do pass as amended by Committee on Early Learning & Human Services. Signed by Representatives Clibborn, Chair; Farrell, Vice Chair; Fey, Vice Chair; Moscoso, Vice Chair; Orcutt, Ranking Minority Member; Hargrove, Assistant Ranking Minority Member; Harmsworth, Assistant Ranking Minority Member; Bergquist; Gregerson; Hickel; Kochmar; McBride; Moeller; Morris; Ortiz-Self; Pike; Riccelli; Rodne; Rossetti; Sells; Stambaugh and Tarleton.

MINORITY recommendation: Do not pass. Signed by Representatives Hayes; Shea and Young.

Passed to Committee on Rules for second reading.

February 29, 2016  
**E2SSB 6534** Prime Sponsor, Committee on Ways & Means: Establishing a maternal mortality review panel. Reported by Committee on Appropriations

MAJORITY recommendation: Do pass as amended by Committee on Appropriations and without amendment by Committee on Health Care & Wellness.

Strike everything after the enacting clause and insert the following:

**"NEW SECTION. Sec. 180.** A new section is added to chapter 70.54 RCW to read as follows:

(1) For the purposes of this section, "maternal mortality" or "maternal death" means a death of a woman while pregnant or within one year of delivering or following the end of a pregnancy, whether or not the woman's death is related to or aggravated by the pregnancy.

(2) A maternal mortality review panel is established to conduct comprehensive, multidisciplinary reviews of maternal deaths in Washington to identify factors associated with the deaths and make recommendations for system changes to improve health care services for women in this state. The members of the panel must be appointed by the secretary of the department of health, must serve without compensation, and may include:

- (a) An obstetrician;
- (b) A physician specializing in maternal fetal medicine;
- (c) A neonatologist;
- (d) A midwife with licensure in the state of Washington;
- (e) A representative from the department of health who works in the field of maternal and child health;
- (f) A department of health epidemiologist with experience analyzing perinatal data;
- (g) A pathologist; and
- (h) A representative of the community mental health centers.

(3) The maternal mortality review panel must conduct comprehensive, multidisciplinary reviews of maternal mortality in Washington. The panel may not call witnesses or take testimony from any individual involved in

the investigation of a maternal death or enforce any public health standard or criminal law or otherwise participate in any legal proceeding relating to a maternal death.

(4)(a) Information, documents, proceedings, records, and opinions created, collected, or maintained by the maternity mortality review panel or the department of health in support of the maternal mortality review panel are confidential and are not subject to public inspection or copying under chapter 42.56 RCW and are not subject to discovery or introduction into evidence in any civil or criminal action.

(b) Any person who was in attendance at a meeting of the maternal mortality review panel or who participated in the creation, collection, or maintenance of the panel's information, documents, proceedings, records, or opinions may not be permitted or required to testify in any civil or criminal action as to the content of such proceedings, or the panel's information, documents, records, or opinions. This subsection does not prevent a member of the panel from testifying in a civil or criminal action concerning facts which form the basis for the panel's proceedings of which the panel member had personal knowledge acquired independently of the panel or which is public information.

(c) Any person who, in substantial good faith, participates as a member of the maternal mortality review panel or provides information to further the purposes of the maternal mortality review panel may not be subject to an action for civil damages or other relief as a result of the activity or its consequences.

(d) All meetings, proceedings, and deliberations of the maternal mortality review panel may, at the discretion of the maternal mortality review panel, be confidential and may be conducted in executive session.

(e) The maternal mortality review panel and the secretary of the department of health may retain identifiable information regarding facilities where maternal deaths, or from which the patient was transferred, occur and geographic information on each case solely for the purposes of trending and analysis over time. All individually identifiable information must be removed before any case review by the panel.

(5) The department of health shall review department available data to identify maternal deaths. To aid in determining whether a maternal death was related to or aggravated by the pregnancy, and whether it was preventable, the department of health has the authority to:

(a) Request and receive data for specific maternal deaths including, but not limited to, all medical records, autopsy reports, medical examiner reports, coroner reports, and social service records; and

(b) Request and receive data as described in (a) of this subsection from health care providers, health care facilities, clinics, laboratories, medical examiners, coroners, professions and facilities licensed by the department of health, local health jurisdictions, the health care authority and its licensees and providers, and the department of social and health services and its licensees and providers.

(6) Upon request by the department of health, health care providers, health care facilities, clinics, laboratories, medical examiners, coroners, professions and facilities licensed by the department of health, local health jurisdictions, the health care authority and its licensees and

providers, and the department of social and health services and its licensees and providers must provide all medical records, autopsy reports, medical examiner reports, coroner reports, social services records, information and records related to sexually transmitted diseases, and other data requested for specific maternal deaths as provided for in subsection (5) of this section to the department.

(7) By July 1, 2017, and biennially thereafter, the maternal mortality review panel must submit a report to the secretary of the department of health and the health care committees of the senate and house of representatives. The report must protect the confidentiality of all decedents and other participants involved in any incident. The report must be distributed to relevant stakeholder groups for performance improvement. Interim results may be shared at the Washington state hospital association coordinated quality improvement program. The report must include the following:

(a) A description of the maternal deaths reviewed by the panel during the preceding twenty-four months, including statistics and causes of maternal deaths presented in the aggregate, but the report must not disclose any identifying information of patients, decedents, providers, and organizations involved; and

(b) Evidence-based system changes and possible legislation to improve maternal outcomes and reduce preventable maternal deaths in Washington.

**Sec. 181.** RCW 42.56.360 and 2014 c 223 s 17 are each amended to read as follows:

(1) The following health care information is exempt from disclosure under this chapter:

(a) Information obtained by the pharmacy quality assurance commission as provided in RCW 69.45.090;

(b) Information obtained by the pharmacy quality assurance commission or the department of health and its representatives as provided in RCW 69.41.044, 69.41.280, and 18.64.420;

(c) Information and documents created specifically for, and collected and maintained by a quality improvement committee under RCW 43.70.510, 70.230.080, or 70.41.200, or by a peer review committee under RCW 4.24.250, or by a quality assurance committee pursuant to RCW 74.42.640 or 18.20.390, or by a hospital, as defined in RCW 43.70.056, for reporting of health care-associated infections under RCW 43.70.056, a notification of an incident under RCW 70.56.040(5), and reports regarding adverse events under RCW 70.56.020(2)(b), regardless of which agency is in possession of the information and documents;

(d)(i) Proprietary financial and commercial information that the submitting entity, with review by the department of health, specifically identifies at the time it is submitted and that is provided to or obtained by the department of health in connection with an application for, or the supervision of, an antitrust exemption sought by the submitting entity under RCW 43.72.310;

(ii) If a request for such information is received, the submitting entity must be notified of the request. Within ten business days of receipt of the notice, the submitting entity shall provide a written statement of the continuing need for

confidentiality, which shall be provided to the requester. Upon receipt of such notice, the department of health shall continue to treat information designated under this subsection (1)(d) as exempt from disclosure;

(iii) If the requester initiates an action to compel disclosure under this chapter, the submitting entity must be joined as a party to demonstrate the continuing need for confidentiality;

(e) Records of the entity obtained in an action under RCW 18.71.300 through 18.71.340;

(f) Complaints filed under chapter 18.130 RCW after July 27, 1997, to the extent provided in RCW 18.130.095(1);

(g) Information obtained by the department of health under chapter 70.225 RCW;

(h) Information collected by the department of health under chapter 70.245 RCW except as provided in RCW 70.245.150;

(i) Cardiac and stroke system performance data submitted to national, state, or local data collection systems under RCW 70.168.150(2)(b);

(j) All documents, including completed forms, received pursuant to a wellness program under RCW 41.04.362, but not statistical reports that do not identify an individual; and

(k) Data and information exempt from disclosure under RCW 43.371.040.

(2) Chapter 70.02 RCW applies to public inspection and copying of health care information of patients.

(3)(a) Documents related to infant mortality reviews conducted pursuant to RCW 70.05.170 are exempt from disclosure as provided for in RCW 70.05.170(3).

(b)(i) If an agency provides copies of public records to another agency that are exempt from public disclosure under this subsection (3), those records remain exempt to the same extent the records were exempt in the possession of the originating entity.

(ii) For notice purposes only, agencies providing exempt records under this subsection (3) to other agencies may mark any exempt records as "exempt" so that the receiving agency is aware of the exemption, however whether or not a record is marked exempt does not affect whether the record is actually exempt from disclosure.

(4) Information and documents related to maternal mortality reviews conducted pursuant to section 1 of this act are confidential and exempt from public inspection and copying.

NEW SECTION. Sec. 182. If specific funding for the purposes of this act, referencing this act by bill or chapter number, is not provided by June 30, 2016, in the omnibus appropriations act, this act is null and void.

NEW SECTION. Sec. 183. This act expires June 30, 2020."

Correct the title.

Signed by Representatives Dunshee, Chair; Ormsby, Vice Chair; Chandler, Ranking Minority Member;

Parker, Assistant Ranking Minority Member; Wilcox, Assistant Ranking Minority Member; Buys; Cody; Dent; Fitzgibbon; Haler; Hansen; Harris; Hudgins; Hunt, S.; Jinkins; Kagi; Lytton; MacEwen; Magendanz; Manweller; Pettigrew; Robinson; Sawyer; Schmick; Senn; Springer; Stokesbary; Sullivan; Tharinger; Van Werven and Walkinshaw.

MINORITY recommendation: Do not pass. Signed by Representatives Condotta and Taylor.

Passed to Committee on Rules for second reading.

February 29, 2016

E2SSB 6564 Prime Sponsor, Committee on Ways & Means: Providing protections for persons with developmental disabilities. Reported by Committee on Appropriations

MAJORITY recommendation: Do pass as amended by Committee on Early Learning & Human Services. Signed by Representatives Dunshee, Chair; Ormsby, Vice Chair; Chandler, Ranking Minority Member; Parker, Assistant Ranking Minority Member; Wilcox, Assistant Ranking Minority Member; Buys; Cody; Condotta; Dent; Fitzgibbon; Haler; Hansen; Harris; Hudgins; Hunt, S.; Jinkins; Kagi; Lytton; MacEwen; Magendanz; Manweller; Pettigrew; Robinson; Sawyer; Schmick; Senn; Springer; Stokesbary; Sullivan; Tharinger; Van Werven and Walkinshaw.

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

Passed to Committee on Rules for second reading.

February 29, 2016

E2SSB 6601 Prime Sponsor, Committee on Ways & Means: Creating the Washington college savings program. Reported by Committee on Appropriations

MAJORITY recommendation: Do pass as amended by Committee on Appropriations and without amendment by Committee on Higher Education.

Strike everything after the enacting clause and insert the following:

"**Sec. 184.** RCW 28B.95.010 and 1997 c 289 s 1 are each amended to read as follows:

(1) The Washington advanced college tuition payment program is established to help make higher education affordable and accessible to all citizens of the state of Washington by offering a savings incentive that will protect purchasers and beneficiaries against rising tuition costs. ((The program is))

(2) Subject to the availability of amounts appropriated for this specific purpose, the Washington college savings program is established to provide an

additional financial option for individuals, organizations, and families to save for college.

~~(3)~~ These programs are designed to encourage savings and enhance the ability of Washington citizens to obtain financial access to institutions of higher education. In addition, the programs encourage~~(\*)~~ elementary and secondary school students to do well in school as a means of preparing for and aspiring to higher education attendance. ~~((This program is))~~ These programs are intended to promote a well-educated and financially secure population to the ultimate benefit of all citizens of the state of Washington.

**Sec. 185.** RCW 28B.95.020 and 2015 3rd sp.s. c 36 s 6 are each amended to read as follows:

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

(1) "Academic year" means the regular nine-month, three-quarter, or two-semester period annually occurring between August 1st and July 31st.

(2) "Account" means the Washington advanced college tuition payment program account established for the deposit of all money received by the office from eligible purchasers and interest earnings on investments of funds in the account, as well as for all expenditures on behalf of eligible beneficiaries for the redemption of tuition units and for the development of any authorized college savings program pursuant to RCW 28B.95.150.

(3) "Advisor sold" means a channel through which a broker dealer, investment advisor, or other financial intermediary recommends the Washington college savings program established pursuant to RCW 28B.95.010 to eligible investors and assists with the opening and servicing of individual college savings program accounts.

(4) "College savings program account" means the Washington college savings program account established pursuant to RCW 28B.95.010.

(5) "Committee on advanced tuition payment and college savings" or "committee" means a committee of the following members: The state treasurer, the director of the office of financial management, the director of the office, or their designees, and two members to be appointed by the governor, one representing program participants and one private business representative with marketing, public relations, or financial expertise.

~~((4))~~ (6) "Contractual obligation" means a legally binding contract of the state with the purchaser and the beneficiary establishing that purchases of tuition units in the advanced college tuition payment program will be worth the same number of tuition units at the time of redemption as they were worth at the time of the purchase, except as provided in RCW 28B.95.030(7).

~~((5))~~ (7) "Dual credit fees" means any fees charged to a student for participation in college in the high school under RCW 28A.600.290 or running start under RCW 28A.600.310.

~~((6))~~ (8) "Eligible beneficiary" means the person ~~((for whom the tuition unit will be redeemed for attendance at an institution of higher education, participation in college in the high school under RCW 28A.600.290, or participation in running start under RCW 28A.600.310. The~~

~~beneficiary is that person named by the purchaser at the time that a tuition unit contract is accepted by the governing body))~~ designated as the individual whose education expenses are to be paid from the advanced college tuition payment program or the college savings program. Qualified organizations, as allowed under section 529 of the federal internal revenue code, purchasing tuition unit contracts as future scholarships need not designate a beneficiary at the time of purchase.

~~((7))~~ (9) "Eligible contributor" means an individual or organization that contributes money for the purchase of tuition units, and for an individual college savings program account established pursuant to this chapter for an eligible beneficiary.

(10) "Eligible purchaser" means an individual or organization that has entered into a tuition unit contract with the governing body for the purchase of tuition units in the advanced college tuition payment program for an eligible beneficiary, or that has entered into a participant college savings program account contract for an eligible beneficiary. The state of Washington may be an eligible purchaser for purposes of purchasing tuition units to be held for granting Washington college bound scholarships.

~~((8))~~ (11) "Full-time tuition charges" means resident tuition charges at a state institution of higher education for enrollments between ten credits and eighteen credit hours per academic term.

~~((9))~~ (12) "Governing body" means the committee empowered by the legislature to administer the Washington advanced college tuition payment program and the Washington college savings program.

~~((10))~~ (13) "Individual college savings program account" means the formal record of transactions relating to a Washington college savings program beneficiary.

(14) "Institution of higher education" means an institution that offers education beyond the secondary level and is recognized by the internal revenue service under chapter 529 of the internal revenue code.

~~((11))~~ (15) "Investment board" means the state investment board as defined in chapter 43.33A RCW.

~~((12))~~ (16) "Investment manager" means the state investment board, another state, or any other entity as selected by the governing body, including another college savings plan established pursuant to section 529 of the internal revenue code.

(17) "Office" means the office of student financial assistance as defined in chapter 28B.76 RCW.

~~((13))~~ (18) "Owner" means the eligible purchaser or the purchaser's successor in interest who shall have the exclusive authority to make decisions with respect to the tuition unit contract or the individual college savings program contract. The owner has exclusive authority and responsibility to establish and change the asset investment options for a beneficiaries' individual college savings program account.

(19) "Participant college savings program account contract" means a contract to participate in the Washington college savings program between an eligible purchaser and the office.

(20) "State institution of higher education" means institutions of higher education as defined in RCW 28B.10.016.

~~((14))~~ (21) "Tuition and fees" means undergraduate tuition and services and activities fees as defined in RCW 28B.15.020 and 28B.15.041 rounded to the nearest whole dollar. For purposes of this chapter, services and activities fees do not include fees charged for the payment of bonds heretofore or hereafter issued for, or other indebtedness incurred to pay, all or part of the cost of acquiring, constructing, or installing any lands, buildings, or facilities.

~~((15))~~ (22) "Tuition unit contract" means a contract between an eligible purchaser and the governing body, or a successor agency appointed for administration of this chapter, for the purchase of tuition units in the advanced college tuition payment program for a specified beneficiary that may be redeemed at a later date for an equal number of tuition units, except as provided in RCW 28B.95.030(7).

~~((16))~~ (23) "Unit purchase price" means the minimum cost to purchase one tuition unit in the advanced college tuition payment program for an eligible beneficiary. Generally, the minimum purchase price is one percent of the undergraduate tuition and fees for the current year, rounded to the nearest whole dollar, adjusted for the costs of administration and adjusted to ensure the actuarial soundness of the account. The analysis for price setting shall also include, but not be limited to consideration of past and projected patterns of tuition increases, program liability, past and projected investment returns, and the need for a prudent stabilization reserve.

**Sec. 186.** RCW 28B.95.025 and 2011 1st sp.s. c 11 s 169 are each amended to read as follows:

The office shall maintain appropriate offices and employ and fix compensation of such personnel as may be necessary to perform the advanced college tuition payment program and the Washington college savings program duties. The office shall consult with the governing body on the selection, compensation, and other issues relating to the employment of the program director. The positions are exempt from classified service under chapter 41.06 RCW. The employees shall be employees of the office.

**Sec. 187.** RCW 28B.95.030 and 2015 3rd sp.s. c 36 s 7 are each amended to read as follows:

(1) The Washington advanced college tuition payment program shall be administered by the committee on advanced tuition payment which shall be chaired by the director of the office. The committee shall be supported by staff of the office.

(2)(a) The Washington advanced college tuition payment program shall consist of the sale of tuition units, which may be redeemed by the beneficiary at a future date for an equal number of tuition units regardless of any increase in the price of tuition, that may have occurred in the interval, except as provided in subsection (7) of this section.

(b) Each purchase shall be worth a specific number of or fraction of tuition units at each state institution of higher education as determined by the governing body, except as provided in subsection (7) of this section.

(c) The number of tuition units necessary to pay for a full year's, full-time undergraduate tuition and fee charges at a state institution of higher education shall be set by the governing body at the time a purchaser enters into a tuition unit contract, except as provided in subsection (7) of this section.

(d) The governing body may limit the number of tuition units purchased by any one purchaser or on behalf of any one beneficiary, however, no limit may be imposed that is less than that necessary to achieve four years of full-time, undergraduate tuition charges at a state institution of higher education. The governing body also may, at its discretion, limit the number of participants, if needed, to ensure the actuarial soundness and integrity of the program.

(e) While the Washington advanced college tuition payment program is designed to help all citizens of the state of Washington, the governing body may determine residency requirements for eligible purchasers and eligible beneficiaries to ensure the actuarial soundness and integrity of the program.

(3)(a) No tuition unit may be redeemed until two years after the purchase of the unit.

(b) Units may be redeemed for enrollment at any institution of higher education that is recognized by the internal revenue service under chapter 529 of the internal revenue code. Units may also be redeemed to pay for dual credit fees.

(c) Units redeemed at a nonstate institution of higher education or for graduate enrollment shall be redeemed at the rate for state public institutions in effect at the time of redemption.

(4) The governing body shall determine the conditions under which the tuition benefit may be transferred to another family member. In permitting such transfers, the governing body may not allow the tuition benefit to be bought, sold, bartered, or otherwise exchanged for goods and services by either the beneficiary or the purchaser.

(5) The governing body shall administer the Washington advanced college tuition payment program in a manner reasonably designed to be actuarially sound, such that the assets of the trust will be sufficient to defray the obligations of the trust including the costs of administration. The governing body may, at its discretion, discount the minimum purchase price for certain kinds of purchases such as those from families with young children, as long as the actuarial soundness of the account is not jeopardized.

(6) The governing body shall annually determine current value of a tuition unit.

(7) For the 2015-16 and 2016-17 academic years only, the governing body shall set the payout value for units redeemed during that academic year only at one hundred seventeen dollars and eighty-two cents per unit. For academic years after the 2016-17 academic year, the governing body shall make program adjustments it deems necessary and appropriate to ensure that the total payout value of each account on October 9, 2015, is not decreased or diluted as a result of the initial application of any changes in tuition under section 3, chapter 36, Laws of 2015 3rd sp. sess. In the event the committee or governing body provides additional units under chapter 36, Laws of

2015 3rd sp. sess., the committee and governing body shall also increase the maximum number of units that can be redeemed in any year to mitigate the reduction in available account value during any year as a result of chapter 36, Laws of 2015 3rd sp. sess. The governing body must notify holders of tuition units after the adjustment in this subsection is made and must include a statement concerning the adjustment.

(8) The governing body shall promote, advertise, and publicize the Washington advanced college tuition payment program. Materials and online publications advertising the Washington advanced college tuition payment program shall include a disclaimer that the Washington advanced college tuition payment program's guarantee is that one hundred tuition units will equal one year of full-time, resident, undergraduate tuition at the most expensive state institution of higher education, and that if resident, undergraduate tuition is reduced, a tuition unit may lose monetary value.

(9) In addition to any other powers conferred by this chapter, the governing body may:

- (a) Impose reasonable limits on the number of tuition units or units that may be used in any one year;
- (b) Determine and set any time limits, if necessary, for the use of benefits under this chapter;
- (c) Impose and collect administrative fees and charges in connection with any transaction under this chapter;
- (d) Appoint and use advisory committees and the state actuary as needed to provide program direction and guidance;
- (e) Formulate and adopt all other policies and rules necessary for the efficient administration of the program;
- (f) Consider the addition of an advanced payment program for room and board contracts and also consider a college savings program;
- (g) Purchase insurance from insurers licensed to do business in the state, to provide for coverage against any loss in connection with the account's property, assets, or activities or to further insure the value of the tuition units;
- (h) Make, execute, and deliver contracts, conveyances, and other instruments necessary to the exercise and discharge of its powers and duties under this chapter;
- (i) Contract for the provision for all or part of the services necessary for the management and operation of the program with other state or nonstate entities authorized to do business in the state;
- (j) Contract for other services or for goods needed by the governing body in the conduct of its business under this chapter;
- (k) Contract with financial consultants, actuaries, auditors, and other consultants as necessary to carry out its responsibilities under this chapter;
- (l) Solicit and accept cash donations and grants from any person, governmental agency, private business, or organization; and
- (m) Perform all acts necessary and proper to carry out the duties and responsibilities of this program under this chapter.

NEW SECTION. Sec. 188. A new section is added to chapter 28B.95 RCW to read as follows:

(1) The Washington college savings program shall be administered by the committee, which shall be chaired by the director of the office. The committee shall be supported by staff of the office.

(2) The Washington college savings program shall consist of the college savings program account and the individual college savings program accounts, and shall allow an eligible purchaser to establish an individual college savings program account for an eligible beneficiary whereby the money in the account may be invested and used for enrollment at any institution of higher education that is recognized by the internal revenue service under chapter 529 of the internal revenue code. Money in the account may also be used to pay for dual credit fees.

(3) The Washington college savings program is open to eligible purchasers and eligible beneficiaries who are residents or nonresidents of Washington state.

(4) The Washington college savings program shall not require eligible purchasers to make an initial minimum contribution in any amount that exceeds twenty-five dollars when establishing a new account.

(5) The committee may contract with other state or nonstate entities that are authorized to do business in the state for the investment of moneys in the college savings program, including other college savings plans established pursuant to section 529 of the internal revenue code. The investment of eligible contributors' deposits may be in credit unions, savings and loan associations, banks, mutual savings banks, purchase life insurance, shares of an investment company, individual securities, fixed annuity contracts, variable annuity contracts, any insurance company, other 529 plans, or any investment company licensed to contract business in this state.

(6) The governing body shall determine the conditions under which control or the beneficiary of an individual college savings program account may be transferred to another family member. In permitting such transfers, the governing body may not allow the individual college savings program account to be bought, sold, bartered, or otherwise exchanged for goods and services by either the beneficiary or the purchaser.

(7) The governing body shall promote, advertise, and publicize the Washington college savings program.

(8) The governing body shall develop materials to educate potential account owners and beneficiaries on (a) the differences between the advanced college tuition payment program and the Washington college savings program, and (b) how the two programs can complement each other to save towards the full cost of attending college.

(9) In addition to any other powers conferred by this chapter, the governing body may:

- (a) Impose limits on the amount of contributions that may be made on behalf of any eligible beneficiary;
- (b) Determine and set age limits and any time limits for the use of benefits under this chapter;
- (c) Establish incentives to encourage participation in the Washington college savings program to include but not be limited to entering into agreements with any public or private employer under which an employee may agree to



have a designated amount deducted in each payroll period from the wages due the employee for the purpose of making contributions to a participant college savings program account;

(d) Impose and collect administrative fees and charges in connection with any transaction under this chapter;

(e) Appoint and use advisory committees and the state actuary as needed to provide program direction and guidance;

(f) Formulate and adopt all other policies and rules necessary for the efficient administration of the program;

(g) Purchase insurance from insurers licensed to do business in the state, to provide for coverage against any loss in connection with the account's property, assets, or activities;

(h) Make, execute, and deliver contracts, conveyances, and other instruments necessary to the exercise and discharge of its powers and duties under this chapter;

(i) Contract for the provision for all or part of the services necessary for the management and operation of the Washington college savings program with other state or nonstate entities authorized to do business in the state for the investment of moneys;

(j) Contract for other services or for goods needed by the governing body in the conduct of its business under this chapter;

(k) Contract with financial consultants, actuaries, auditors, and other consultants as necessary to carry out its responsibilities under this chapter;

(l) Review advisor sold 529 college savings plan programs used by other states to supplement direct-sold channels, provide additional program access and options, increase overall college savings by residents, and if deemed appropriate, establish an advisor sold option for the Washington college savings program;

(m) Solicit and accept gifts, bequests, cash donations, and grants from any person, governmental agency, private business, or organization; and

(n) Perform all acts necessary and proper to carry out the duties and responsibilities of the Washington college savings program under this chapter.

(10) It is the intent of the legislature to establish policy goals for the Washington college savings program. The policy goals established under this section are deemed consistent with creating a nationally competitive 529 savings plan. The Washington college savings program should support achievement of these policy goals:

(a) Process: To have an investment manager design a thoughtful, well-diversified glide path for age-based portfolios and offer a robust suite of investment options;

(b) People: To have a well-resourced, talented, and long-tenured investment manager;

(c) Parent: To demonstrate that the committee is a good caretaker of college savers' capital and can manage the plan professionally;

(d) Performance: To demonstrate that the program's options have earned their keep with solid risk-adjusted returns over relevant time periods; and

(e) Price: To demonstrate that the investment options are a good value.

(11) The powers, duties, and functions of the Washington college savings program must be performed in a manner consistent with the policy goals in subsection (10) of this section.

(12) The policy goals in this section are intended to be the basis for establishing detailed and measurable objectives and related performance measures.

(13) It is the intent of the legislature that the committee establish objectives and performance measures for the investment manager to progress toward the attainment of the policy goals in subsection (10) of this section. The committee shall submit objectives and performance measures to the legislature for its review and shall provide an updated report on the objectives and measures before the regular session of the legislature during even-numbered years thereafter.

**NEW SECTION. Sec. 189.** A new section is added to chapter 28B.95 RCW to read as follows:

(1) The committee shall create an expedited process by which owners can complete a direct rollover of a 529 account from (a) a state-sponsored prepaid tuition plan to a state-sponsored college savings plan, (b) a state-sponsored college savings plan to a state-sponsored prepaid tuition plan, or (c) a state-sponsored prepaid tuition plan or a state-sponsored college savings plan to an out-of-state eligible 529 plan.

(2) The committee shall report annually to the governor and the appropriate committees of the legislature on (a) the number of accounts that have been rolled into the Washington college savings program from out of state and (b) the number of accounts rolled out of the Washington college savings program to 529 plans into other states.

**Sec. 190.** RCW 28B.95.035 and 1998 c 69 s 3 are each amended to read as follows:

No member of the committee is liable for the negligence, default, or failure of any other person or members of the committee to perform the duties of office and no member may be considered or held to be an insurer of the funds or assets of any of the advanced college tuition payment program or any of the Washington college savings program.

**Sec. 191.** RCW 28B.95.040 and 2011 1st sp.s. c 11 s 171 are each amended to read as follows:

The governing body may, at its discretion, allow an organization to purchase tuition units or establish savings plans for future use as scholarships. Such organizations electing to purchase tuition units or establish Washington college savings program accounts for this purpose must enter into a contract with the governing body which, at a minimum, ensures that the scholarship shall be freely given by the purchaser to a scholarship recipient. For such purchases, the purchaser need not name a beneficiary until four months before the date when the tuition units are first expected to be used.

The governing body shall formulate and adopt such rules as are necessary to determine which organizations

may qualify to purchase tuition units or establish Washington college savings program accounts for scholarships under this section. The governing body also may consider additional rules for the use of tuition units or Washington college savings program accounts if purchased as scholarships.

The governing body may establish a scholarship fund with moneys from the Washington advanced college tuition payment program account. A scholarship fund established under this authority shall be administered by the office and shall be provided to students who demonstrate financial need. Financial need is not a criterion that any other organization need consider when using tuition units as scholarships. The office also may establish its own corporate-sponsored scholarship fund under this chapter.

**NEW SECTION. Sec. 192.** A new section is added to chapter 28B.95 RCW to read as follows:

(1) The Washington college savings program account is created in the custody of the state treasurer. The account shall be a discrete nontreasury account retaining its interest earnings in accordance with RCW 43.79A.040.

(2) The governing body shall deposit in the account all moneys received for the program. The account shall be self-sustaining and consist of payments received for the purposes of college savings for the beneficiary. With the exception of investment and operating costs associated with the investment of money by a nonstate entity or paid under RCW 43.08.190, 43.33A.160, and 43.84.160, the account shall be credited with all investment income earned by the account. Disbursements from the account are exempt from appropriations and the allotment provisions of chapter 43.88 RCW. Money used for program administration is subject to the allotment of all expenditures. However, an appropriation is not required for such expenditures. Program administration includes, but is not limited to: The salaries and expenses of the Washington college savings program personnel including lease payments, travel, and goods and services necessary for program operation; contracts for Washington college savings program promotion and advertisement, audits, and account management; and other general costs of conducting the business of the Washington college savings program.

(3) The account is authorized to maintain a cash deficit in the account for a period no more than five fiscal years to defray its initial program administration costs. By December 31, 2017, the governing body shall establish a program administration spending plan and a fee schedule to discharge any projected cash deficit to the account. The legislature may make appropriations into the account for the purpose of reducing program administration costs.

(4) The assets of the account may be spent without appropriation for the purpose of making payments to institutions of higher education on behalf of the qualified beneficiaries, making refunds, transfers, or direct payments upon the termination of the Washington college savings program. Disbursements from the account shall be made only on the authorization of the governing body.

(5) With regard to the assets of the account, the state acts in a fiduciary, not ownership, capacity. Therefore

the assets of the program are not considered state money, common cash, or revenue to the state.

**Sec. 193.** RCW 28B.95.080 and 2011 1st sp.s. c 12 s 3 are each amended to read as follows:

The governing body shall annually evaluate, and cause to be evaluated by the state actuary, the soundness of the advanced college tuition payment program account and determine the additional assets needed, if any, to defray the obligations of the account. The governing body may, at its discretion, consult with a nationally recognized actuary for periodic assessments of the account.

If funds are determined by the governing body, based on actuarial analysis to be insufficient to ensure the actuarial soundness of the account, the governing body shall adjust the price of subsequent tuition credit purchases to ensure its soundness.

If there are insufficient numbers of new purchases to ensure the actuarial soundness of the account, the governing body shall request such funds from the legislature as are required to ensure the integrity of the program. Funds may be appropriated directly to the account or appropriated under the condition that they be repaid at a later date. The repayment shall be made at such time that the account is again determined to be actuarially sound.

**NEW SECTION. Sec. 194.** A new section is added to chapter 28B.95 RCW to read as follows:

The governing body shall begin and continue to accept applications for new tuition unit contracts and authorize the sale of new tuition units by July 1, 2017. Upon reopening the advanced college tuition payment program, in any year in which the total annual sale of tuition units is below five hundred thousand, the governing body shall determine how to reinvigorate the advanced college tuition payment program to incentivize Washingtonians to enter into tuition unit contracts and purchase tuition units.

**Sec. 195.** RCW 28B.95.090 and 2005 c 272 s 3 are each amended to read as follows:

(1) In the event that the ((state)) legislature determines that the advanced college tuition payment program is not financially feasible, or for any other reason, the ((state)) legislature may declare the discontinuance of the program. At the time of such declaration, the governing body will cease to accept any further tuition unit contracts or purchases.

(2) The remaining tuition units for all beneficiaries who have either enrolled in higher education or who are within four years of graduation from a secondary school shall be honored until such tuition units have been exhausted, or for ten fiscal years from the date that the program has been discontinued, whichever comes first. All other contract holders shall receive a refund equal to the value of the current tuition units in effect at the time that the program was declared discontinued.

(3) At the end of the ten-year period, any tuition units remaining unused by currently active beneficiaries

enrolled in higher education shall be refunded at the value of the current tuition unit in effect at the end of that ten-year period.

(4) At the end of the ten-year period, all other funds remaining in the account not needed to make refunds or to pay for administrative costs shall be deposited to the state general fund.

(5) The governing body may make refunds under other exceptional circumstances as it deems fit, however, no tuition units may be honored after the end of the tenth fiscal year following the declaration of discontinuance of the program.

**NEW SECTION. Sec. 196.** A new section is added to chapter 28B.95 RCW to read as follows:

(1) The investment manager has the full power to invest, reinvest, manage, contract, sell, or exchange investment money in the Washington college savings program without limitation as to the amount pursuant to RCW 43.84.150 and 43.33A.140. All investment and operating costs associated with the investment of money must be paid to the investment manager as allowed by RCW 43.33A.160 and 43.84.160. With the exception of these expenses and the administrative costs authorized in sections 5 and 9 of this act, one hundred percent of all earnings from investments accrue directly to the owner of the individual college savings program account.

(2) The governing body may allow owners to self-direct the investment of moneys in individual college savings program accounts through the selection of investment options. The governing body may provide plans that it deems are in the interests of the owners and beneficiaries.

(a) The investment manager, after consultation with the governing body, shall provide a set of options for owners to choose from for investment of individual college savings program account contributions, including an age-based investment option.

(b) The investment manager has the full authority to invest moneys pursuant to the investment directions of the owner of a self-directed individual college savings program account.

(3) Annually on each December 1st, the committee shall report to the governor and the appropriate committees of the legislature regarding the total fees charged to each investment option offered in the Washington college savings program. It is the intent of the legislature that fees charged to the owner not exceed one-half of one percent for any investment option on an annual basis. Beginning January 1, 2018, fees charged to the owner may not exceed one-half of one percent for any investment option on an annual basis.

(4) In the next succeeding legislative session following receipt of a report required under subsection (3) of this section, the appropriate committees of the legislature shall review the report and consider whether any legislative action is necessary with respect to the investment option with fees that exceed one-half of one percent, including but not limited to consideration of whether any legislative action is necessary with respect to reducing the fees and expenses associated with the underlying investment option.

With the exception of fees associated with the administration of the program authorized in sections 5 and 9 of this act, all moneys in the college savings program account, all property and rights purchased with the account, and all income attributable to the account, shall be held in trust for the exclusive benefit of the owners and their eligible beneficiaries.

(5) All investments made by the investment manager shall be made with the exercise of that degree of judgment and care expressed in chapter 43.33A RCW.

(6) As deemed appropriate by the investment manager, money in the Washington college savings program account may be commingled for investment with other funds subject to investment by the investment manager.

(7) The authority to establish all policies relating to the Washington college savings program and the Washington college savings program account, other than investment policies resides with the governing body. With the exception of expenses of the investment manager as provided in subsection (1) of this section, disbursements from the Washington college savings program account shall be made only on the authorization of the governing body or its designee, and moneys in the account may be spent only for the purposes of the Washington college savings program as specified in this chapter.

(8) The investment manager shall routinely consult and communicate with the governing body on the investment policy, earnings of the trust, and related needs of the Washington college savings program.

**Sec. 197.** RCW 28B.95.100 and 2000 c 14 s 7 are each amended to read as follows:

(1) The governing body, in planning and devising the advanced college tuition payment program and the Washington college savings program, shall consult with the investment board, the state treasurer, the office of financial management, and the institutions of higher education.

(2) The governing body may seek the assistance of the state agencies named in subsection (1) of this section, private financial institutions, and any other qualified party with experience in the areas of accounting, actuary, risk management, or investment management to assist with preparing an accounting of the programs and ensuring the fiscal soundness of the advanced college tuition payment program account and the Washington college savings program account.

(3) State agencies and public institutions of higher education shall fully cooperate with the governing body in matters relating to the programs in order to ensure the solvency of the advanced college tuition payment account and the Washington college savings program account and ability of the governing body to meet outstanding commitments.

**NEW SECTION. Sec. 198.** A new section is added to chapter 28B.95 RCW to read as follows:

The intent of the Washington college savings program is to make distributions from individual college savings program accounts for beneficiaries' attendance at

public or private institutions of higher education. Federal penalties and taxes associated with 529 savings plan refunds may apply to any refund issued by the Washington college savings plan. Refunds shall be issued under specific conditions that may include the following:

(1) Certification that the beneficiary, who is eighteen years of age or older, will not attend a public or private institution of higher education, will result in a refund not to exceed the current value at the time of such certification. The refund shall be made no sooner than ninety days after such certification, less any administrative processing fees assessed by the governing body;

(2) If there is certification of the death or disability of the beneficiary, the refund shall be equal to one hundred percent of the current value at the time that such certification is submitted to the governing body, less any administrative processing fees assessed by the governing body;

(3) If there is certification by the student of graduation or program completion, the refund shall be as great as one hundred percent of the current value at the time that such certification is submitted to the governing body, less any administrative processing fees assessed by the governing body. The governing body may, at its discretion, impose a penalty if needed to comply with federal tax rules;

(4) If there is certification of other tuition and fee scholarships that will cover the cost of tuition for the eligible beneficiary, the refund may not exceed the value of the scholarship or scholarships, less any administrative processing fees assessed by the governing body;

(5) Incorrect or misleading information provided by the purchaser or beneficiaries may result in a refund of the purchaser's and contributors' contributions, less any administrative processing fees assessed by the governing body. The value of the refund must not exceed the actual dollar value of the purchaser's or contributors' contributions; and

(6) The governing body may determine other circumstances qualifying for refunds of remaining unused participant Washington college savings program account balances and may determine the value of that refund.

**NEW SECTION. Sec. 199.** A new section is added to chapter 28B.95 RCW to read as follows:

With regard to bankruptcy filings and enforcement of judgments under Title 6 RCW, participant Washington college savings program account deposits made more than two years before the date of filing or judgment are considered excluded personal assets.

**Sec. 200.** RCW 28B.95.150 and 2012 c 198 s 16 are each amended to read as follows:

(1) The committee may establish a college savings program. If such a program is established, the college savings program shall be established, in such form as may be determined by the committee, to be a qualified state tuition program as defined by the internal revenue service under section 529 of the internal revenue code, and shall be administered in a manner consistent with the Washington

advanced college tuition payment program. The committee, in planning and devising the program, shall consult with the state investment board, the state treasurer, the state actuary, the legislative fiscal and higher education committees, and the institutions of higher education. The governing body may, at its discretion, consult with a qualified actuarial consulting firm with appropriate expertise to evaluate such plans for periodic assessments of the program.

(2) Up to two hundred thousand dollars of administrative fees collected from guaranteed education tuition program participants may be applied as a loan to fund the development and start-up of a college savings program. This loan must be repaid with interest before the conclusion of the biennium following the biennium in which the committee draws funds for this purpose from the advanced college tuition payment program account.

(3) The committee, after consultation with the state investment board or other contracted investment manager, shall determine the investment policies for the college savings program. Program contributions may be invested by the state investment board, in which case it and not the committee shall determine the investment policies for the college savings program, or the committee may contract with an investment company licensed to conduct business in this state to do the investing. The committee shall keep or cause to be kept full and adequate accounts and records of the assets of each individual participant in the college savings program.

(4)(a) The governing body may elect to have the state investment board serve as investment manager for the funds in the college savings program. Members of the state investment board and its officers and employees are not considered an insurer of the funds or assets and are not liable for any action or inaction.

(b) Members of the state investment board and its officers and employees are not liable to the state, to the fund, or to any other person as a result of their activities as members, whether ministerial or discretionary, except for willful dishonesty or intentional violations of law. The state investment board in its discretion may purchase liability insurance for members.

(c) If selected by the governing body to be the investment manager, the state investment board retains all authority to establish all investment policies relating to the investment of college savings program moneys.

(d) The state investment board shall routinely consult and communicate with the committee on the investment policy, earnings of the accounts, and related needs of the college savings program.

(5) The owner has exclusive authority and responsibility to establish and change the asset allocation for an individual participant college savings program account.

(6) Neither the state nor any eligible educational institution may be considered or held to be an insurer of the funds or assets of the individual participant accounts in the college savings program created under this section nor may any such entity be held liable for any shortage of funds in the event that balances in the individual participant accounts are insufficient to meet the educational expenses of the institution chosen by the student for which the individual participant account was intended.

~~((5))~~ (7) The committee shall adopt rules to implement this section. Such rules shall include but not be limited to administration, investment management, recordkeeping, promotion, and marketing; compliance with internal revenue service standards and applicable securities regulations; application procedures and fees; start-up costs; phasing in the savings program and withdrawals therefrom; deterrents to early withdrawals and provisions for hardship withdrawals; and reenrollment in the savings program after withdrawal.

~~((6))~~ (8) The committee may, at its discretion, determine to cease operation of the college savings program if it determines the continuation is not in the best interest of the state. The committee shall adopt rules to implement this section addressing the orderly distribution of assets.

**Sec. 201.** RCW 28B.95.900 and 1997 c 289 s 11 are each amended to read as follows:

This chapter shall not be construed as a promise that any beneficiary shall be granted admission to any institution of higher education, will earn any specific or minimum number of academic credits, or will graduate from any such institution. In addition, this chapter shall not be construed as a promise of either course or program availability.

Participation in ~~((this))~~ the advanced college tuition payment program or the Washington college savings program does not guarantee an eligible beneficiary the right to resident tuition and fees. To qualify for resident and respective tuition subsidies, the eligible beneficiary must meet the applicable provisions of RCW 28B.15.011 through 28B.15.015.

This chapter shall not be construed to imply that the redemption of tuition units in the advanced college tuition payment program shall be equal to any value greater than the undergraduate tuition and services and activities fees at a state institution of higher education as computed under this chapter. Eligible beneficiaries will be responsible for payment of any other fee that does not qualify as a services and activities fee including, but not limited to, any expenses for tuition surcharges, tuition overload fees, laboratory fees, equipment fees, book fees, rental fees, room and board charges, or fines.

**Sec. 202.** RCW 43.33A.135 and 2010 1st sp.s. c 7 s 36 are each amended to read as follows:

The state investment board has the full power to establish investment policy, develop participant investment options, and manage investment funds for the college savings program, if the committee on advanced tuition payment and college savings selects the state investment board as the investment manager pursuant to section 5 of this act, and for the state deferred compensation plan, consistent with the provisions of RCW 41.50.770 and 41.50.780. The board may continue to offer the investment options provided as of June 11, 1998, until the board establishes a deferred compensation plan investment policy and adopts new investment options after considering the recommendations of the department of retirement systems.

**Sec. 203.** RCW 43.33A.190 and 2000 c 247 s 701 are each amended to read as follows:

~~((Pursuant to RCW 41.34.130.))~~ The state investment board shall invest all self-directed investment moneys under teachers' retirement system plan 3, the school employees' retirement system plan 3, and the public employees' retirement system plan 3 pursuant to RCW 41.34.130 and under the college savings program, if the committee on advanced tuition payment and college savings selects the state investment board as the investment manager pursuant to section 5 of this act, with full power to establish investment policy, develop investment options, and manage self-directed investment funds.

**Sec. 204.** RCW 43.79A.040 and 2013 c 251 s 5 and 2013 c 88 s 1 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 Washington promise scholarship account, the Washington advanced college tuition payment program account, the Washington college savings program account, the accessible communities 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 toll collection account, the developmental disabilities endowment trust fund, the energy account, the fair fund, the family leave insurance account, the food animal veterinarian conditional scholarship account, the fruit and vegetable inspection account, the future teachers 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 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 multiagency permitting team account, the pilotage account, the produce railcar pool account, the regional transportation investment district account, the rural rehabilitation account, the stadium and exhibition center account, the youth athletic facility account, the self-insurance revolving fund, the 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 heritage center account, the reduced cigarette ignition propensity account, the center for childhood deafness and hearing loss account, the school for the blind account, the Millersylvania park trust fund, the public employees' and retirees' insurance reserve fund, and the radiation perpetual maintenance fund.

(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 advanced 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. 205.** If specific funding for the purposes of this act, referencing this act by bill or chapter number, is not provided by June 30, 2016, in the omnibus appropriations act, this act is null and void."

Correct the title.

Signed by Representatives Dunshee, Chair; Ormsby, Vice Chair; Chandler, Ranking Minority Member; Parker, Assistant Ranking Minority Member; Wilcox, Assistant Ranking Minority Member; Buys; Cody; Dent; Fitzgibbon; Haler; Hansen; Harris; Hudgins; Hunt, S.; Jinkins; Kagi; Lytton; MacEwen; Magendanz; Manweller; Pettigrew; Robinson; Sawyer; Schmick; Senn; Springer; Stokesbary; Sullivan; Tharinger; Van Werven and Walkinshaw.

MINORITY recommendation: Do not pass. Signed by Representatives Condotta and Taylor.

Passed to Committee on Rules for second reading.

February 29, 2016

**ESSB 6605** Prime Sponsor, Committee on Agriculture, Water & Rural Economic Development: Ensuring that solid waste management requirements prevent the spread of disease, plant pathogens, and pests. Reported by Committee on General Government & Information Technology

MAJORITY recommendation: Do pass as amended by Committee on Environment. Signed by Representatives Hudgins, Chair; Kuderer, Vice Chair; MacEwen, Ranking Minority Member; Caldier, Assistant Ranking Minority Member; Johnson; Morris and Senn.

Passed to Committee on Rules for second reading.

February 29, 2016

**SB 6607** Prime Sponsor, Senator Baumgartner: Removing state route number 276 from the state highway system. Reported by Committee on Transportation

MAJORITY recommendation: Do pass. Signed by Representatives Clibborn, Chair; Farrell, Vice Chair; Fey, Vice Chair; Moscoso, Vice Chair; Orcutt, Ranking Minority Member; Hargrove, Assistant Ranking Minority Member; Harmsworth, Assistant Ranking Minority Member; Bergquist; Gregerson; Hayes; Hickel; Kochmar; McBride; Moeller; Morris; Ortiz-Self; Pike; Riccelli; Rodne; Rossetti; Sells; Shea; Stambaugh; Tarleton and Young.

Passed to Committee on Rules for second reading.

February 29, 2016

**SB 6614** Prime Sponsor, Senator Hobbs: Concerning performance oversight of the state transportation system. Reported by Committee on Transportation

MAJORITY recommendation: Do pass as amended.

Strike everything after the enacting clause and insert the following:

"**Sec. 206.** RCW 47.01.071 and 2007 c 516 s 4 are each amended to read as follows:

The transportation commission shall have the following functions, powers, and duties:

(1) To propose policies to be adopted by the governor and the legislature designed to assure the development and maintenance of a comprehensive and balanced statewide transportation system which will meet the needs of the people of this state for safe and efficient

transportation services. Wherever appropriate, the policies shall provide for the use of integrated, intermodal transportation systems. The policies must be aligned with the goals established in RCW 47.04.280. To this end the commission shall:

(a) Develop transportation policies which are based on the policies, goals, and objectives expressed and inherent in existing state laws;

(b) Inventory the adopted policies, goals, and objectives of the local and area-wide governmental bodies of the state and define the role of the state, regional, and local governments in determining transportation policies, in transportation planning, and in implementing the state transportation plan;

(c) Establish a procedure for review and revision of the state transportation policy and for submission of proposed changes to the governor and the legislature; and

(d) Integrate the statewide transportation plan with the needs of the elderly and persons with disabilities, and coordinate federal and state programs directed at assisting local governments to answer such needs;

(2) To provide for the effective coordination of state transportation planning with national transportation policy, state and local land use policies, and local and regional transportation plans and programs;

(3) In conjunction with the provisions under RCW 47.01.075, to provide for public involvement in transportation designed to elicit the public's views both with respect to adequate transportation services and appropriate means of minimizing adverse social, economic, environmental, and energy impact of transportation programs;

(4) By December 2010, to prepare a comprehensive and balanced statewide transportation plan consistent with the state's growth management goals and based on the transportation policy goals provided under RCW 47.04.280 and applicable state and federal laws. The plan must reflect the priorities of government developed by the office of financial management and address regional needs, including multimodal transportation planning. The plan must, at a minimum: (a) Establish a vision for the development of the statewide transportation system; (b) identify significant statewide transportation policy issues; and (c) recommend statewide transportation policies and strategies to the legislature to fulfill the requirements of subsection (1) of this section. The plan must be the product of an ongoing process that involves representatives of significant transportation interests and the general public from across the state. Every four years, the plan shall be reviewed and revised, and submitted to the governor and the house of representatives and senate standing committees on transportation.

The plan shall take into account federal law and regulations relating to the planning, construction, and operation of transportation facilities;

(5) ~~(By December 2007, the office of financial management shall submit a baseline report on the progress toward attaining the policy goals under RCW 47.04.280 in the 2005-2007 fiscal biennium. By October 1, 2008, beginning with the development of the 2009-2011 biennial transportation budget, and by October 1st biennially thereafter, the office of financial management shall submit~~

~~to the legislature and the governor a report on the progress toward the attainment by state transportation agencies of the state transportation policy goals and objectives prescribed by statute, appropriation, and governor directive. The report must, at a minimum, include the degree to which state transportation programs have progressed toward the attainment of the policy goals established under RCW 47.04.280, as measured by the objectives and performance measures established by the office of financial management under RCW 47.04.280;~~

~~(6))~~ To propose to the governor and the legislature prior to the convening of each regular session held in an odd-numbered year a recommended budget for the operations of the commission as required by RCW 47.01.061;

~~((7))~~ (6) To adopt such rules as may be necessary to carry out reasonably and properly those functions expressly vested in the commission by statute;

~~((8))~~ (7) To contract with the office of financial management or other appropriate state agencies for administrative support, accounting services, computer services, and other support services necessary to carry out its other statutory duties;

~~((9))~~ (8) To conduct transportation-related studies and policy analysis to the extent directed by the legislature or governor in the biennial transportation budget act, or as otherwise provided in law, and subject to the availability of amounts appropriated for this specific purpose; and

~~((10))~~ (9) To exercise such other specific powers and duties as may be vested in the transportation commission by this or any other provision of law.

**NEW SECTION. Sec. 207.** A new section is added to chapter 47.04 RCW to read as follows:

By October 1, 2016, and by October 1st biennially thereafter, the office of financial management shall review and comment prior to the department of transportation submitting to the legislature and the governor a report on the progress toward the attainment by state transportation agencies of the state transportation policy goals and objectives prescribed by statute, appropriation, and governor directive. The report must, at a minimum, include the degree to which state transportation programs have progressed toward the attainment of the policy goals established under RCW 47.04.280, as measured by the objectives and performance measures established under RCW 47.04.280.

**Sec. 208.** RCW 47.04.280 and 2015 3rd sp.s. c 16 s 1 and 2015 3rd sp.s. c 1 s 304 are each reenacted and amended to read as follows:

(1) It is the intent of the legislature to establish policy goals for the planning, operation, performance of, and investment in, the state's transportation system. The policy goals established under this section are deemed consistent with the benchmark categories adopted by the state's blue ribbon commission on transportation on November 30, 2000. Public investments in transportation should support achievement of these policy goals:

(a) Economic vitality: To promote and develop transportation systems that stimulate, support, and enhance the movement of people and goods to ensure a prosperous economy;

(b) Preservation: To maintain, preserve, and extend the life and utility of prior investments in transportation systems and services;

(c) Safety: To provide for and improve the safety and security of transportation customers and the transportation system;

(d) Mobility: To improve the predictable movement of goods and people throughout Washington state, including congestion relief and improved freight mobility;

(e) Environment: To enhance Washington's quality of life through transportation investments that promote energy conservation, enhance healthy communities, and protect the environment; and

(f) Stewardship: To continuously improve the quality, effectiveness, and efficiency of the transportation system.

(2) The powers, duties, and functions of state transportation agencies must be performed in a manner consistent with the policy goals set forth in subsection (1) of this section.

(3) These policy goals are intended to be the basis for establishing detailed and measurable objectives and related performance measures.

(4) It is the intent of the legislature that the ~~((department of transportation establish))~~ office of financial management, in consultation with the transportation commission, establish objectives and performance measures for the department and other state agencies with transportation-related responsibilities to ensure transportation system performance at local, regional, and state government levels progresses toward the attainment of the policy goals set forth in subsection (1) of this section. The ~~((department of transportation))~~ office of financial management shall submit objectives and performance measures to the legislature for its review and shall provide copies of the same to the commission during each regular session of the legislature during an even-numbered year thereafter.

(5) A local or regional agency engaging in transportation planning may voluntarily establish objectives and performance measures to demonstrate progress toward the attainment of the policy goals set forth in subsection (1) of this section or any other transportation policy goals established by the local or regional agency. A local or regional agency engaging in transportation planning is encouraged to provide local and regional objectives and performance measures to be included with the objectives and performance measures submitted to the legislature pursuant to subsection (4) of this section.

(6) This section does not create a private right of action.

**Sec. 209.** RCW 47.64.360 and 2015 3rd sp.s. c 1 s 306 are each amended to read as follows:

(1) The department of transportation shall complete a government management and accountability performance report that provides a baseline assessment of current

performance on the performance measures identified in RCW 47.64.355 using final 2009-2011 data. This report must be presented to the legislature by November 1, 2011, through the attainment report required in ~~((RCW 47.01.071(5)))~~ section 2 of this act and RCW 47.04.280.

(2) By December 31, 2012, and each year thereafter, the department of transportation shall complete a performance report for the prior fiscal year. This report must be reviewed by the office of financial management, which must provide comment on the report, and the joint transportation committee, prior to submitting the report to the legislature and governor.

(3) Management shall lead implementation of the performance measures in RCW 47.64.355."

Correct the title.

Signed by Representatives Clibborn, Chair; Farrell, Vice Chair; Fey, Vice Chair; Moscoso, Vice Chair; Orcutt, Ranking Minority Member; Hargrove, Assistant Ranking Minority Member; Harmsworth, Assistant Ranking Minority Member; Bergquist; Gregerson; Hayes; Hickel; Kochmar; McBride; Moeller; Morris; Ortiz-Self; Pike; Riccelli; Rodne; Rossetti; Sells; Shea; Stambaugh; Tarleton and Young.

Passed to Committee on Rules for second reading.

February 29, 2016  
SJM 8019 Prime Sponsor, Senator Conway:  
Requesting that a portion of state route number 509 be named the Philip Martin Lelli Memorial Highway. Reported by Committee on Transportation

MAJORITY recommendation: Do pass. Signed by Representatives Clibborn, Chair; Farrell, Vice Chair; Fey, Vice Chair; Moscoso, Vice Chair; Hargrove, Assistant Ranking Minority Member; Harmsworth, Assistant Ranking Minority Member; Bergquist; Gregerson; Hayes; Hickel; Kochmar; McBride; Moeller; Morris; Ortiz-Self; Pike; Riccelli; Rossetti; Sells; Stambaugh and Tarleton.

MINORITY recommendation: Do not pass. Signed by Representatives Orcutt, Ranking Minority Member; Shea and Young.

MINORITY recommendation: Without recommendation. Signed by Representative Rodne.

Passed 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 advanced to the eighth order of business.

There being no objection, the Committee on Appropriations was relieved of HOUSE BILL NO. 2943, and the bill was referred to the Committee on Rules.



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

ENGROSSED SUBSTITUTE SENATE BILL NO.  
5145  
SENATE BILL NO. 5270  
SUBSTITUTE SENATE BILL NO. 5597  
SUBSTITUTE SENATE BILL NO. 5864  
SENATE BILL NO. 5879  
ENGROSSED SENATE BILL NO. 6091  
SENATE BILL NO. 6148  
SENATE BILL NO. 6162  
SUBSTITUTE SENATE BILL NO. 6165  
SENATE BILL NO. 6170  
SUBSTITUTE SENATE BILL NO. 6177  
SENATE BILL NO. 6196  
SENATE BILL NO. 6202  
ENGROSSED SUBSTITUTE SENATE BILL NO.  
6206  
SUBSTITUTE SENATE BILL NO. 6273  
SUBSTITUTE SENATE BILL NO. 6281  
SENATE BILL NO. 6282  
SUBSTITUTE SENATE BILL NO. 6284  
SUBSTITUTE SENATE BILL NO. 6290  
SUBSTITUTE SENATE BILL NO. 6295  
ENGROSSED SUBSTITUTE SENATE BILL NO.  
6309  
SUBSTITUTE SENATE BILL NO. 6326  
SUBSTITUTE SENATE BILL NO. 6337  
SUBSTITUTE SENATE BILL NO. 6342  
SENATE BILL NO. 6343  
SENATE BILL NO. 6376  
SENATE BILL NO. 6398  
SENATE BILL NO. 6401  
ENGROSSED SENATE BILL NO. 6413  
SUBSTITUTE SENATE BILL NO. 6421  
SUBSTITUTE SENATE BILL NO. 6463  
SUBSTITUTE SENATE BILL NO. 6466  
SENATE BILL NO. 6491  
ENGROSSED SUBSTITUTE SENATE BILL NO.  
6606  
ENGROSSED SENATE BILL NO. 6620

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

There being no objection, the House adjourned until 10:00 a.m., March 1, 2016, the 51st Day of the Regular Session.

FRANK CHOPP, Speaker

BARBARA BAKER, Chief Clerk

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2985	Committee Report.....	4	6156	Committee Report .....	19
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3002	Introduction & 1st Reading.....	2	6165-S	Other Action.....	97
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5046	Committee Report.....	4	6177-S	Other Action.....	97
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5109-S2	Messages.....	1	6196	Other Action.....	97
5145-S	Committee Report.....	4	6200	Committee Report .....	29
5203	Other Action .....	97	6201-S	Introduction & 1st Reading .....	2
5206-S	Committee Report.....	4	6202	Other Action.....	3
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5597-S	Other Action .....	97	6211-S	Committee Report .....	33
5670-S	Committee Report.....	9	6219-S	Committee Report .....	37
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				Committee Report .....	49

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6284-S	Other Action .....	97	6470-S	Committee Report .....	61
6285-S	Committee Report.....	51	6475	Committee Report .....	68
6286-S	Committee Report.....	51	6483-S	Committee Report .....	68
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6295-S	Other Action .....	97	6497-S2	Committee Report .....	68
6299	Committee Report.....	51	6519-S	Committee Report .....	75
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