FIFTY EIGHTH DAY

House Chamber, Olympia, Tuesday, March 11, 2014

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

The flags were escorted to the rostrum by a Sergeant at Arms Color Guard, Pages De,Nysha Mitchell-Ortiz and Beck Svaren. The Speaker (Representative Moeller presiding) led the Chamber in the Pledge of Allegiance. The prayer was offered by Pastor Trisha Ferguson, Capital Christian Center, Olympia, Washington.

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

SPEAKER'S PRIVILEGE

The Speaker (Representative Moeller presiding) introduced Glenn Crellin to the Chamber and asked the members to acknowledge them.

MESSAGE FROM THE SENATE

March 10, 2014

MR. SPEAKER:

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

SECOND SUBSTITUTE SENATE BILL NO. 5064
SENATE BILL NO. 5775
SUBSTITUTE SENATE BILL NO. 5859
SUBSTITUTE SENATE BILL NO. 5977
SUBSTITUTE SENATE BILL NO. 6014
ENGROSSED SUBSTITUTE SENATE BILL NO. 6016
ENGROSSED SUBSTITUTE SENATE BILL NO. 6041
SUBSTITUTE SENATE BILL NO. 6054
SUBSTITUTE SENATE BILL NO. 6095
ENGROSSED SECOND SUBSTITUTE SENATE BILL NO. 6126
SENATE BILL NO. 6128
ENGROSSED SUBSTITUTE SENATE BILL NO. 6137
SUBSTITUTE SENATE BILL NO. 6145
SECOND SUBSTITUTE SENATE BILL NO. 6163
SUBSTITUTE SENATE BILL NO. 6199
SENATE BILL NO. 6208
ENGROSSED SUBSTITUTE SENATE BILL NO. 6228
ENGROSSED SUBSTITUTE SENATE BILL NO. 6242
SUBSTITUTE SENATE BILL NO. 6279
SENATE BILL NO. 6413
SENATE BILL NO. 6415
SENATE BILL NO. 6424
SUBSTITUTE SENATE BILL NO. 6431
ENGROSSED SUBSTITUTE SENATE BILL NO. 6436
ENGROSSED SUBSTITUTE SENATE BILL NO. 6479
ENGROSSED SENATE BILL NO. 6501
ENGROSSED SUBSTITUTE SENATE BILL NO. 6517
ENGROSSED SENATE BILL NO. 6553

and the same are herewith transmitted.

Hunter G. Goodman, Secretary

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

INTRODUCTION & FIRST READING

HB 2802 by Representative Morris

AN ACT Relating to designating an official state raptor; and adding a new section to chapter 1.20 RCW.

Referred to Committee on Government Operations & Elections.

HB 2803 by Representatives Fitzgibbon, Fey and Walkinshaw

AN ACT Relating to establishing a price on carbon pollution in order to fulfill the paramount duty of the state to fund basic education; and adding a new chapter to Title 82 RCW.

Referred to Committee on Finance.

E3SSB 5887 by Senate Committee on Ways & Means (originally sponsored by Senators Rivers, Tom and Litzow)

AN ACT Relating to merging the medical marijuana system with the recreational marijuana system; amending RCW 66.08.012, 69.50.325, 69.50.342, 69.50.345, 69.50.354, 69.50.357, 69.50.360, 69.50.4013, 28B.20.502, 69.51A.005, 69.51A.010, 69.51A.030, 42.56.270, 69.51A.040, 69.51A.045, 69.51A.055, 69.51A.060, 69.51A.070, 69.51A.100, 69.51A.110, and 69.51A.120; reenacting and amending RCW 69.50.101; adding new sections to chapter 69.50 RCW; adding a new section to chapter 82.08 RCW; adding a new section to chapter 82.12 RCW; adding new sections to chapter 69.51A RCW; adding a new section to chapter 42.56 RCW; creating new sections; repealing RCW 69.51A.020, 69.51A.025, 69.51A.047, 69.51A.090, 69.51A.140, 69.51A.200, 69.51A.085, and 69.51A.043; prescribing penalties; and providing effective dates.

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 THIRD SUBSTITUTE SENATE BILL NO. 5887 which was placed on the second reading calendar.

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

REPORTS OF STANDING COMMITTEES

March 10, 2014

SB 6505 Prime Sponsor, Senator Hargrove: Delaying the use of existing tax preferences by the marijuana

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industry to ensure a regulated and safe transition to the controlled and legal marijuana market in Washington. Reported by Committee on Finance

MAJORITY recommendation: Do pass. Signed by Representatives Carlyle, Chair; Tharinger, Vice Chair; Hansen; Lytton; Pollet; Reykdal and Springer.

MINORITY recommendation: Do not pass. Signed by Representatives Nealey, Ranking Minority Member; Orcutt, Assistant Ranking Minority Member; Condotta and Vick.

Referred to Committee on .

March 10, 2014

SSB 6516 Prime Sponsor, Committee on Ways & Means: Creating a joint legislative task force to study financing options for water supply, flood control, and storm water projects. 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. 1.** (1)(a) A legislative task force on financing the state's storm water, flood risk reduction and floodplain restoration, and water supply and integrated water management priorities is established, with members as provided in this subsection.

(b) The president of the senate must appoint two members from each of the two largest caucuses of the senate. Of the four members, three must be members of a fiscal committee, and one must be a member of a policy committee.

(c) The speaker of the house of representatives must appoint two members from each of the two largest caucuses of the house of representatives. Of the four members, three must be members of a fiscal committee, and one must be a member of a policy committee.

(d) The governor or the governor's representative shall be a member of the task force.

(e) The task force must choose its cochairs from among its legislative membership.

(f) Appointments to the task force must be completed within thirty days of the effective date of this section.

(2)(a) The purpose of the task force is to develop state and local financing options that address equally three state priorities: (i) Storm water, (ii) flood risk reduction and floodplain restoration, and (iii) water supply and integrated water management.

(b) The task force must carry out the following scope of work:

(i) Review existing studies and plans that quantify the level of funding needed through fiscal year 2025 to meet the three state priorities identified in (a) of this subsection;

(ii) Develop and recommend state financing options that address equally the three state priorities identified in (a) of this subsection;

(iii) Develop and recommend local financing options using new or existing local governance structures that generate revenues from municipal and agricultural beneficiaries;

(iv) Investigate and recommend least-cost options for meeting the three state priorities identified in (a) of this subsection, such as water conservation, water markets, and biosciences;

(v) Develop and recommend policies and criteria for managing, prioritizing, and distributing the state and local funding generated; and

(vi) Develop and recommend a new standard process by which, prior to appropriation of funding for any structural project with a total cost greater than 25 million dollars, the legislature must engage the state of Washington water research center to prepare a benefit-cost analysis of the project, including consideration of nonstructural alternatives.

(3)(a) Principal staff support for the task force must be provided by the senate committee services, the house of representatives office of program research, and the office of financial management. In addition, the departments of ecology, fish and wildlife, natural resources, agriculture, health, and commerce, the office of the state treasurer, and other relevant state agencies must provide information, analysis, and other support upon request of the task force.

(b) At its sole discretion, the task force may:

(i) Enter into contracts with persons who have specific technical expertise related to the scope of work; and

(ii) Form work groups, if necessary, to address specific elements of the scope of work. Any work group formed by the task force must include at least two legislators from the task force, including one from each chamber, and may include public and private sector representatives with relevant expertise.

(4)(a) Legislative members of the task force must be reimbursed for travel expenses in accordance with RCW 44.04.120.

(b) The expenses of the task force must be paid by the office of financial management.

(c) Task force expenditures are subject to approval by the senate facilities and operations committee and the house of representatives executive rules committee, or their successor committees.

(5) The task force must report its findings and recommendations to the governor and appropriate legislative committees by December 15, 2014.

NEW SECTION. **Sec. 2.** If specific funding for the purposes of this act, referencing this act by bill or chapter number, is not provided by June 30, 2014, in the omnibus capital appropriations act, this act is null and void.

NEW SECTION. **Sec. 3.** 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 Dunshee, Chair; Stanford, Vice Chair; DeBolt, Ranking Minority Member; MacEwen, Assistant Ranking Minority Member; Appleton; Christian; Riccelli; Robinson; Senn; Smith; Stonier and Warnick.

Passed to Committee on Rules for second reading.

There being no objection, the bills, memorials and resolutions listed on the day's committee reports under the fifth order of business were referred to the committees so designated with the exception of SENATE BILL NO. 6505 which was placed on the second reading calendar.

The Speaker assumed the chair.

SIGNED BY THE SPEAKER

The Speaker signed the following bills:

SUBSTITUTE HOUSE BILL NO. 1254
HOUSE BILL NO. 1360
SUBSTITUTE HOUSE BILL NO. 1669
HOUSE BILL NO. 1724
SECOND SUBSTITUTE HOUSE BILL NO. 1773

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HOUSE BILL NO. 2099
HOUSE BILL NO. 2115
SUBSTITUTE HOUSE BILL NO. 2125
ENGROSSED SUBSTITUTE HOUSE BILL NO. 2151
ENGROSSED SUBSTITUTE HOUSE BILL NO. 2155
SUBSTITUTE HOUSE BILL NO. 2171
ENGROSSED SUBSTITUTE HOUSE BILL NO. 2246
SUBSTITUTE HOUSE BILL NO. 2310
SUBSTITUTE HOUSE BILL NO. 2318
HOUSE BILL NO. 2359
HOUSE BILL NO. 2398
SUBSTITUTE HOUSE BILL NO. 2430
SUBSTITUTE HOUSE BILL NO. 2433
SUBSTITUTE HOUSE BILL NO. 2454
HOUSE BILL NO. 2575
HOUSE BILL NO. 2700
HOUSE BILL NO. 2708
HOUSE BILL NO. 2723
SUBSTITUTE HOUSE BILL NO. 2739
SUBSTITUTE SENATE BILL NO. 5360
SENATE BILL NO. 5956
ENGROSSED SENATE BILL NO. 5964
SUBSTITUTE SENATE BILL NO. 5969
SUBSTITUTE SENATE BILL NO. 6046
SUBSTITUTE SENATE BILL NO. 6074
SENATE BILL NO. 6115
SENATE BILL NO. 6219
SENATE BILL NO. 6284
SENATE BILL NO. 6321
SENATE BILL NO. 6328
SUBSTITUTE HOUSE BILL NO. 1292
SUBSTITUTE HOUSE BILL NO. 2102
HOUSE BILL NO. 2130
ENGROSSED SUBSTITUTE HOUSE BILL NO. 2164
HOUSE BILL NO. 2276
HOUSE BILL NO. 2296
SUBSTITUTE HOUSE BILL NO. 2363
HOUSE BILL NO. 2555
SENATE BILL NO. 5310
SECOND SUBSTITUTE SENATE BILL NO. 5958
SENATE BILL NO. 5999
SENATE BILL NO. 6035
SENATE BILL NO. 6093
SUBSTITUTE SENATE BILL NO. 6124
SENATE BILL NO. 6201
SUBSTITUTE SENATE BILL NO. 6216
SUBSTITUTE SENATE BILL NO. 6226
ENGROSSED SUBSTITUTE SENATE BILL NO. 6272
SUBSTITUTE SENATE BILL NO. 6273
SUBSTITUTE SENATE BILL NO. 6333
SENATE BILL NO. 6405
SUBSTITUTE SENATE BILL NO. 6442
SUBSTITUTE SENATE BILL NO. 6446
SENATE BILL NO. 6514
SENATE BILL NO. 6522
SUBSTITUTE SENATE JOINT MEMORIAL NO. 8007
SENATE CONCURRENT RESOLUTION NO. 8409

The Speaker called upon Representative Moeller to preside.

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

THIRD READING

MESSAGE FROM THE SENATE

March 7, 2014

Mr. Speaker:

The Senate has passed SECOND ENGROSSED SUBSTITUTE HOUSE BILL NO. 1117 with the following amendment:

Strike everything after the enacting clause and insert the following:

"NEW SECTION. **Sec. 1.** SHORT TITLE. This chapter may be cited as the Washington uniform real property transfer on death act.

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

(1) "Beneficiary" means a person that receives property under a transfer on death deed.

(2) "Designated beneficiary" means a person designated to receive property in a transfer on death deed.

(3) "Joint owner" means an individual who owns property concurrently with one or more other individuals with a right of survivorship. The term includes a joint tenant with a right to survivorship. The term does not include a tenant in common or owner of community property.

(4) "Person" means an individual, corporation, business trust, estate, trust, partnership, limited liability company, association, joint venture, public corporation, government or governmental subdivision, agency, or instrumentality, or any other legal or commercial entity.

(5) "Property" means an interest in real property located in this state which is transferable on the death of the owner.

(6) "Transfer on death deed" means a deed authorized under this chapter.

(7) "Transferor" means an individual who makes a transfer on death deed.

NEW SECTION. **Sec. 3.** APPLICABILITY. This chapter applies to a transfer on death deed made before, on, or after the effective date of this section by a transferor dying on or after the effective date of this section.

NEW SECTION. **Sec. 4.** NONEXCLUSIVITY. The chapter does not affect any method of transferring property otherwise permitted under the law of this state.

NEW SECTION. **Sec. 5.** TRANSFER ON DEATH DEED AUTHORIZED. An individual may transfer property to one or more beneficiaries effective at the transferor's death by a transfer on death deed. A transfer on death deed may not be used to effect a deed in lieu of foreclosure of a deed of trust.

NEW SECTION. **Sec. 6.** TRANSFER ON DEATH DEED REVOCABLE. A transfer on death deed is revocable even if the deed or another instrument contains a contrary provision.

NEW SECTION. **Sec. 7.** TRANSFER ON DEATH DEED NONTESTAMENTARY. A transfer on death deed is nontestamentary.

NEW SECTION. **Sec. 8.** CAPACITY OF TRANSFEROR. The capacity required to make or revoke a transfer on death deed is the same as the capacity required to make a will.

NEW SECTION. **Sec. 9.** REQUIREMENTS. A transfer on death deed:

(1) Except as otherwise provided in subsection (2) of this section, must contain the essential elements and formalities of a properly recordable inter vivos deed;

(2) Must state that the transfer to the designated beneficiary is to occur at the transferor's death; and

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(3) Must be recorded before the transferor's death in the public records in the office of the auditor of the county where the property is located.

NEW SECTION. **Sec. 10.** NOTICE, DELIVERY, ACCEPTANCE, CONSIDERATION NOT REQUIRED. A transfer on death deed is effective without:

(1) Notice or delivery to or acceptance by the designated beneficiary during the transferor's life; or

(2) Consideration.

NEW SECTION. **Sec. 11.** REVOCATION BY INSTRUMENT AUTHORIZED; REVOCATION BY ACT NOT PERMITTED. (1) Subject to subsection (2) of this section, an instrument is effective to revoke a recorded transfer on death deed, or any part of it, only if the instrument:

(a) Is one of the following:

(i) A transfer on death deed that revokes the deed or part of the deed expressly or by inconsistency;

(ii) An instrument of revocation that expressly revokes the deed or part of the deed; or

(iii) An inter vivos deed that expressly revokes the transfer on death deed or part of the deed; and

(b) Is acknowledged by the transferor after the acknowledgment of the deed being revoked and recorded before the transferor's death in the public records in the office of the county auditor of the county where the deed is recorded.

(2) If a transfer on death deed is made by more than one transferor:

(a) Revocation by a transferor does not affect the deed as to the interest of another transferor;

(b) A deed of joint owners is revoked only if it is revoked by all of the joint owners living at the time that the revocation is recorded; and

(c) A deed of community property by both spouses or by both domestic partners is revoked only if it is revoked by both of the spouses or domestic partners, provided that if only one of the spouses or domestic partners is then surviving, that spouse or domestic partner may revoke the deed.

(3) After a transfer on death deed is recorded, it may not be revoked by a revocatory act on the deed.

(4) This section does not limit the effect of an inter vivos transfer of the property.

NEW SECTION. **Sec. 12.** EFFECT OF TRANSFER ON DEATH DEED DURING TRANSFEROR'S LIFE. During a transferor's life, a transfer on death deed does not:

(1) Affect an interest or right of the transferor or any other owner, including the right to transfer or encumber the property;

(2) Affect an interest or right of a transferee, even if the transferee has actual or constructive notice of the deed;

(3) Affect an interest or right of a secured or unsecured creditor or future creditor of the transferor, even if the creditor has actual or constructive notice of the deed;

(4) Affect the transferor's or designated beneficiary's eligibility for any form of public assistance;

(5) Create a legal or equitable interest in favor of the designated beneficiary; or

(6) Subject the property to claims or process of a creditor of the designated beneficiary.

NEW SECTION. **Sec. 13.** EFFECT OF TRANSFER ON DEATH DEED AT TRANSFEROR'S DEATH. (1) Except as otherwise provided in this section, or in RCW 11.07.010, and 11.05A.030, on the death of the transferor, the following rules apply to property that is the subject of a transfer on death deed and owned by the transferor at death:

(a) Subject to (b) of this subsection, the interest in the property is transferred to the designated beneficiary in accordance with the deed.

(b) The interest of a designated beneficiary is contingent on the designated beneficiary surviving the transferor. The interest of a designated beneficiary that fails to survive the transferor lapses.

(c) Subject to (d) of this subsection, concurrent interests are transferred to the beneficiaries in equal and undivided shares with no right of survivorship.

(d) If the transferor has identified two or more designated beneficiaries to receive concurrent interests in the property, the share of one which lapses or fails for any reason is transferred to the other, or to the others in proportion to the interest of each in the remaining part of the property held concurrently.

(2) Subject to chapter 65.08 RCW, a beneficiary takes the property subject to all conveyances, encumbrances, assignments, contracts, mortgages, liens, and other interests to which the property is subject at the transferor's death, including liens recorded within twenty-four months after the transferor's death under RCW 41.05A.090 and 43.20B.080. For purposes of this subsection and chapter 65.08 RCW, the recording of the transfer on death deed is deemed to have occurred at the transferor's death.

(3) If a transferor is a joint owner and is:

(a) Survived by one or more other joint owners, the property that is the subject of a transfer on death deed belongs to the surviving joint owner or owners with right of survivorship; or

(b) The last surviving joint owner, the transfer on death deed is effective.

(4) If the property that is the subject of a transfer on death deed is community property and:

(a) The transferor is married and is not joined in the deed by the transferor's spouse or is in a registered domestic partnership and is not joined in the deed by the transferor's domestic partner, the transferor's interest in the property is transferred to the designated beneficiary in accordance with the deed on the transferor's death; or

(b) The transferor is married and is joined in the deed by the transferor's spouse, or is in a registered domestic partnership and is joined in the deed by the transferor's domestic partner, and:

(i) Is survived by the transferor's spouse or domestic partner, the deed is not effective upon the transferor's death; or

(ii) Is the surviving spouse or domestic partner, the transfer on death deed is effective on the transferor's death with respect to the transferor's interest in the property as of the time of the transferor's death.

(5) A transfer on death deed transfers property without covenant or warranty of title even if the deed contains a contrary provision.

NEW SECTION. **Sec. 14.** DISCLAIMER. A beneficiary may disclaim all or part of the beneficiary's interest as provided by chapter 11.86 RCW.

NEW SECTION. **Sec. 15.** LIABILITY FOR CREDITOR CLAIMS AND STATUTORY ALLOWANCES. A beneficiary of a transfer on death deed is liable for an allowed claim against the transferor's probate estate and statutory allowances to a surviving spouse and children to the extent provided in RCW 11.18.200, 11.42.085, and chapter 11.54 RCW.

NEW SECTION. **Sec. 16.** UNIFORMITY OF APPLICATION AND CONSTRUCTION. In applying and construing this uniform act, consideration must be given to the need to promote uniformity of the law with respect to its subject matter among the states that enact it.

NEW SECTION. **Sec. 17.** RELATION TO ELECTRONIC SIGNATURES IN GLOBAL AND NATIONAL COMMERCE ACT. This act modifies, limits, and supersedes the federal electronic signatures in global and national commerce act, 15 U.S.C. Sec. 7001, et seq., but does not modify, limit, or supersede section 101(c) of that act, 15 U.S.C. Sec. 7001(c), or authorize electronic delivery of any of the notices described in section 103(b) of that act, 15 U.S.C. Sec. 7003(b).

Sec. 18. RCW 11.02.005 and 2011 c 327 s 1 are each reenacted and amended to read as follows:

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When used in this title, unless otherwise required from the context:

(1) "Administrator" means a personal representative of the estate of a decedent and the term may be used in lieu of "personal representative" wherever required by context.

(2) "Codicil" means a will that modifies or partially revokes an existing earlier will. A codicil need not refer to or be attached to the earlier will.

(3) "Degree of kinship" means the degree of kinship as computed according to the rules of the civil law; that is, by counting upward from the intestate to the nearest common ancestor and then downward to the relative, the degree of kinship being the sum of these two counts.

(4) "Executor" means a personal representative of the estate of a decedent appointed by will and the term may be used in lieu of "personal representative" wherever required by context.

(5) "Guardian" or "limited guardian" means a personal representative of the person or estate of an incompetent or disabled person as defined in RCW 11.88.010 and the term may be used in lieu of "personal representative" wherever required by context.

(6) "Heirs" denotes those persons, including the surviving spouse or surviving domestic partner, who are entitled under the statutes of intestate succession to the real and personal property of a decedent on the decedent's death intestate.

(7) "Internal revenue code" means the United States internal revenue code of 1986, as amended or renumbered as of January 1, 2001.

(8) "Issue" means all the lineal descendants of an individual. An adopted individual is a lineal descendant of each of his or her adoptive parents and of all individuals with regard to which each adoptive parent is a lineal descendant. A child conceived prior to the death of a parent but born after the death of the deceased parent is considered to be the surviving issue of the deceased parent for purposes of this title.

(9) "Net estate" refers to the real and personal property of a decedent exclusive of homestead rights, exempt property, the family allowance and enforceable claims against, and debts of, the deceased or the estate.

(10) "Nonprobate asset" means those rights and interests of a person having beneficial ownership of an asset that pass on the person's death under a written instrument or arrangement other than the person's will. "Nonprobate asset" includes, but is not limited to, a right or interest passing under a joint tenancy with right of survivorship, joint bank account with right of survivorship, transfer on death deed, payable on death or trust bank account, transfer on death security or security account, deed or conveyance if possession has been postponed until the death of the person, trust of which the person is grantor and that becomes effective or irrevocable only upon the person's death, community property agreement, individual retirement account or bond, or note or other contract the payment or performance of which is affected by the death of the person. "Nonprobate asset" does not include: A payable-on-death provision of a life insurance policy, annuity, or other similar contract, or of an employee benefit plan; a right or interest passing by descent and distribution under chapter 11.04 RCW; a right or interest if, before death, the person has irrevocably transferred the right or interest, the person has waived the power to transfer it or, in the case of contractual arrangement, the person has waived the unilateral right to rescind or modify the arrangement; or a right or interest held by the person solely in a fiduciary capacity. For the definition of "nonprobate asset" relating to revocation of a provision for a former spouse upon dissolution of marriage or declaration of invalidity of marriage, RCW 11.07.010(5) applies. For the definition of "nonprobate asset" relating to revocation of a provision for a former spouse upon dissolution of marriage or declaration of invalidity of marriage, see RCW 11.07.010(5). For the definition of "nonprobate asset" relating to testamentary disposition of nonprobate assets, see RCW 11.11.010(7).

(11) "Personal representative" includes executor, administrator, special administrator, and guardian or limited guardian and special representative.

(12) "Real estate" includes, except as otherwise specifically provided herein, all lands, tenements, and hereditaments, and all rights thereto, and all interest therein possessed and claimed in fee simple, or for the life of a third person.

(13) "Representation" refers to a method of determining distribution in which the takers are in unequal degrees of kinship with respect to a decedent, and is accomplished as follows: After first determining who, of those entitled to share in the estate, are in the nearest degree of kinship, the estate is divided into equal shares, the number of shares being the sum of the number of persons who survive the decedent who are in the nearest degree of kinship and the number of persons in the same degree of kinship who died before the decedent but who left issue surviving the decedent; each share of a deceased person in the nearest degree ((~~shall~~)) must be divided among those of the deceased person's issue who survive the decedent and have no ancestor then living who is in the line of relationship between them and the decedent, those more remote in degree taking together the share which their ancestor would have taken had he or she survived the decedent.

(14) References to "section 2033A" of the internal revenue code in wills, trust agreements, powers of appointment, beneficiary designations, and other instruments governed by or subject to this title ((~~shall be~~)) are deemed to refer to the comparable or corresponding provisions of section 2057 of the internal revenue code, as added by section 6006(b) of the internal revenue service restructuring act of 1998 (H.R. 2676, P.L. 105-206); and references to the section 2033A "exclusion" ((~~shall be~~)) are deemed to mean the section 2057 deduction.

(15) "Settlor" has the same meaning as provided for "trustor" in this section.

(16) "Special administrator" means a personal representative of the estate of a decedent appointed for limited purposes and the term may be used in lieu of "personal representative" wherever required by context.

(17) "Surviving spouse" or "surviving domestic partner" does not include an individual whose marriage to or state registered domestic partnership with the decedent has been terminated, dissolved, or invalidated unless, by virtue of a subsequent marriage or state registered domestic partnership, he or she is married to or in a domestic partnership with the decedent at the time of death. A decree of separation that does not terminate the status of spouses or domestic partners is not a dissolution or invalidation for purposes of this subsection.

(18) "Trustee" means an original, added, or successor trustee and includes the state, or any agency thereof, when it is acting as the trustee of a trust to which chapter 11.98 RCW applies.

(19) "Trustor" means a person, including a testator, who creates, or contributes property to, a trust.

(20) "Will" means an instrument validly executed as required by RCW 11.12.020.

Words that import the singular number may also be applied to the plural of persons and things.

Words importing the masculine gender only may be extended to females also.

Sec. 19. RCW 11.07.010 and 2008 c 6 s 906 are each amended to read as follows:

(1) This section applies to all nonprobate assets, wherever situated, held at the time of entry of a decree of dissolution of marriage or state registered domestic partnership or a declaration of invalidity or certification of termination of a state registered domestic partnership.

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(2)(a) If a marriage or state registered domestic partnership is dissolved or invalidated, or a state registered domestic partnership terminated, a provision made prior to that event that relates to the payment or transfer at death of the decedent's interest in a nonprobate asset in favor of or granting an interest or power to the decedent's former spouse or state registered domestic partner, is revoked. A provision affected by this section must be interpreted, and the nonprobate asset affected passes, as if the former spouse or former state registered domestic partner, failed to survive the decedent, having died at the time of entry of the decree of dissolution or declaration of invalidity or termination of state registered domestic partnership.

(b) This subsection does not apply if and to the extent that:

(i) The instrument governing disposition of the nonprobate asset expressly provides otherwise;

(ii) The decree of dissolution, declaration of invalidity, or other court order requires that the decedent maintain a nonprobate asset for the benefit of a former spouse or former state registered domestic partner or children of the marriage or domestic partnership, payable on the decedent's death either outright or in trust, and other nonprobate assets of the decedent fulfilling such a requirement for the benefit of the former spouse or former state registered domestic partner or children of the marriage or domestic partnership do not exist at the decedent's death;

(iii) A court order requires that the decedent maintain a nonprobate asset for the benefit of another, payable on the decedent's death either outright or in a trust, and other nonprobate assets of the decedent fulfilling such a requirement do not exist at the decedent's death; or

(iv) If not for this subsection, the decedent could not have effected the revocation by unilateral action because of the terms of the decree, declaration, termination of state registered domestic partnership, or for any other reason, immediately after the entry of the decree of dissolution, declaration of invalidity, or termination of state registered domestic partnership.

(3)(a) A payor or other third party in possession or control of a nonprobate asset at the time of the decedent's death is not liable for making a payment or transferring an interest in a nonprobate asset to a decedent's former spouse or state registered domestic partner, whose interest in the nonprobate asset is revoked under this section, or for taking another action in reliance on the validity of the instrument governing disposition of the nonprobate asset, before the payor or other third party has actual knowledge of the dissolution or other invalidation of marriage or termination of the state registered domestic partnership. A payor or other third party is liable for a payment or transfer made or other action taken after the payor or other third party has actual knowledge of a revocation under this section.

(b) This section does not require a payor or other third party to pay or transfer a nonprobate asset to a beneficiary designated in a governing instrument affected by the dissolution or other invalidation of marriage or termination of state registered domestic partnership, or to another person claiming an interest in the nonprobate asset, if the payor or third party has actual knowledge of the existence of a dispute between the former spouse or former state registered domestic partner, and the beneficiaries or other persons concerning rights of ownership of the nonprobate asset as a result of the application of this section among the former spouse or former state registered domestic partner, and the beneficiaries or among other persons, or if the payor or third party is otherwise uncertain as to who is entitled to the nonprobate asset under this section. In such a case, the payor or third party may, without liability, notify in writing all beneficiaries or other persons claiming an interest in the nonprobate asset of either the existence of the dispute or its uncertainty as to who is entitled to payment or transfer of the nonprobate asset. The payor or third party may also, without liability, refuse to pay or transfer a nonprobate asset in such a circumstance to a beneficiary or other person claiming an interest until the time that either:

(i) All beneficiaries and other interested persons claiming an interest have consented in writing to the payment or transfer; or

(ii) The payment or transfer is authorized or directed by a court of proper jurisdiction.

(c) Notwithstanding subsections (1) and (2) of this section and (a) and (b) of this subsection, a payor or other third party having actual knowledge of the existence of a dispute between beneficiaries or other persons concerning rights to a nonprobate asset as a result of the application of this section may condition the payment or transfer of the nonprobate asset on execution, in a form and with security acceptable to the payor or other third party, of a bond in an amount that is double the fair market value of the nonprobate asset at the time of the decedent's death or the amount of an adverse claim, whichever is the lesser, or of a similar instrument to provide security to the payor or other third party, indemnifying the payor or other third party for any liability, loss, damage, costs, and expenses for and on account of payment or transfer of the nonprobate asset.

(d) As used in this subsection, "actual knowledge" means, for a payor or other third party in possession or control of the nonprobate asset at or following the decedent's death, written notice to the payor or other third party, or to an officer of a payor or third party in the course of his or her employment, received after the decedent's death and within a time that is sufficient to afford the payor or third party a reasonable opportunity to act upon the knowledge. The notice must identify the nonprobate asset with reasonable specificity. The notice also must be sufficient to inform the payor or other third party of the revocation of the provisions in favor of the decedent's spouse or state registered domestic partner, by reason of the dissolution or invalidation of marriage or termination of state registered domestic partnership, or to inform the payor or third party of a dispute concerning rights to a nonprobate asset as a result of the application of this section. Receipt of the notice for a period of more than thirty days is presumed to be received within a time that is sufficient to afford the payor or third party a reasonable opportunity to act upon the knowledge, but receipt of the notice for a period of less than five business days is presumed not to be a sufficient time for these purposes. These presumptions may be rebutted only by clear and convincing evidence to the contrary.

(4)(a) A person who purchases a nonprobate asset from a former spouse, former state registered domestic partner, or other person, for value and without actual knowledge, or who receives from a former spouse, former state registered domestic partner, or other person payment or transfer of a nonprobate asset without actual knowledge and in partial or full satisfaction of a legally enforceable obligation, is neither obligated under this section to return the payment, property, or benefit nor is liable under this section for the amount of the payment or the value of the nonprobate asset. However, a former spouse, former state registered domestic partner, or other person who, with actual knowledge, not for value, or not in satisfaction of a legally enforceable obligation, receives payment or transfer of a nonprobate asset to which that person is not entitled under this section is obligated to return the payment or nonprobate asset, or is personally liable for the amount of the payment or value of the nonprobate asset, to the person who is entitled to it under this section.

(b) As used in this subsection, "actual knowledge" means, for a person described in (a) of this subsection who purchases or receives a nonprobate asset from a former spouse, former state registered domestic partner, or other person, personal knowledge or possession of documents relating to the revocation upon dissolution or invalidation of marriage of provisions relating to the payment or transfer at the decedent's death of the nonprobate asset, received within a time after the decedent's death and before the purchase or receipt that is sufficient to afford the person purchasing or receiving the nonprobate asset reasonable opportunity to act upon the

knowledge. Receipt of the personal knowledge or possession of the documents for a period of more than thirty days is presumed to be received within a time that is sufficient to afford the payor or third party a reasonable opportunity to act upon the knowledge, but receipt of the notice for a period of less than five business days is presumed not to be a sufficient time for these purposes. These presumptions may be rebutted only by clear and convincing evidence to the contrary.

(5)(a) As used in this section, "nonprobate asset" means those rights and interests of a person having beneficial ownership of an asset that pass on the person's death under only the following written instruments or arrangements other than the decedent's will:

(((~~(a)~~))) (i) A payable-on-death provision of a life insurance policy, employee benefit plan, annuity or similar contract, or individual retirement account, unless provided otherwise by controlling federal law;

(((~~(b)~~))) (ii) A payable-on-death, trust, or joint with right of survivorship bank account;

(((~~(c)~~))) (iii) A trust of which the person is a grantor and that becomes effective or irrevocable only upon the person's death;

(((~~(d)~~))) (iv) Transfer on death beneficiary designations of a transfer on death or pay on death security, or joint tenancy or joint tenancy with right of survivorship designations of a security, if such designations are authorized under Washington law;

(((~~(e)~~))) (v) A transfer on death, pay on death, joint tenancy, or joint tenancy with right of survivorship brokerage account;

(((~~(f)~~))) (vi) A transfer on death deed;

(vii) Unless otherwise specifically provided therein, a contract wherein payment or performance under that contract is affected by the death of the person; or

(((~~(g)~~))) (viii) Unless otherwise specifically provided therein, any other written instrument of transfer, within the meaning of RCW 11.02.091(3), containing a provision for the nonprobate transfer of an asset at death.

(b) For the general definition in this title of "nonprobate asset," see RCW 11.02.005(((~~(15)~~))) (10) and for the definition of "nonprobate asset" relating to testamentary disposition of nonprobate assets, see RCW 11.11.010(7). For the purposes of this chapter, a "bank account" includes an account into or from which cash deposits and withdrawals can be made, and includes demand deposit accounts, time deposit accounts, money market accounts, or certificates of deposit, maintained at a bank, savings and loan association, credit union, brokerage house, or similar financial institution.

(6) This section is remedial in nature and applies as of July 25, 1993, to decrees of dissolution and declarations of invalidity entered after July 24, 1993, and this section applies as of January 1, 1995, to decrees of dissolution and declarations of invalidity entered before July 25, 1993.

Sec. 20. RCW 11.11.010 and 2008 c 6 s 909 are each amended to read as follows:

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

(1)(a) "Actual knowledge" means:

(i) For a financial institution, whether acting as personal representative or otherwise, or other third party in possession or control of a nonprobate asset, receipt of written notice that: (A) Complies with RCW 11.11.050; (B) pertains to the testamentary disposition or ownership of a nonprobate asset in its possession or control; and (C) is received by the financial institution or third party after the death of the owner in a time sufficient to afford the financial institution or third party a reasonable opportunity to act upon the knowledge; and

(ii) For a personal representative that is not a financial institution, personal knowledge or possession of documents relating to the testamentary disposition or ownership of a nonprobate asset of the owner sufficient to afford the personal representative reasonable opportunity to act upon the knowledge, including reasonable opportunity for the personal representative to provide the written notice under RCW 11.11.050.

(b) For the purposes of (a) of this subsection, notice of more than thirty days is presumed to be notice that is sufficient to afford the party a reasonable opportunity to act upon the knowledge, but notice of less than five business days is presumed not to be a sufficient notice for these purposes. These presumptions may be rebutted only by clear and convincing evidence to the contrary.

(2) "Beneficiary" means the person designated to receive a nonprobate asset upon the death of the owner by means other than the owner's will.

(3) "Broker" means a person defined as a broker or dealer under the federal securities laws.

(4) "Date of will" means, as to any nonprobate asset, the date of signature of the will or codicil that refers to the asset and disposes of it.

(5) "Designate" means a written means by which the owner selects a beneficiary, including but not limited to instruments under contractual arrangements and registration of accounts, and "designation" means the selection.

(6) "Financial institution" means: A bank, trust company, mutual savings bank, savings and loan association, credit union, broker, or issuer of stock or its transfer agent.

(7)(a) "Nonprobate asset" means a nonprobate asset within the meaning of RCW 11.02.005, but excluding the following:

(i) A right or interest in real property passing under a joint tenancy with right of survivorship;

(ii) A deed or conveyance for which possession has been postponed until the death of the owner;

(iii) A transfer on death deed;

(iv) A right or interest passing under a community property agreement; and

(((~~(iv)~~))) (v) An individual retirement account or bond.

(b) For the definition of "nonprobate asset" relating to revocation of a provision for a former spouse or former domestic partner upon dissolution of marriage or state registered domestic partnership or declaration of invalidity of marriage or state registered domestic partnership, see RCW 11.07.010(5).

(8) "Owner" means a person who, during life, has beneficial ownership of the nonprobate asset.

(9) "Request" means a request by the beneficiary for transfer of a nonprobate asset after the death of the owner, if it complies with all conditions of the arrangement, including reasonable special requirements concerning necessary signatures and regulations of the financial institution or other third party, or by the personal representative of the owner's estate or the testamentary beneficiary, if it complies with the owner's will and any additional conditions of the financial institution or third party for such transfer.

(10) "Testamentary beneficiary" means a person named under the owner's will to receive a nonprobate asset under this chapter, including but not limited to the trustee of a testamentary trust.

(11) "Third party" means a person, including a financial institution, having possession of or control over a nonprobate asset at the death of the owner, including the trustee of a revocable living trust and surviving joint tenant or tenants.

Sec. 21. RCW 11.18.200 and 1999 c 42 s 605 are each amended to read as follows:

(1) Unless expressly exempted by statute, a beneficiary of a nonprobate asset that was subject to satisfaction of the decedent's general liabilities immediately before the decedent's death takes the asset subject to liabilities, claims, estate taxes, and the fair share of expenses of administration reasonably incurred by the personal representative in the transfer of or administration upon the asset. The beneficiary of such an asset is liable to account to the personal representative to the extent necessary to satisfy liabilities, claims, the

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asset's fair share of expenses of administration, and the asset's share of any applicable estate taxes under chapter ((~~83.110~~)) 83.110A RCW. Before making demand that a beneficiary of a nonprobate asset account to the personal representative, the personal representative ((~~shall~~)) must give notice to the beneficiary, in the manner provided in chapter 11.96A RCW, that the beneficiary is liable to account under this section.

(2) The following rules govern in applying subsection (1) of this section:

(a) A beneficiary of property passing at death under a community property agreement takes the property subject to the decedent's liabilities, claims, estate taxes, and administration expenses as described in subsection (1) of this section. However, assets existing as community or separate property immediately before the decedent's death under the community property agreement are subject to the decedent's liabilities and claims to the same extent that they would have been had they been assets of the probate estate.

(b) A beneficiary of property held in joint tenancy form with right of survivorship, including without limitation United States savings bonds or similar obligations, takes the property subject to the decedent's liabilities, claims, estate taxes, and administration expenses as described in subsection (1) of this section to the extent of the decedent's beneficial ownership interest in the property immediately before death.

(c) A beneficiary of payable-on-death or trust bank accounts, bonds, securities, or similar obligations, including without limitation United States bonds or similar obligations, takes the property subject to the decedent's liabilities, claims, estate taxes, and administration expenses as described in subsection (1) of this section, to the extent of the decedent's beneficial ownership interest in the property immediately before death.

(d) A beneficiary of a transfer on death deed or of deeds or conveyances made by the decedent if possession has been postponed until the death of the decedent takes the property subject to the decedent's liabilities, claims, estate taxes, and administration expenses as described in subsection (1) of this section, to the extent of the decedent's beneficial ownership interest in the property immediately before death.

(e) A trust for the decedent's use of which the decedent is the grantor is subject to the decedent's liabilities, claims, estate taxes, and administration expenses as described in subsection (1) of this section, to the same extent as the trust was subject to claims of the decedent's creditors immediately before death under RCW 19.36.020.

(f) A trust not for the use of the grantor but of which the decedent is the grantor and that becomes effective or irrevocable only upon the decedent's death is subject to the decedent's claims, liabilities, estate taxes, and expenses of administration as described in subsection (1) of this section.

(g) Anything in this section to the contrary notwithstanding, nonprobate assets that existed as community property immediately before the decedent's death are subject to the decedent's liabilities and claims to the same extent that they would have been had they been assets of the probate estate.

(h) The liability of a beneficiary of life insurance is governed by chapter 48.18 RCW.

(i) The liability of a beneficiary of pension or retirement employee benefits is governed by chapter 6.15 RCW.

(j) An inference may not be drawn from (a) through (i) of this subsection that a beneficiary of nonprobate assets other than those assets specifically described in (a) through (i) of this subsection does or does not take the assets subject to claims, liabilities, estate taxes, and administration expenses as described in subsection (1) of this section.

(3) Nothing in this section derogates from the rights of a person interested in the estate to recover any applicable estate tax under chapter ((~~83.110~~)) 83.110A RCW or from the liability of any beneficiary for estate tax under chapter ((~~83.110~~)) 83.110A RCW.

(4) Nonprobate assets that may be responsible for the satisfaction of the decedent's general liabilities and claims abate together with the probate assets of the estate in accord with chapter 11.10 RCW.

Sec. 22. RCW 11.86.011 and 1989 c 34 s 1 are each amended to read as follows:

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

(1) "Beneficiary" means the person entitled, but for the person's disclaimer, to take an interest.

(2) "Interest" includes the whole of any property, real or personal, legal or equitable, or any fractional part, share, or particular portion or specific assets thereof, any vested or contingent interest in any such property, any power to appoint, consume, apply, or expend property, or any other right, power, privilege, or immunity relating to property. "Interest" includes, but is not limited to, an interest created in any of the following manners:

(a) By intestate succession;

(b) Under a will;

(c) Under a trust;

(d) By succession to a disclaimed interest;

(e) By virtue of an election to take against a will;

(f) By creation of a power of appointment;

(g) By exercise or nonexercise of a power of appointment;

(h) By an inter vivos gift, whether outright or in trust;

(i) By surviving the death of a depositor of a trust or P.O.D. account within the meaning of RCW 30.22.040;

(j) Under an insurance or annuity contract;

(k) By surviving the death of another joint tenant;

(l) Under an employee benefit plan;

(m) Under an individual retirement account, annuity, or bond;

(n) Under a community property agreement; ((~~or~~))

(o) By surviving the death of a transferor of a transfer on death deed; or

(p) Any other interest created by any testamentary or inter vivos instrument or by operation of law.

(3) "Creator of the interest" means a person who establishes, declares, or otherwise creates an interest.

(4) "Disclaimer" means any writing which declines, refuses, renounces, or disclaims any interest that would otherwise be taken by a beneficiary.

(5) "Disclaimant" means a beneficiary who executes a disclaimer on his or her own behalf or a person who executes a disclaimer on behalf of a beneficiary.

(6) "Person" means an individual, corporation, government, governmental subdivision or agency, business trust, estate, trust, partnership, association, or other entity.

(7)(a) "Date of the transfer" means:

((~~(a)~~)) (i) For an inter vivos transfer, the date of the creation of the interest; or

((~~(b)~~)) (ii) For a transfer upon the death of the creator of the interest, the date of the death of the creator.

(b) A joint tenancy interest of a deceased joint tenant ((~~shall be~~)) is deemed to be transferred at the death of the joint tenant rather than at the creation of the joint tenancy.

Sec. 23. RCW 11.94.050 and 2011 c 327 s 4 are each amended to read as follows:

(1) Although a designated attorney-in-fact or agent has all powers of absolute ownership of the principal, or the document has language to indicate that the attorney-in-fact or agent ((~~shall have~~)) has all the powers the principal would have if alive and competent, the attorney-in-fact or agent ((~~shall~~)) does not have the power to make, amend, alter, or revoke the principal's wills or codicils, and ((~~shall~~)) does not have the power, unless specifically provided otherwise in the document: To make, amend, alter, or revoke any of the principal's

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life insurance, annuity, or similar contract beneficiary designations, employee benefit plan beneficiary designations, trust agreements, registration of the principal's securities in beneficiary form, payable on death or transfer on death beneficiary designations, designation of persons as joint tenants with right of survivorship with the principal with respect to any of the principal's property, community property agreements, transfer on death deeds, or any other provisions for nonprobate transfer at death contained in nontestamentary instruments described in RCW 11.02.091; to make any gifts of property owned by the principal; to exercise the principal's rights to distribute property in trust or cause a trustee to distribute property in trust to the extent consistent with the terms of the trust agreement; to make transfers of property to any trust (whether or not created by the principal) unless the trust benefits the principal alone and does not have dispositive provisions which are different from those which would have governed the property had it not been transferred into the trust; or to disclaim property.

(2) Nothing in subsection (1) of this section prohibits an attorney-in-fact or agent from making any transfer of resources not prohibited under chapter 74.09 RCW when the transfer is for the purpose of qualifying the principal for medical assistance or the limited casualty program for the medically needy.

Sec. 24. RCW 82.45.010 and 2010 1st sp.s. c 23 s 207 are each amended to read as follows:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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paid within sixty days of becoming due, excise taxes become due and payable on the original transfer as otherwise provided by law.

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

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

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

Sec. 25. RCW 82.45.197 and 2008 c 269 s 1 are each amended to read as follows:

In order to receive an exemption from the tax in this chapter on real property transferred as a result of inheritance under RCW 82.45.010(3)(a), the following documentation must be provided:

(1) If the property is being transferred under the terms of a community property agreement, a copy of the recorded agreement and a certified copy of the death certificate;

(2) If the property is being transferred under the terms of a trust instrument, a certified copy of the death certificate and a copy of the trust instrument showing the authority of the grantor;

(3) If the property is being transferred under the terms of a probated will, a certified copy of the letters testamentary or in the case of intestate administration, a certified copy of the letters of administration showing that the grantor is the court-appointed executor, executrix, or administrator, and a certified copy of the death certificate;

(4) In the case of joint tenants with right of survivorship and remainder interests, a certified copy of the death certificate is recorded to perfect title;

(5) If the property is being transferred pursuant to a court order, a certified copy of the court order requiring the transfer, and confirming that the grantor is required to do so under the terms of the order; ((~~or~~))

(6) If the community property interest of the decedent is being transferred to a surviving spouse or surviving domestic partner absent the documentation set forth in subsections (1) through (5) of this section, a certified copy of the death certificate and a signed affidavit from the surviving spouse or surviving domestic partner affirming that he or she is the sole and rightful heir to the property; or

(7) If the property is being transferred pursuant to a transfer on death deed, a certified copy of the death certificate is recorded to perfect title.

Sec. 26. RCW 82.45.150 and 1996 c 149 s 6 are each amended to read as follows:

All of chapter 82.32 RCW, except RCW 82.32.030, 82.32.050, 82.32.140, 82.32.270, and 82.32.090 (1) and ((~~(8)~~)) (10), applies to the tax imposed by this chapter, in addition to any other provisions of law for the payment and enforcement of the tax imposed by this chapter. The department of revenue ((~~shall~~)) must by rule provide for the effective administration of this chapter. The rules ((~~shall~~)) must prescribe and furnish a real estate excise tax affidavit form verified by both the seller and the buyer, or agents of each, to be used by each county, or the department, as the case may be, in the collection of the tax imposed by this chapter, except that an affidavit given in connection with grant of an easement or right-of-way to a gas, electrical, or telecommunications company, as defined in RCW 80.04.010, or to a public utility district or cooperative that distributes electricity, need be verified only on behalf of the company, district, or cooperative and except that a transfer on death deed need be verified only on behalf of the transferor. The department of revenue ((~~shall~~)) must annually conduct audits of transactions and affidavits filed under this chapter.

Sec. 27. RCW 84.33.140 and 2013 2nd sp.s. c 11 s 13 are each amended to read as follows:

(1) When land has been designated as forest land under RCW 84.33.130, a notation of the designation must be made each year upon the assessment and tax rolls. A copy of the notice of approval together with the legal description or assessor's parcel numbers for the land must, at the expense of the applicant, be filed by the assessor in the same manner as deeds are recorded.

(2) In preparing the assessment roll as of January 1, 2002, for taxes payable in 2003 and each January 1st thereafter, the assessor must list each parcel of designated forest land at a value with respect to the grade and class provided in this subsection and adjusted as provided in subsection (3) of this section. The assessor must compute the assessed value of the land using the same assessment ratio applied generally in computing the assessed value of other property in the county. Values for the several grades of bare forest land are as follows:

LAND GRADE	OPERABILITY CLASS	VALUES PER ACRE
	1	$234
1	2	229
	3	217
	4	157
	1	198
2	2	190
	3	183
	4	132
	1	154
3	2	149
	3	148
	4	113
	1	117
4	2	114
	3	113
	4	86

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	1	85
5	2	78
	3	77
	4	52
	1	43
6	2	39
	3	39
	4	37
	1	21
7	2	21
	3	20
	4	20
8		1

(3) On or before December 31, 2001, the department must adjust by rule under chapter 34.05 RCW, the forest land values contained in subsection (2) of this section in accordance with this subsection, and must certify the adjusted values to the assessor who will use these values in preparing the assessment roll as of January 1, 2002. For the adjustment to be made on or before December 31, 2001, for use in the 2002 assessment year, the department must:

(a) Divide the aggregate value of all timber harvested within the state between July 1, 1996, and June 30, 2001, by the aggregate harvest volume for the same period, as determined from the harvester excise tax returns filed with the department under RCW 84.33.074; and

(b) Divide the aggregate value of all timber harvested within the state between July 1, 1995, and June 30, 2000, by the aggregate harvest volume for the same period, as determined from the harvester excise tax returns filed with the department under RCW 84.33.074; and

(c) Adjust the forest land values contained in subsection (2) of this section by a percentage equal to one-half of the percentage change in the average values of harvested timber reflected by comparing the resultant values calculated under (a) and (b) of this subsection.

(4) For the adjustments to be made on or before December 31, 2002, and each succeeding year thereafter, the same procedure described in subsection (3) of this section must be followed using harvester excise tax returns filed under RCW 84.33.074. However, this adjustment must be made to the prior year's adjusted value, and the five-year periods for calculating average harvested timber values must be successively one year more recent.

(5) Land graded, assessed, and valued as forest land must continue to be so graded, assessed, and valued until removal of designation by the assessor upon the occurrence of any of the following:

(a) Receipt of notice from the owner to remove the designation;

(b) Sale or transfer to an ownership making the land exempt from ad valorem taxation;

(c) Sale or transfer of all or a portion of the land to a new owner, unless the new owner has signed a notice of forest land designation continuance, except transfer to an owner who is an heir or devisee of a deceased owner <u>or transfer by a transfer on death deed</u>, does not, by itself, result in removal of designation. The signed notice of continuance must be attached to the real estate excise tax affidavit provided for in RCW 82.45.150. The notice of continuance must be on a form prepared by the department. If the notice of continuance is not signed by the new owner and attached to the real estate excise tax affidavit, all compensating taxes calculated under subsection (11) of this section are due and payable by the seller or transferor at time of sale. The auditor may not accept an instrument of conveyance regarding designated forest land for filing or recording unless the new owner has signed the notice of continuance or the compensating tax has been paid, as evidenced by the real estate excise tax stamp affixed thereto by the treasurer. The seller, transferor, or new owner may appeal the new assessed valuation calculated under subsection (11) of this section to the county board of equalization in accordance with the provisions of RCW 84.40.038. Jurisdiction is hereby conferred on the county board of equalization to hear these appeals;

(d) Determination by the assessor, after giving the owner written notice and an opportunity to be heard, that:

(i) The land is no longer primarily devoted to and used for growing and harvesting timber. However, land may not be removed from designation if a governmental agency, organization, or other recipient identified in subsection (13) or (14) of this section as exempt from the payment of compensating tax has manifested its intent in writing or by other official action to acquire a property interest in the designated forest land by means of a transaction that qualifies for an exemption under subsection (13) or (14) of this section. The governmental agency, organization, or recipient must annually provide the assessor of the county in which the land is located reasonable evidence in writing of the intent to acquire the designated land as long as the intent continues or within sixty days of a request by the assessor. The assessor may not request this evidence more than once in a calendar year;

(ii) The owner has failed to comply with a final administrative or judicial order with respect to a violation of the restocking, forest management, fire protection, insect and disease control, and forest debris provisions of Title 76 RCW or any applicable rules under Title 76 RCW; or

(iii) Restocking has not occurred to the extent or within the time specified in the application for designation of such land.

(6) Land may not be removed from designation if there is a governmental restriction that prohibits, in whole or in part, the owner from harvesting timber from the owner's designated forest land. If only a portion of the parcel is impacted by governmental restrictions of this nature, the restrictions cannot be used as a basis to remove the remainder of the forest land from designation under this chapter. For the purposes of this section, "governmental restrictions" includes: (a) Any law, regulation, rule, ordinance, program, or other action adopted or taken by a federal, state, county, city, or other governmental entity; or (b) the land's zoning or its presence within an urban growth area designated under RCW 36.70A.110.

(7) The assessor has the option of requiring an owner of forest land to file a timber management plan with the assessor upon the occurrence of one of the following:

(a) An application for designation as forest land is submitted; or

(b) Designated forest land is sold or transferred and a notice of continuance, described in subsection (5)(c) of this section, is signed.

(8) If land is removed from designation because of any of the circumstances listed in subsection (5)(a) through (c) of this section, the removal applies only to the land affected. If land is removed from designation because of subsection (5)(d) of this section, the removal applies only to the actual area of land that is no longer primarily devoted to the growing and harvesting of timber, without regard to any other land that may have been included in the application and

approved for designation, as long as the remaining designated forest land meets the definition of forest land contained in RCW 84.33.035.

(9) Within thirty days after the removal of designation as forest land, the assessor must notify the owner in writing, setting forth the reasons for the removal. The seller, transferor, or owner may appeal the removal to the county board of equalization in accordance with the provisions of RCW 84.40.038.

(10) Unless the removal is reversed on appeal a copy of the notice of removal with a notation of the action, if any, upon appeal, together with the legal description or assessor's parcel numbers for the land removed from designation must, at the expense of the applicant, be filed by the assessor in the same manner as deeds are recorded and a notation of removal from designation must immediately be made upon the assessment and tax rolls. The assessor must revalue the land to be removed with reference to its true and fair value as of January 1st of the year of removal from designation. Both the assessed value before and after the removal of designation must be listed. Taxes based on the value of the land as forest land are assessed and payable up until the date of removal and taxes based on the true and fair value of the land are assessed and payable from the date of removal from designation.

(11) Except as provided in subsection (5)(c), (13), or (14) of this section, a compensating tax is imposed on land removed from designation as forest land. The compensating tax is due and payable to the treasurer thirty days after the owner is notified of the amount of this tax. As soon as possible after the land is removed from designation, the assessor must compute the amount of compensating tax and mail a notice to the owner of the amount of compensating tax owed and the date on which payment of this tax is due. The amount of compensating tax is equal to the difference between the amount of tax last levied on the land as designated forest land and an amount equal to the new assessed value of the land multiplied by the dollar rate of the last levy extended against the land, multiplied by a number, in no event greater than nine, equal to the number of years for which the land was designated as forest land, plus compensating taxes on the land at forest land values up until the date of removal and the prorated taxes on the land at true and fair value from the date of removal to the end of the current tax year.

(12) Compensating tax, together with applicable interest thereon, becomes a lien on the land, which attaches at the time the land is removed from designation as forest land and has priority and must be fully paid and satisfied before any recognizance, mortgage, judgment, debt, obligation, or responsibility to or with which the land may become charged or liable. The lien may be foreclosed upon expiration of the same period after delinquency and in the same manner provided by law for foreclosure of liens for delinquent real property taxes as provided in RCW 84.64.050. Any compensating tax unpaid on its due date will thereupon become delinquent. From the date of delinquency until paid, interest is charged at the same rate applied by law to delinquent ad valorem property taxes.

(13) The compensating tax specified in subsection (11) of this section may not be imposed if the removal of designation under subsection (5) of this section resulted solely from:

(a) Transfer to a government entity in exchange for other forest land located within the state of Washington;

(b) A taking through the exercise of the power of eminent domain, or sale or transfer to an entity having the power of eminent domain in anticipation of the exercise of such power;

(c) A donation of fee title, development rights, or the right to harvest timber, to a government agency or organization qualified under RCW 84.34.210 and 64.04.130 for the purposes enumerated in those sections, or the sale or transfer of fee title to a governmental entity or a nonprofit nature conservancy corporation, as defined in RCW 64.04.130, exclusively for the protection and conservation of lands recommended for state natural area preserve purposes by the natural heritage council and natural heritage plan as defined in chapter 79.70 RCW or approved for state natural resources conservation area purposes as defined in chapter 79.71 RCW, or for acquisition and management as a community forest trust as defined in chapter 79.155 RCW. At such time as the land is not used for the purposes enumerated, the compensating tax specified in subsection (11) of this section is imposed upon the current owner;

(d) The sale or transfer of fee title to the parks and recreation commission for park and recreation purposes;

(e) Official action by an agency of the state of Washington or by the county or city within which the land is located that disallows the present use of the land;

(f) The creation, sale, or transfer of forestry riparian easements under RCW 76.13.120;

(g) The creation, sale, or transfer of a conservation easement of private forest lands within unconfined channel migration zones or containing critical habitat for threatened or endangered species under RCW 76.09.040;

(h) The sale or transfer of land within two years after the death of the owner of at least a fifty percent interest in the land if the land has been assessed and valued as classified forest land, designated as forest land under this chapter, or classified under chapter 84.34 RCW continuously since 1993. The date of death shown on a death certificate is the date used for the purposes of this subsection (13)(h); or

(i)(i) The discovery that the land was designated under this chapter in error through no fault of the owner. For purposes of this subsection (13)(i), "fault" means a knowingly false or misleading statement, or other act or omission not in good faith, that contributed to the approval of designation under this chapter or the failure of the assessor to remove the land from designation under this chapter.

(ii) For purposes of this subsection (13), the discovery that land was designated under this chapter in error through no fault of the owner is not the sole reason for removal of designation under subsection (5) of this section if an independent basis for removal exists. An example of an independent basis for removal includes the land no longer being devoted to and used for growing and harvesting timber.

(14) In a county with a population of more than six hundred thousand inhabitants or in a county with a population of at least two hundred forty-five thousand inhabitants that borders Puget Sound as defined in RCW 90.71.010, the compensating tax specified in subsection (11) of this section may not be imposed if the removal of designation as forest land under subsection (5) of this section resulted solely from:

(a) An action described in subsection (13) of this section; or

(b) A transfer of a property interest to a government entity, or to a nonprofit historic preservation corporation or nonprofit nature conservancy corporation, as defined in RCW 64.04.130, to protect or enhance public resources, or to preserve, maintain, improve, restore, limit the future use of, or otherwise to conserve for public use or enjoyment, the property interest being transferred. At such time as the property interest is not used for the purposes enumerated, the compensating tax is imposed upon the current owner.

Sec. 28. RCW 84.34.108 and 2009 c 513 s 2, 2009 c 354 s 3, 2009 c 255 s 2, and 2009 c 246 s 3 are each reenacted and amended to read as follows:

(1) When land has once been classified under this chapter, a notation of the classification ((~~shall~~)) must be made each year upon the assessment and tax rolls and the land ((~~shall~~)) must be valued pursuant to RCW 84.34.060 or 84.34.065 until removal of all or a portion of the classification by the assessor upon occurrence of any of the following:

(a) Receipt of notice from the owner to remove all or a portion of the classification;

(b) Sale or transfer to an ownership, except a transfer that resulted from a default in loan payments made to or secured by a

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governmental agency that intends to or is required by law or regulation to resell the property for the same use as before, making all or a portion of the land exempt from ad valorem taxation;

(c) Sale or transfer of all or a portion of the land to a new owner, unless the new owner has signed a notice of classification continuance, except transfer to an owner who is an heir or devisee of a deceased owner ((~~shall~~)) <u>or transfer by a transfer on death deed does</u> not, by itself, result in removal of classification. The notice of continuance ((~~shall~~)) <u>must</u> be on a form prepared by the department. If the notice of continuance is not signed by the new owner and attached to the real estate excise tax affidavit, all additional taxes calculated pursuant to subsection (4) of this section ((~~shall~~)) become due and payable by the seller or transferor at time of sale. The auditor ((~~shall~~)) <u>may</u> not accept an instrument of conveyance regarding classified land for filing or recording unless the new owner has signed the notice of continuance or the additional tax has been paid, as evidenced by the real estate excise tax stamp affixed thereto by the treasurer. The seller, transferor, or new owner may appeal the new assessed valuation calculated under subsection (4) of this section to the county board of equalization in accordance with the provisions of RCW 84.40.038. Jurisdiction is hereby conferred on the county board of equalization to hear these appeals;

(d)<u>(i)</u> Determination by the assessor, after giving the owner written notice and an opportunity to be heard, that all or a portion of the land no longer meets the criteria for classification under this chapter. The criteria for classification pursuant to this chapter continue to apply after classification has been granted.

<u>(ii)</u> The granting authority, upon request of an assessor, ((~~shall~~)) <u>must</u> provide reasonable assistance to the assessor in making a determination whether the land continues to meet the qualifications of RCW 84.34.020 (1) or (3). The assistance ((~~shall~~)) <u>must</u> be provided within thirty days of receipt of the request.

(2) Land may not be removed from classification because of:

(a) The creation, sale, or transfer of forestry riparian easements under RCW 76.13.120; or

(b) The creation, sale, or transfer of a fee interest or a conservation easement for the riparian open space program under RCW 76.09.040.

(3) Within thirty days after the removal of all or a portion of the land from current use classification under subsection (1) of this section, the assessor ((~~shall~~)) <u>must</u> notify the owner in writing, setting forth the reasons for the removal. The seller, transferor, or owner may appeal the removal to the county board of equalization in accordance with the provisions of RCW 84.40.038. The removal notice must explain the steps needed to appeal the removal decision, including when a notice of appeal must be filed, where the forms may be obtained, and how to contact the county board of equalization.

(4) Unless the removal is reversed on appeal, the assessor ((~~shall~~)) <u>must</u> revalue the affected land with reference to its true and fair value on January 1st of the year of removal from classification. Both the assessed valuation before and after the removal of classification ((~~shall~~)) <u>must</u> be listed and taxes ((~~shall~~)) <u>must</u> be allocated according to that part of the year to which each assessed valuation applies. Except as provided in subsection (6) of this section, an additional tax, applicable interest, and penalty ((~~shall~~)) <u>must</u> be imposed which ((~~shall be~~)) <u>are</u> due and payable to the treasurer thirty days after the owner is notified of the amount of the additional tax. As soon as possible, the assessor ((~~shall~~)) <u>must</u> compute the amount of additional tax, applicable interest, and penalty and the treasurer ((~~shall~~)) <u>must</u> mail notice to the owner of the amount thereof and the date on which payment is due. The amount of the additional tax, applicable interest, and penalty ((~~shall~~)) <u>must</u> be determined as follows:

(a) The amount of additional tax ((~~shall be~~)) <u>is</u> equal to the difference between the property tax paid as "open space land," "farm and agricultural land," or "timber land" and the amount of property tax otherwise due and payable for the seven years last past had the land not been so classified;

(b) The amount of applicable interest ((~~shall be~~)) <u>is</u> equal to the interest upon the amounts of the additional tax paid at the same statutory rate charged on delinquent property taxes from the dates on which the additional tax could have been paid without penalty if the land had been assessed at a value without regard to this chapter;

(c) The amount of the penalty ((~~shall be~~)) <u>is</u> as provided in RCW 84.34.080. The penalty ((~~shall~~)) <u>may</u> not be imposed if the removal satisfies the conditions of RCW 84.34.070.

(5) Additional tax, applicable interest, and penalty((~~, shall~~)) become a lien on the land ((~~which shall attach~~)) <u>that attaches</u> at the time the land is removed from classification under this chapter and ((~~shall~~)) have priority to and ((~~shall~~)) <u>must</u> be fully paid and satisfied before any recognizance, mortgage, judgment, debt, obligation or responsibility to or with which the land may become charged or liable. This lien may be foreclosed upon expiration of the same period after delinquency and in the same manner provided by law for foreclosure of liens for delinquent real property taxes as provided in RCW 84.64.050. Any additional tax unpaid on its due date ((~~shall~~)) <u>will</u> thereupon become delinquent. From the date of delinquency until paid, interest ((~~shall~~)) <u>must</u> be charged at the same rate applied by law to delinquent ad valorem property taxes.

(6) The additional tax, applicable interest, and penalty specified in subsection (4) of this section ((~~shall~~)) <u>may</u> not be imposed if the removal of classification pursuant to subsection (1) of this section resulted solely from:

(a) Transfer to a government entity in exchange for other land located within the state of Washington;

(b)(i) A taking through the exercise of the power of eminent domain, or (ii) sale or transfer to an entity having the power of eminent domain in anticipation of the exercise of such power, said entity having manifested its intent in writing or by other official action;

(c) A natural disaster such as a flood, windstorm, earthquake, or other such calamity rather than by virtue of the act of the landowner changing the use of the property;

(d) Official action by an agency of the state of Washington or by the county or city within which the land is located which disallows the present use of the land;

(e) Transfer of land to a church when the land would qualify for exemption pursuant to RCW 84.36.020;

(f) Acquisition of property interests by state agencies or agencies or organizations qualified under RCW 84.34.210 and 64.04.130 for the purposes enumerated in those sections. At such time as these property interests are not used for the purposes enumerated in RCW 84.34.210 and 64.04.130 the additional tax specified in subsection (4) of this section ((~~shall~~)) <u>must</u> be imposed;

(g) Removal of land classified as farm and agricultural land under RCW 84.34.020(2)(f);

(h) Removal of land from classification after enactment of a statutory exemption that qualifies the land for exemption and receipt of notice from the owner to remove the land from classification;

(i) The creation, sale, or transfer of forestry riparian easements under RCW 76.13.120;

(j) The creation, sale, or transfer of a conservation easement of private forest lands within unconfined channel migration zones or containing critical habitat for threatened or endangered species under RCW 76.09.040;

(k) The sale or transfer of land within two years after the death of the owner of at least a fifty percent interest in the land if the land has been assessed and valued as classified forest land, designated as forest land under chapter 84.33 RCW, or classified under this chapter continuously since 1993. The date of death shown on a death certificate is the date used for the purposes of this subsection (6)(k); or

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(l)(i) The discovery that the land was classified under this chapter in error through no fault of the owner. For purposes of this subsection (6)(l), "fault" means a knowingly false or misleading statement, or other act or omission not in good faith, that contributed to the approval of classification under this chapter or the failure of the assessor to remove the land from classification under this chapter.

(ii) For purposes of this subsection (6), the discovery that land was classified under this chapter in error through no fault of the owner is not the sole reason for removal of classification pursuant to subsection (1) of this section if an independent basis for removal exists. Examples of an independent basis for removal include the owner changing the use of the land or failing to meet any applicable income criteria required for classification under this chapter.

NEW SECTION. **Sec. 29.** Section 23 of this act takes effect if the Washington uniform power of attorney act (House/Senate Bill No. . . .) is not enacted during the 2014 regular legislative session.

NEW SECTION. **Sec. 30.** If any provision of this act or its application to any person or circumstance is held invalid, the remainder of the act or the application of the provision to other persons or circumstances is not affected.

NEW SECTION. **Sec. 31.** Sections 1 through 17 of this act constitute a new chapter in Title 64 RCW."

On page 1, line 2 of the title, after "death;" strike the remainder of the title and insert "amending RCW 11.07.010, 11.11.010, 11.18.200, 11.86.011, 11.94.050, 82.45.010, 82.45.197, 82.45.150, and 84.33.140; reenacting and amending RCW 11.02.005 and 84.34.108; adding a new chapter to Title 64 RCW; and providing a contingent effective date."

and the same is herewith transmitted.

Brad Hendrickson, Deputy, Secretary

SENATE AMENDMENT TO HOUSE BILL

There being no objection, the House concurred in the Senate amendment to SECOND ENGROSSED SUBSTITUTE HOUSE BILL NO. 1117 and advanced the bill as amended by the Senate to final passage.

FINAL PASSAGE OF HOUSE BILL AS SENATE AMENDED

Representatives Rodne and Hansen spoke in favor of the passage of the bill.

The Speaker (Representative Moeller presiding) stated the question before the House to be the final passage of Second Engrossed Substitute House Bill No. 1117, as amended by the Senate.

ROLL CALL

The Clerk called the roll on the final passage of Second Engrossed Substitute House Bill No. 1117, as amended by the Senate, and the bill passed the House by the following vote: Yeas, 91; Nays, 7; Absent, 0; Excused, 0.

Voting yea: Representatives Appleton, Bergquist, Blake, Buys, Carlyle, Chandler, Christian, Clibborn, Cody, Dahlquist, DeBolt, Dunshee, Fagan, Farrell, Fey, Fitzgibbon, Freeman, Goodman, Green, Gregerson, Habib, Haigh, Haler, Hansen, Hargrove, Harris, Hawkins, Hayes, Holy, Hope, Hudgins, Hunter, Hurst, Jinkins, Johnson, Kagi, Kirby, Klippert, Kochmar, Kretz, Kristiansen, Lytton, MacEwen, Magendanz, Manweller, Moeller, Morrell, Morris, Moscoso, Muri, Nealey, Orcutt, Ormsby, Ortiz-Self, Orwall, Parker, Pettigrew, Pike, Pollet, Reykdal, Riccelli, Roberts, Robinson, Rodne, Ross, Ryu, S. Hunt, Santos, Sawyer, Schmick, Seaquist, Sells, Senn, Short, Smith, Springer, Stanford, Stonier, Sullivan, Takko, Tarleton, Tharinger, Van De Wege, Vick, Walkinshaw, Walsh, Warnick, Wilcox, Wylie, Zeiger and Mr. Speaker.

Voting nay: Representatives Condotta, G. Hunt, Overstreet, Scott, Shea, Taylor and Young.

SECOND ENGROSSED SUBSTITUTE HOUSE BILL NO. 1117, as amended by the Senate, having received the necessary constitutional majority, was declared passed.

MESSAGE FROM THE SENATE

March 7, 2014

Mr. Speaker:

The Senate has passed SECOND SUBSTITUTE HOUSE BILL NO. 1651 with the following amendment:

Strike everything after the enacting clause and insert the following:

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

(1) The primary goal of the Washington state juvenile justice system is the rehabilitation and reintegration of former juvenile offenders. The public has a compelling interest in the rehabilitation of former juvenile offenders and their successful reintegration into society as active, law-abiding, and contributing members of their communities. When juvenile court records are publicly available, former juvenile offenders face substantial barriers to reintegration, as they are denied housing, employment, and education opportunities on the basis of these records.

(2) The legislature declares it is the policy of the state of Washington that the interest in juvenile rehabilitation and reintegration constitutes compelling circumstances that outweigh the public interest in continued availability of juvenile court records. The legislature intends that juvenile court proceedings be openly administered but, except in limited circumstances, the records of these proceedings be closed when the juvenile has reached the age of eighteen and completed the terms of disposition.

Sec. 2. RCW 13.50.010 and 2013 c 23 s 6 are each amended to read as follows:

(1) For purposes of this chapter:

(a) "Juvenile justice or care agency" means any of the following: Police, diversion units, court, prosecuting attorney, defense attorney, detention center, attorney general, the legislative children's oversight committee, the office of the family and children's ombuds, the department of social and health services and its contracting agencies, schools; persons or public or private agencies having children committed to their custody; and any placement oversight committee created under RCW 72.05.415;

(b) "Official juvenile court file" means the legal file of the juvenile court containing the petition or information, motions, memorandums, briefs, findings of the court, and court orders;

(c) "Records" means the official juvenile court file, the social file, and records of any other juvenile justice or care agency in the case;

(d) "Social file" means the juvenile court file containing the records and reports of the probation counselor.

(2) Each petition or information filed with the court may include only one juvenile and each petition or information shall be filed under

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a separate docket number. The social file shall be filed separately from the official juvenile court file.

(3) It is the duty of any juvenile justice or care agency to maintain accurate records. To this end:

(a) The agency may never knowingly record inaccurate information. Any information in records maintained by the department of social and health services relating to a petition filed pursuant to chapter 13.34 RCW that is found by the court to be false or inaccurate shall be corrected or expunged from such records by the agency;

(b) An agency shall take reasonable steps to assure the security of its records and prevent tampering with them; and

(c) An agency shall make reasonable efforts to insure the completeness of its records, including action taken by other agencies with respect to matters in its files.

(4) Each juvenile justice or care agency shall implement procedures consistent with the provisions of this chapter to facilitate inquiries concerning records.

(5) Any person who has reasonable cause to believe information concerning that person is included in the records of a juvenile justice or care agency and who has been denied access to those records by the agency may make a motion to the court for an order authorizing that person to inspect the juvenile justice or care agency record concerning that person. The court shall grant the motion to examine records unless it finds that in the interests of justice or in the best interests of the juvenile the records or parts of them should remain confidential.

(6) A juvenile, or his or her parents, or any person who has reasonable cause to believe information concerning that person is included in the records of a juvenile justice or care agency may make a motion to the court challenging the accuracy of any information concerning the moving party in the record or challenging the continued possession of the record by the agency. If the court grants the motion, it shall order the record or information to be corrected or destroyed.

(7) The person making a motion under subsection (5) or (6) of this section shall give reasonable notice of the motion to all parties to the original action and to any agency whose records will be affected by the motion.

(8) The court may permit inspection of records by, or release of information to, any clinic, hospital, or agency which has the subject person under care or treatment. The court may also permit inspection by or release to individuals or agencies, including juvenile justice advisory committees of county law and justice councils, engaged in legitimate research for educational, scientific, or public purposes. ((~~The court shall release to the caseload forecast council records needed for its research and data-gathering functions. Access to records or information for research purposes shall be permitted only if the anonymity of all persons mentioned in the records or information will be preserved.~~)) Each person granted permission to inspect juvenile justice or care agency records for research purposes shall present a notarized statement to the court stating that the names of juveniles and parents will remain confidential.

(9) The court shall release to the caseload forecast council the records needed for its research and data-gathering functions. Access to caseload forecast data may be permitted by the council for research purposes only if the anonymity of all persons mentioned in the records or information will be preserved.

(10) Juvenile detention facilities shall release records to the caseload forecast council upon request. The commission shall not disclose the names of any juveniles or parents mentioned in the records without the named individual's written permission.

((~~(10)~~)) (11) Requirements in this chapter relating to the court's authority to compel disclosure shall not apply to the legislative children's oversight committee or the office of the family and children's ombuds.

((~~(11)~~)) (12) For the purpose of research only, the administrative office of the courts shall maintain an electronic research copy of all records in the judicial information system related to juveniles. Access to the research copy is restricted to the Washington state center for court research. The Washington state center for court research shall maintain the confidentiality of all confidential records and shall preserve the anonymity of all persons identified in the research copy. The research copy may not be subject to any records retention schedule and must include records destroyed or removed from the judicial information system pursuant to ((~~RCW 13.50.050 (17) and (18)~~)) section 5 of this act and RCW 13.50.100(3).

((~~(12)~~)) (13) The court shall release to the Washington state office of public defense records needed to implement the agency's oversight, technical assistance, and other functions as required by RCW 2.70.020. Access to the records used as a basis for oversight, technical assistance, or other agency functions is restricted to the Washington state office of public defense. The Washington state office of public defense shall maintain the confidentiality of all confidential information included in the records.

Sec. 3. RCW 13.50.050 and 2012 c 177 s 2 are each amended to read as follows:

(1) This section and sections 4 and 5 of this act govern((~~s~~)) records relating to the commission of juvenile offenses, including records relating to diversions.

(2) The official juvenile court file of any alleged or proven juvenile offender shall be open to public inspection, unless sealed pursuant to ((~~subsection (12) of this~~)) section 4 of this act.

(3) All records other than the official juvenile court file are confidential and may be released only as provided in this ((~~section~~)) chapter, RCW ((~~13.50.010,~~)) 13.40.215((~~,~~)) and 4.24.550.

(4) Except as otherwise provided in this ((~~section and RCW 13.50.010~~)) chapter, records retained or produced by any juvenile justice or care agency may be released to other participants in the juvenile justice or care system only when an investigation or case involving the juvenile in question is being pursued by the other participant or when that other participant is assigned the responsibility for supervising the juvenile.

(5) Except as provided in RCW 4.24.550, information not in an official juvenile court file concerning a juvenile or a juvenile's family may be released to the public only when that information could not reasonably be expected to identify the juvenile or the juvenile's family.

(6) Notwithstanding any other provision of this chapter, the release, to the juvenile or his or her attorney, of law enforcement and prosecuting attorneys' records pertaining to investigation, diversion, and prosecution of juvenile offenses shall be governed by the rules of discovery and other rules of law applicable in adult criminal investigations and prosecutions.

(7) Upon the decision to arrest or the arrest, law enforcement and prosecuting attorneys may cooperate with schools in releasing information to a school pertaining to the investigation, diversion, and prosecution of a juvenile attending the school. Upon the decision to arrest or the arrest, incident reports may be released unless releasing the records would jeopardize the investigation or prosecution or endanger witnesses. If release of incident reports would jeopardize the investigation or prosecution or endanger witnesses, law enforcement and prosecuting attorneys may release information to the maximum extent possible to assist schools in protecting other students, staff, and school property.

(8) The juvenile court and the prosecutor may set up and maintain a central recordkeeping system which may receive information on all alleged juvenile offenders against whom a complaint has been filed pursuant to RCW 13.40.070 whether or not their cases are currently pending before the court. The central recordkeeping system may be computerized. If a complaint has been referred to a diversion unit, the diversion unit shall promptly report to the juvenile court or the

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prosecuting attorney when the juvenile has agreed to diversion. An offense shall not be reported as criminal history in any central recordkeeping system without notification by the diversion unit of the date on which the offender agreed to diversion.

(9) Upon request of the victim of a crime or the victim's immediate family, the identity of an alleged or proven juvenile offender alleged or found to have committed a crime against the victim and the identity of the alleged or proven juvenile offender's parent, guardian, or custodian and the circumstance of the alleged or proven crime shall be released to the victim of the crime or the victim's immediate family.

(10) Subject to the rules of discovery applicable in adult criminal prosecutions, the juvenile offense records of an adult criminal defendant or witness in an adult criminal proceeding shall be released upon request to prosecution and defense counsel after a charge has actually been filed. The juvenile offense records of any adult convicted of a crime and placed under the supervision of the adult corrections system shall be released upon request to the adult corrections system.

(11) ((~~In any case in which an information has been filed pursuant to RCW 13.40.100 or a complaint has been filed with the prosecutor and referred for diversion pursuant to RCW 13.40.070, the person the subject of the information or complaint may file a motion with the court to have the court vacate its order and findings, if any, and, subject to subsection (23) of this section, order the sealing of the official juvenile court file, the social file, and records of the court and of any other agency in the case.~~

~~(12)(a) The court shall not grant any motion to seal records for class A offenses made pursuant to subsection (11) of this section that is filed on or after July 1, 1997, unless:~~

~~(i) Since the last date of release from confinement, including full-time residential treatment, if any, or entry of disposition, the person has spent five consecutive years in the community without committing any offense or crime that subsequently results in an adjudication or conviction;~~

~~(ii) No proceeding is pending against the moving party seeking the conviction of a juvenile offense or a criminal offense;~~

~~(iii) No proceeding is pending seeking the formation of a diversion agreement with that person;~~

~~(iv) The person is no longer required to register as a sex offender under RCW 9A.44.130 or has been relieved of the duty to register under RCW 9A.44.143 if the person was convicted of a sex offense;~~

~~(v) The person has not been convicted of rape in the first degree, rape in the second degree, or indecent liberties that was actually committed with forcible compulsion; and~~

~~(vi) Full restitution has been paid.~~

~~(b) The court shall not grant any motion to seal records for class B, C, gross misdemeanor and misdemeanor offenses and diversions made under subsection (11) of this section unless:~~

~~(i) Since the date of last release from confinement, including full-time residential treatment, if any, entry of disposition, or completion of the diversion agreement, the person has spent two consecutive years in the community without being convicted of any offense or crime;~~

~~(ii) No proceeding is pending against the moving party seeking the conviction of a juvenile offense or a criminal offense;~~

~~(iii) No proceeding is pending seeking the formation of a diversion agreement with that person;~~

~~(iv) The person is no longer required to register as a sex offender under RCW 9A.44.130 or has been relieved of the duty to register under RCW 9A.44.143 if the person was convicted of a sex offense; and~~

~~(v) Full restitution has been paid.~~

~~(c) Notwithstanding the requirements in (a) or (b) of this subsection, the court shall grant any motion to seal records of any deferred disposition vacated under RCW 13.40.127(9) prior to June 7, 2012, if restitution has been paid and the person is eighteen years of age or older at the time of the motion.~~

~~(13) The person making a motion pursuant to subsection (11) of this section shall give reasonable notice of the motion to the prosecution and to any person or agency whose files are sought to be sealed.~~

~~(14)(a) If the court grants the motion to seal made pursuant to subsection (11) of this section, it shall, subject to subsection (23) of this section, order sealed the official juvenile court file, the social file, and other records relating to the case as are named in the order. Thereafter, the proceedings in the case shall be treated as if they never occurred, and the subject of the records may reply accordingly to any inquiry about the events, records of which are sealed. Any agency shall reply to any inquiry concerning confidential or sealed records that records are confidential, and no information can be given about the existence or nonexistence of records concerning an individual.~~

~~(b) In the event the subject of the juvenile records receives a full and unconditional pardon, the proceedings in the matter upon which the pardon has been granted shall be treated as if they never occurred, and the subject of the records may reply accordingly to any inquiry about the events upon which the pardon was received. Any agency shall reply to any inquiry concerning the records pertaining to the events for which the subject received a pardon that records are confidential, and no information can be given about the existence or nonexistence of records concerning an individual.~~

~~(15) Inspection of the files and records included in the order to seal may thereafter be permitted only by order of the court upon motion made by the person who is the subject of the information or complaint, except as otherwise provided in RCW 13.50.010(8) and subsection (23) of this section.~~

~~(16) Any adjudication of a juvenile offense or a crime subsequent to sealing has the effect of nullifying the sealing order. Any charging of an adult felony subsequent to the sealing has the effect of nullifying the sealing order for the purposes of chapter 9.94A RCW. The administrative office of the courts shall ensure that the superior court judicial information system provides prosecutors access to information on the existence of sealed juvenile records.~~

~~(17)(a)(i) Subject to subsection (23) of this section, all records maintained by any court or law enforcement agency, including the juvenile court, local law enforcement, the Washington state patrol, and the prosecutor's office, shall be automatically destroyed within ninety days of becoming eligible for destruction. Juvenile records are eligible for destruction when:~~

~~(A) The person who is the subject of the information or complaint is at least eighteen years of age;~~

~~(B) His or her criminal history consists entirely of one diversion agreement or counsel and release entered on or after June 12, 2008;~~

~~(C) Two years have elapsed since completion of the agreement or counsel and release;~~

~~(D) No proceeding is pending against the person seeking the conviction of a criminal offense; and~~

~~(E) There is no restitution owing in the case.~~

~~(ii) No less than quarterly, the administrative office of the courts shall provide a report to the juvenile courts of those individuals whose records may be eligible for destruction. The juvenile court shall verify eligibility and notify the Washington state patrol and the appropriate local law enforcement agency and prosecutor's office of the records to be destroyed. The requirement to destroy records under this subsection is not dependent on a court hearing or the issuance of a court order to destroy records.~~

~~(iii) The state and local governments and their officers and employees are not liable for civil damages for the failure to destroy records pursuant to this section.~~

~~(b) All records maintained by any court or law enforcement agency, including the juvenile court, local law enforcement, the Washington state patrol, and the prosecutor's office, shall be~~

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~~automatically destroyed within thirty days of being notified by the governor's office that the subject of those records received a full and unconditional pardon by the governor.~~

~~(c) A person eighteen years of age or older whose criminal history consists entirely of one diversion agreement or counsel and release entered prior to June 12, 2008, may request that the court order the records in his or her case destroyed. The request shall be granted, subject to subsection (23) of this section, if the court finds that two years have elapsed since completion of the agreement or counsel and release.~~

~~(d) A person twenty-three years of age or older whose criminal history consists of only referrals for diversion may request that the court order the records in those cases destroyed. The request shall be granted, subject to subsection (23) of this section, if the court finds that all diversion agreements have been successfully completed and no proceeding is pending against the person seeking the conviction of a criminal offense.~~

~~(18) If the court grants the motion to destroy records made pursuant to subsection (17)(c) or (d) of this section, it shall, subject to subsection (23) of this section, order the official juvenile court file, the social file, and any other records named in the order to be destroyed.~~

~~(19) The person making the motion pursuant to subsection (17)(c) or (d) of this section shall give reasonable notice of the motion to the prosecuting attorney and to any agency whose records are sought to be destroyed.~~

~~(20)~~)) Any juvenile to whom the provisions of this section <u>or section 4 or 5 of this act</u> may apply shall be given written notice of his or her rights under this section at the time of his or her disposition hearing or during the diversion process.

((~~(21)~~)) <u>(12)</u> Nothing in this section <u>or section 4 or 5 of this act</u> may be construed to prevent a crime victim or a member of the victim's family from divulging the identity of the alleged or proven juvenile offender or his or her family when necessary in a civil proceeding.

((~~(22) Any juvenile justice or care agency may, subject to the limitations in subsection (23) of this section and (a) and (b) of this subsection, develop procedures for the routine destruction of records relating to juvenile offenses and diversions.~~

~~(a) Records may be routinely destroyed only when the person the subject of the information or complaint has attained twenty-three years of age or older or pursuant to subsection (17)(a) of this section.~~

~~(b) The court may not routinely destroy the official juvenile court file or recordings or transcripts of any proceedings.~~

~~(23)~~)) <u>(13)</u> Except ((~~for subsection (17)(b) of this section~~)) <u>as provided in section 5(2) of this act</u>, no identifying information held by the Washington state patrol in accordance with chapter 43.43 RCW is subject to destruction or sealing under this section. For the purposes of this subsection, identifying information includes photographs, fingerprints, palmprints, soleprints, toeprints and any other data that identifies a person by physical characteristics, name, birthdate or address, but does not include information regarding criminal activity, arrest, charging, diversion, conviction or other information about a person's treatment by the criminal justice system or about the person's behavior.

((~~(24)~~)) <u>(14)</u> Information identifying child victims under age eighteen who are victims of sexual assaults by juvenile offenders is confidential and not subject to release to the press or public without the permission of the child victim or the child's legal guardian. Identifying information includes the child victim's name, addresses, location, photographs, and in cases in which the child victim is a relative of the alleged perpetrator, identification of the relationship between the child and the alleged perpetrator. Information identifying a child victim of sexual assault may be released to law enforcement, prosecutors, judges, defense attorneys, or private or governmental agencies that provide services to the child victim of sexual assault.

<u>NEW SECTION.</u> **Sec. 4.** A new section is added to chapter 13.50 RCW to read as follows:

(1)(a) The court shall hold regular sealing hearings. During these regular sealing hearings, the court shall administratively seal an individual's juvenile court record pursuant to the requirements of this subsection unless the court receives an objection to sealing or the court notes a compelling reason not to seal, in which case, the court shall set a contested hearing to be conducted on the record to address sealing. The respondent and his or her attorney shall be given at least eighteen days' notice of any contested sealing hearing and the opportunity to respond to any objections, but the respondent's presence is not required at any sealing hearing pursuant to this subsection.

(b) At the disposition hearing of a juvenile offender, the court shall schedule an administrative sealing hearing to take place during the first regularly scheduled sealing hearing after the latest of the following events that apply:

(i) The respondent's eighteenth birthday;

(ii) Anticipated completion of a respondent's probation, if ordered;

(iii) Anticipated release from confinement at the juvenile rehabilitation administration, or the completion of parole, if the respondent is transferred to the juvenile rehabilitation administration.

(c) A court shall enter a written order sealing an individual's juvenile court record pursuant to this subsection if:

(i) One of the offenses for which the court has entered a disposition is not at the time of commission of the offense:

(A) A most serious offense, as defined in RCW 9.94A.030;

(B) A sex offense under chapter 9A.44 RCW; or

(C) A drug offense, as defined in RCW 9.94A.030; and

(ii) The respondent has completed the terms and conditions of disposition, including affirmative conditions and financial obligations.

(d) Following a contested sealing hearing on the record after an objection is made pursuant to (a) of this subsection, the court shall enter a written order sealing the juvenile court record unless the court determines that sealing is not appropriate.

(2) The court shall enter a written order immediately sealing the official juvenile court record upon the acquittal after a fact finding or upon dismissal of charges.

(3) If a juvenile court record has not already been sealed pursuant to this section, in any case in which information has been filed pursuant to RCW 13.40.100 or a complaint has been filed with the prosecutor and referred for diversion pursuant to RCW 13.40.070, the person who is the subject of the information or complaint may file a motion with the court to have the court vacate its order and findings, if any, and, subject to RCW 13.50.050(13), order the sealing of the official juvenile court record, the social file, and records of the court and of any other agency in the case.

(4)(a) The court shall grant any motion to seal records for class A offenses made pursuant to subsection (3) of this section if:

(i) Since the last date of release from confinement, including full-time residential treatment, if any, or entry of disposition, the person has spent five consecutive years in the community without committing any offense or crime that subsequently results in an adjudication or conviction;

(ii) No proceeding is pending against the moving party seeking the conviction of a juvenile offense or a criminal offense;

(iii) No proceeding is pending seeking the formation of a diversion agreement with that person;

(iv) The person is no longer required to register as a sex offender under RCW 9A.44.130 or has been relieved of the duty to register under RCW 9A.44.143 if the person was convicted of a sex offense;

(v) The person has not been convicted of rape in the first degree, rape in the second degree, or indecent liberties that was actually committed with forcible compulsion; and

(vi) Full restitution has been paid.

(b) The court shall grant any motion to seal records for class B, C, gross misdemeanor, and misdemeanor offenses and diversions made under subsection (3) of this section if:

(i) Since the date of last release from confinement, including full-time residential treatment, if any, entry of disposition, or completion of the diversion agreement, the person has spent two consecutive years in the community without being convicted of any offense or crime;

(ii) No proceeding is pending against the moving party seeking the conviction of a juvenile offense or a criminal offense;

(iii) No proceeding is pending seeking the formation of a diversion agreement with that person;

(iv) The person is no longer required to register as a sex offender under RCW 9A.44.130 or has been relieved of the duty to register under RCW 9A.44.143 if the person was convicted of a sex offense; and

(v) Full restitution has been paid.

(c) Notwithstanding the requirements in (a) or (b) of this subsection, the court shall grant any motion to seal records of any deferred disposition vacated under RCW 13.40.127(9) prior to June 7, 2012, if restitution has been paid and the person is eighteen years of age or older at the time of the motion.

(5) The person making a motion pursuant to subsection (3) of this section shall give reasonable notice of the motion to the prosecution and to any person or agency whose records are sought to be sealed.

(6)(a) If the court enters a written order sealing the juvenile court record pursuant to this section, it shall, subject to RCW 13.50.050(13), order sealed the official juvenile court record, the social file, and other records relating to the case as are named in the order. Thereafter, the proceedings in the case shall be treated as if they never occurred, and the subject of the records may reply accordingly to any inquiry about the events, records of which are sealed. Any agency shall reply to any inquiry concerning confidential or sealed records that records are confidential, and no information can be given about the existence or nonexistence of records concerning an individual.

(b) In the event the subject of the juvenile records receives a full and unconditional pardon, the proceedings in the matter upon which the pardon has been granted shall be treated as if they never occurred, and the subject of the records may reply accordingly to any inquiry about the events upon which the pardon was received. Any agency shall reply to any inquiry concerning the records pertaining to the events for which the subject received a pardon that records are confidential, and no information can be given about the existence or nonexistence of records concerning an individual.

(7) Inspection of the files and records included in the order to seal may thereafter be permitted only by order of the court upon motion made by the person who is the subject of the information or complaint, except as otherwise provided in RCW 13.50.010(8) and 13.50.050(13).

(8)(a) Any adjudication of a juvenile offense or a crime subsequent to sealing has the effect of nullifying a sealing order; however, the court may order the juvenile court record resealed upon disposition of the subsequent matter if the case meets the sealing criteria under this section and the court record has not previously been resealed.

(b) Any charging of an adult felony subsequent to the sealing has the effect of nullifying the sealing order.

(c) The administrative office of the courts shall ensure that the superior court judicial information system provides prosecutors access to information on the existence of sealed juvenile records.

(9) If the juvenile court record has been sealed pursuant to this section, the record of an employee is not admissible in an action for liability against the employer based on the former juvenile offender's conduct to show that the employer knew or should have known of the juvenile record of the employee. The record may be admissible, however, if a background check conducted or authorized by the employer contained the information in the sealed record.

NEW SECTION. **Sec. 5.** A new section is added to chapter 13.50 RCW to read as follows:

(1)(a) Subject to RCW 13.50.050(13), all records maintained by any court or law enforcement agency, including the juvenile court, local law enforcement, the Washington state patrol, and the prosecutor's office, shall be automatically destroyed within ninety days of becoming eligible for destruction. Juvenile records are eligible for destruction when:

(i) The person who is the subject of the information or complaint is at least eighteen years of age;

(ii) The person's criminal history consists entirely of one diversion agreement or counsel and release entered on or after June 12, 2008;

(iii) Two years have elapsed since completion of the agreement or counsel and release;

(iv) No proceeding is pending against the person seeking the conviction of a criminal offense; and

(v) There is no restitution owing in the case.

(b) No less than quarterly, the administrative office of the courts shall provide a report to the juvenile courts of those individuals whose records may be eligible for destruction. The juvenile court shall verify eligibility and notify the Washington state patrol and the appropriate local law enforcement agency and prosecutor's office of the records to be destroyed. The requirement to destroy records under this subsection is not dependent on a court hearing or the issuance of a court order to destroy records.

(c) The state and local governments and their officers and employees are not liable for civil damages for the failure to destroy records pursuant to this section.

(2) All records maintained by any court or law enforcement agency, including the juvenile court, local law enforcement, the Washington state patrol, and the prosecutor's office, shall be automatically destroyed within thirty days of being notified by the governor's office that the subject of those records received a full and unconditional pardon by the governor.

(3)(a) A person may request that the court order the records in his or her case destroyed as follows:

(i) A person eighteen years of age or older whose criminal history consists entirely of one diversion agreement or counsel and release entered prior to June 12, 2008. The request shall be granted if the court finds that two years have elapsed since completion of the agreement or counsel and release.

(ii) A person twenty-three years of age or older whose criminal history consists of only referrals for diversion. The request shall be granted if the court finds that all diversion agreements have been successfully completed and no proceeding is pending against the person seeking the conviction of a criminal offense.

(b) If the court grants the motion to destroy records made pursuant to this subsection, it shall, subject to RCW 13.50.050(13), order the official juvenile court record, the social file, and any other records named in the order to be destroyed.

(c) The person making the motion pursuant to this subsection must give reasonable notice of the motion to the prosecuting attorney and to any agency whose records are sought to be destroyed.

(4) Any juvenile justice or care agency may, subject to the limitations in RCW 13.50.050(13) and this section, develop procedures for the routine destruction of records relating to juvenile offenses and diversions.

(a) Records may be routinely destroyed only when the person the subject of the information or complaint has attained twenty-three years of age or older or pursuant to subsection (1) of this section.

(b) The court may not routinely destroy the official juvenile court record or recordings or transcripts of any proceedings.

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Sec. 6. RCW 13.40.127 and 2013 c 179 s 5 are each amended to read as follows:

(1) A juvenile is eligible for deferred disposition unless he or she:

(a) Is charged with a sex or violent offense;

(b) Has a criminal history which includes any felony;

(c) Has a prior deferred disposition or deferred adjudication; or

(d) Has two or more adjudications.

(2) The juvenile court may, upon motion at least fourteen days before commencement of trial and, after consulting the juvenile's custodial parent or parents or guardian and with the consent of the juvenile, continue the case for disposition for a period not to exceed one year from the date the juvenile is found guilty. The court shall consider whether the offender and the community will benefit from a deferred disposition before deferring the disposition. The court may waive the fourteen-day period anytime before the commencement of trial for good cause.

(3) Any juvenile who agrees to a deferral of disposition shall:

(a) Stipulate to the admissibility of the facts contained in the written police report;

(b) Acknowledge that the report will be entered and used to support a finding of guilt and to impose a disposition if the juvenile fails to comply with terms of supervision;

(c) Waive the following rights to: (i) A speedy disposition; and (ii) call and confront witnesses; and

(d) Acknowledge the direct consequences of being found guilty and the direct consequences that will happen if an order of disposition is entered.

The adjudicatory hearing shall be limited to a reading of the court's record.

(4) Following the stipulation, acknowledgment, waiver, and entry of a finding or plea of guilt, the court shall defer entry of an order of disposition of the juvenile.

(5) Any juvenile granted a deferral of disposition under this section shall be placed under community supervision. The court may impose any conditions of supervision that it deems appropriate including posting a probation bond. Payment of restitution under RCW 13.40.190 shall be a condition of community supervision under this section.

The court may require a juvenile offender convicted of animal cruelty in the first degree to submit to a mental health evaluation to determine if the offender would benefit from treatment and such intervention would promote the safety of the community. After consideration of the results of the evaluation, as a condition of community supervision, the court may order the offender to attend treatment to address issues pertinent to the offense.

The court may require the juvenile to undergo a mental health or substance abuse assessment, or both. If the assessment identifies a need for treatment, conditions of supervision may include treatment for the assessed need that has been demonstrated to improve behavioral health and reduce recidivism.

(6) A parent who signed for a probation bond has the right to notify the counselor if the juvenile fails to comply with the bond or conditions of supervision. The counselor shall notify the court and surety of any failure to comply. A surety shall notify the court of the juvenile's failure to comply with the probation bond. The state shall bear the burden to prove, by a preponderance of the evidence, that the juvenile has failed to comply with the terms of community supervision.

(7)(a) Anytime prior to the conclusion of the period of supervision, the prosecutor or the juvenile's juvenile court community supervision counselor may file a motion with the court requesting the court revoke the deferred disposition based on the juvenile's lack of compliance or treat the juvenile's lack of compliance as a violation pursuant to RCW 13.40.200.

(b) If the court finds the juvenile failed to comply with the terms of the deferred disposition, the court may:

(i) Revoke the deferred disposition and enter an order of disposition; or

(ii) Impose sanctions for the violation pursuant to RCW 13.40.200.

(8) At any time following deferral of disposition the court may, following a hearing, continue supervision for an additional one-year period for good cause.

(9)(a) At the conclusion of the period of supervision, the court shall determine whether the juvenile is entitled to dismissal of the deferred disposition only when the court finds:

(i) The deferred disposition has not been previously revoked;

(ii) The juvenile has completed the terms of supervision;

(iii) There are no pending motions concerning lack of compliance pursuant to subsection (7) of this section; and

(iv) The juvenile has either paid the full amount of restitution, or, made a good faith effort to pay the full amount of restitution during the period of supervision.

(b) If the court finds the juvenile is entitled to dismissal of the deferred disposition pursuant to (a) of this subsection, the juvenile's conviction shall be vacated and the court shall dismiss the case with prejudice, except that a conviction under RCW 16.52.205 shall not be vacated. Whenever a case is dismissed with restitution still owing, the court shall enter a restitution order pursuant to RCW 13.40.190 for any unpaid restitution. Jurisdiction to enforce payment and modify terms of the restitution order shall be the same as those set forth in RCW 13.40.190.

(c) If the court finds the juvenile is not entitled to dismissal of the deferred disposition pursuant to (a) of this subsection, the court shall revoke the deferred disposition and enter an order of disposition. A deferred disposition shall remain a conviction unless the case is dismissed and the conviction is vacated pursuant to (b) of this subsection or sealed pursuant to ((~~RCW 13.50.050~~)) section 4 of this act.

(10)(a)(i) Any time the court vacates a conviction pursuant to subsection (9) of this section, if the juvenile is eighteen years of age or older and the full amount of restitution ordered has been paid, the court shall enter a written order sealing the case.

(ii) Any time the court vacates a conviction pursuant to subsection (9) of this section, if the juvenile is not eighteen years of age or older and full restitution ordered has been paid, the court shall schedule an administrative sealing hearing to take place no later than thirty days after the respondent's eighteenth birthday, at which time the court shall enter a written order sealing the case. The respondent's presence at the administrative sealing hearing is not required.

(iii) Any deferred disposition vacated prior to June 7, 2012, is not subject to sealing under this subsection.

(b) Nothing in this subsection shall preclude a juvenile from petitioning the court to have the records of his or her deferred dispositions sealed under ((~~RCW 13.50.050 (11) and (12)~~)) section 4 of this act.

(c) Records sealed under this provision shall have the same legal status as records sealed under ((~~RCW 13.50.050~~)) section 4 of this act.

Sec. 7. RCW 13.40.190 and 2010 c 134 s 1 are each amended to read as follows:

(1)(a) In its dispositional order, the court shall require the respondent to make restitution to any persons who have suffered loss or damage as a result of the offense committed by the respondent. In addition, restitution may be ordered for loss or damage if the offender pleads guilty to a lesser offense or fewer offenses and agrees with the prosecutor's recommendation that the offender be required to pay restitution to a victim of an offense or offenses which, pursuant to a plea agreement, are not prosecuted.

(b) Restitution may include the costs of counseling reasonably related to the offense.

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(c) The payment of restitution shall be in addition to any punishment which is imposed pursuant to the other provisions of this chapter.

(d) The court may determine the amount, terms, and conditions of the restitution including a payment plan extending up to ten years if the court determines that the respondent does not have the means to make full restitution over a shorter period. For the purposes of this section, the respondent shall remain under the court's jurisdiction for a maximum term of ten years after the respondent's eighteenth birthday and, during this period, the restitution portion of the dispositional order may be modified as to amount, terms, and conditions at any time. Prior to the expiration of the ten-year period, the juvenile court may extend the judgment for the payment of restitution for an additional ten years. If the court grants a respondent's petition pursuant to ((~~RCW 13.50.050(11)~~)) section 4 of this act, the court's jurisdiction under this subsection shall terminate.

(e) Nothing in this section shall prevent a respondent from petitioning the court pursuant to ((~~RCW 13.50.050(11)~~)) section 4 of this act if the respondent has paid the full restitution amount stated in the court's order and has met the statutory criteria.

(f) If the respondent participated in the crime with another person or other persons, all such participants shall be jointly and severally responsible for the payment of restitution.

(g) At any time, the court may determine that the respondent is not required to pay, or may relieve the respondent of the requirement to pay, full or partial restitution to any insurance provider authorized under Title 48 RCW if the respondent reasonably satisfies the court that he or she does not have the means to make full or partial restitution to the insurance provider and could not reasonably acquire the means to pay the insurance provider the restitution over a ten-year period.

(2) Regardless of the provisions of subsection (1) of this section, the court shall order restitution in all cases where the victim is entitled to benefits under the crime victims' compensation act, chapter 7.68 RCW. If the court does not order restitution and the victim of the crime has been determined to be entitled to benefits under the crime victims' compensation act, the department of labor and industries, as administrator of the crime victims' compensation program, may petition the court within one year of entry of the disposition order for entry of a restitution order. Upon receipt of a petition from the department of labor and industries, the court shall hold a restitution hearing and shall enter a restitution order.

(3) If an order includes restitution as one of the monetary assessments, the county clerk shall make disbursements to victims named in the order. The restitution to victims named in the order shall be paid prior to any payment for other penalties or monetary assessments.

(4) For purposes of this section, "victim" means any person who has sustained emotional, psychological, physical, or financial injury to person or property as a direct result of the offense charged. "Victim" may also include a known parent or guardian of a victim who is a minor child or is not a minor child but is incapacitated, incompetent, disabled, or deceased.

(5) A respondent under obligation to pay restitution may petition the court for modification of the restitution order.

Sec. 8. RCW 13.50.100 and 2013 c 23 s 7 are each amended to read as follows:

(1) This section governs records not covered by RCW 13.50.050 and sections 4 and 5 of this act.

(2) Records covered by this section shall be confidential and shall be released only pursuant to this section and RCW 13.50.010.

(3) Records retained or produced by any juvenile justice or care agency may be released to other participants in the juvenile justice or care system only when an investigation or case involving the juvenile in question is being pursued by the other participant or when that other participant is assigned the responsibility of supervising the juvenile. Records covered under this section and maintained by the juvenile courts which relate to the official actions of the agency may be entered in the statewide judicial information system. However, truancy records associated with a juvenile who has no other case history, and records of a juvenile's parents who have no other case history, shall be removed from the judicial information system when the juvenile is no longer subject to the compulsory attendance laws in chapter 28A.225 RCW. A county clerk is not liable for unauthorized release of this data by persons or agencies not in his or her employ or otherwise subject to his or her control, nor is the county clerk liable for inaccurate or incomplete information collected from litigants or other persons required to provide identifying data pursuant to this section.

(4) Subject to (a) of this subsection, the department of social and health services may release information retained in the course of conducting child protective services investigations to a family or juvenile court hearing a petition for custody under chapter 26.10 RCW.

(a) Information that may be released shall be limited to information regarding investigations in which: (i) The juvenile was an alleged victim of abandonment or abuse or neglect; or (ii) the petitioner for custody of the juvenile, or any individual aged sixteen or older residing in the petitioner's household, is the subject of a founded or currently pending child protective services investigation made by the department subsequent to October 1, 1998.

(b) Additional information may only be released with the written consent of the subject of the investigation and the juvenile alleged to be the victim of abandonment or abuse and neglect, or the parent, custodian, guardian, or personal representative of the juvenile, or by court order obtained with notice to all interested parties.

(5) Any disclosure of records or information by the department of social and health services pursuant to this section shall not be deemed a waiver of any confidentiality or privilege attached to the records or information by operation of any state or federal statute or regulation, and any recipient of such records or information shall maintain it in such a manner as to comply with such state and federal statutes and regulations and to protect against unauthorized disclosure.

(6) A contracting agency or service provider of the department of social and health services that provides counseling, psychological, psychiatric, or medical services may release to the office of the family and children's ombuds information or records relating to services provided to a juvenile who is dependent under chapter 13.34 RCW without the consent of the parent or guardian of the juvenile, or of the juvenile if the juvenile is under the age of thirteen years, unless such release is otherwise specifically prohibited by law.

(7) A juvenile, his or her parents, the juvenile's attorney, and the juvenile's parent's attorney, shall, upon request, be given access to all records and information collected or retained by a juvenile justice or care agency which pertain to the juvenile except:

(a) If it is determined by the agency that release of this information is likely to cause severe psychological or physical harm to the juvenile or his or her parents the agency may withhold the information subject to other order of the court: PROVIDED, That if the court determines that limited release of the information is appropriate, the court may specify terms and conditions for the release of the information; or

(b) If the information or record has been obtained by a juvenile justice or care agency in connection with the provision of counseling, psychological, psychiatric, or medical services to the juvenile, when the services have been sought voluntarily by the juvenile, and the juvenile has a legal right to receive those services without the consent of any person or agency, then the information or record may not be disclosed to the juvenile's parents without the informed consent of the juvenile unless otherwise authorized by law; or

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(c) That the department of social and health services may delete the name and identifying information regarding persons or organizations who have reported alleged child abuse or neglect.

(8) A juvenile or his or her parent denied access to any records following an agency determination under subsection (7) of this section may file a motion in juvenile court requesting access to the records. The court shall grant the motion unless it finds access may not be permitted according to the standards found in subsection (7)(a) and (b) of this section.

(9) The person making a motion under subsection (8) of this section shall give reasonable notice of the motion to all parties to the original action and to any agency whose records will be affected by the motion.

(10) Subject to the rules of discovery in civil cases, any party to a proceeding seeking a declaration of dependency or a termination of the parent-child relationship and any party's counsel and the guardian ad litem of any party, shall have access to the records of any natural or adoptive child of the parent, subject to the limitations in subsection (7) of this section. A party denied access to records may request judicial review of the denial. If the party prevails, he or she shall be awarded attorneys' fees, costs, and an amount not less than five dollars and not more than one hundred dollars for each day the records were wrongfully denied.

(11) No unfounded allegation of child abuse or neglect as defined in RCW 26.44.020(1) may be disclosed to a child-placing agency, private adoption agency, or any other licensed provider."

On page 1, line 1 of the title, after "records;" strike the remainder of the title and insert "amending RCW 13.50.010, 13.50.050, 13.40.127, 13.40.190, and 13.50.100; adding new sections to chapter 13.50 RCW; and creating a new section."

and the same is herewith transmitted.

Brad Hendrickson, Deputy, Secretary

SENATE AMENDMENT TO HOUSE BILL

There being no objection, the House concurred in the Senate amendment to SECOND SUBSTITUTE HOUSE BILL NO. 1651 and advanced the bill as amended by the Senate to final passage.

FINAL PASSAGE OF HOUSE BILL AS SENATE AMENDED

Representatives Kagi and Walsh spoke in favor of the passage of the bill.

The Speaker (Representative Moeller presiding) stated the question before the House to be the final passage of Second Substitute House Bill No. 1651, as amended by the Senate.

ROLL CALL

The Clerk called the roll on the final passage of Second Substitute House Bill No. 1651, as amended by the Senate, and the bill passed the House by the following vote: Yeas, 97; Nays, 1; Absent, 0; Excused, 0.

Voting yea: Representatives Appleton, Bergquist, Blake, Buys, Carlyle, Chandler, Christian, Clibborn, Cody, Condotta, Dahlquist, DeBolt, Dunshee, Fagan, Farrell, Fey, Fitzgibbon, Freeman, G. Hunt, Goodman, Green, Gregerson, Habib, Haigh, Haler, Hansen, Hargrove, Harris, Hawkins, Hayes, Holy, Hope, Hudgins, Hunter, Hurst, Jinkins, Johnson, Kagi, Kirby, Kochmar, Kretz, Kristiansen, Lytton, MacEwen, Magendanz, Manweller, Moeller, Morrell, Morris, Moscoso, Muri, Nealey, Orcutt, Ormsby, Ortiz-Self, Orwall, Overstreet, Parker, Pettigrew, Pike, Pollet, Reykdal, Riccelli, Roberts, Robinson, Rodne, Ross, Ryu, S. Hunt, Santos, Sawyer, Schmick, Scott, Seaquist, Sells, Senn, Shea, Short, Smith, Springer, Stanford, Stonier, Sullivan, Takko, Tarleton, Taylor, Tharinger, Van De Wege, Vick, Walkinshaw, Walsh, Warnick, Wilcox, Wylie, Young, Zeiger and Mr. Speaker.

Voting nay: Representative Klippert.

SECOND SUBSTITUTE HOUSE BILL NO. 1651, as amended by the Senate, having received the necessary constitutional majority, was declared passed.

MESSAGE FROM THE SENATE

March 7, 2041

Mr. Speaker:

The Senate has passed ENGROSSED SUBSTITUTE HOUSE BILL NO. 2519 with the following amendment:

Strike everything after the enacting clause and insert the following:

"NEW SECTION. **Sec. 1.** A new section is added to chapter 26.44 RCW to read as follows:

(1) The family assessment response worker must assess for child safety and child well-being when collaborating with a family to determine the need for child care, preschool, or home visiting services and, as appropriate, the family assessment response worker must refer children to preschool programs that are enrolled in the early achievers program and rate at a level 3, 4, or 5 unless:

(a) The family lives in an area with no local preschool programs that rate at a level 3, 4, or 5 in the early achievers program;

(b) The local preschool programs that rate at a level 3, 4, or 5 in the early achievers program are not able to meet the needs of the child; or

(c) The child is attending a preschool program prior to participating in family assessment response and the parent or caregiver does not want the child to change preschool programs.

(2) The family assessment response worker may make child care referrals for nonschool-aged children to licensed child care programs that rate at a level 3, 4, or 5 in the early achievers program described in RCW 43.215.100 unless:

(a) The family lives in an area with no local programs that rate at level 3, 4, or 5 in the early achievers program;

(b) The local child care programs that rate at a level 3, 4, or 5 in the early achievers program are not able to meet the needs of the child; or

(c) The child is attending a child care program prior to participating in family assessment response and the parent or caregiver does not want the child to change child care programs.

(3) The family assessment response worker shall, when appropriate, provide referrals to high quality child care and early learning programs.

(4) The family assessment response worker shall, when appropriate, provide referrals to state and federally subsidized programs such as, but not limited to, licensed child care programs that receive state subsidy pursuant to RCW 43.215.135; early childhood education and assistance programs; head start programs; and early head start programs.

(5) Prior to closing the family assessment response case, the family assessment response worker must, when appropriate, discuss

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child care and early learning services with the child's parent or caregiver.

If the family plans to use child care or early learning services, the family assessment response worker must work with the family to facilitate enrollment.

NEW SECTION. **Sec. 2.** No later than December 31, 2014, the department of social and health services and the department of early learning shall jointly develop recommendations on methods by which the department of social and health services and the department of early learning can better partner to ensure children involved in the child welfare system have access to early learning services and developmentally appropriate child care services and report these recommendations to the governor and appropriate legislative committees.

Sec. 3. RCW 43.215.405 and 2013 2nd sp.s. c 16 s 4 are each amended to read as follows:

Unless the context clearly requires otherwise, the definitions in this section apply throughout RCW 43.215.400 through ((~~43.215.450, 43.215.455, 43.215.456,~~)) 43.215.457((~~,~~)) and 43.215.900 through 43.215.903.

(1) "Advisory committee" means the advisory committee under RCW 43.215.420.

(2) "Approved programs" means those state-supported education and special assistance programs which are recognized by the department as meeting the minimum program rules adopted by the department to qualify under RCW 43.215.400 through 43.215.450 and 43.215.900 through 43.215.903 and are designated as eligible for funding by the department under RCW 43.215.430 and 43.215.440.

(3) "Comprehensive" means an assistance program that focuses on the needs of the child and includes education, health, and family support services.

(4) "Department" means the department of early learning.

(5)(a) "Eligible child" means a child not eligible for kindergarten whose family income is at or below one hundred ten percent of the federal poverty level, as published annually by the federal department of health and human services, and includes a child whose family is eligible for public assistance, and who is not a participant in a federal or state program providing comprehensive services; a child eligible for special education due to disability under RCW 28A.155.020; and may include children who are eligible under rules adopted by the department if the number of such children equals not more than ten percent of the total enrollment in the early childhood program. Priority for enrollment shall be given to children from fam
the lowest income, children in foster care, or to eligible chil
families with multiple needs.

(b) Subject to the availability of appropriations specifically for this purpose, the department may include as an eligible child, a child who is not otherwise receiving services under (a) of this subsection, but is receiving child protective services under RCW 26.44.020(3), or family assessment response services under RCW 26.44.260. If included as an eligible child, these children shall receive priority services under (a) of this subsection.

(6) "Family support services" means providing opportunities for parents to:

(a) Actively participate in their child's early childhood program;

(b) Increase their knowledge of child development and parenting skills;

(c) Further their education and training;

(d) Increase their ability to use needed services in the community;

(e) Increase their self-reliance.

Sec. 4. RCW 43.215.405 and 2014 c . . . s 3 (section 3 of this act) are each amended to read as follows:

Unless the context clearly requires otherwise, the definitions in this section apply throughout RCW 43.215.400 through 43.215.457 and 43.215.900 through 43.215.903.

(1) "Advisory committee" means the advisory committee under RCW 43.215.420.

(2) "Approved programs" means those state-supported education and special assistance programs which are recognized by the department as meeting the minimum program rules adopted by the department to qualify under RCW 43.215.400 through 43.215.450 and 43.215.900 through 43.215.903 and are designated as eligible for funding by the department under RCW 43.215.430 and 43.215.440.

(3) "Comprehensive" means an assistance program that focuses on the needs of the child and includes education, health, and family support services.

(4) "Department" means the department of early learning.

(5)((~~(a)~~)) "Eligible child" means a child not eligible for kindergarten whose family income is at or below one hundred ten percent of the federal poverty level, as published annually by the federal department of health and human services, and includes a child whose family is eligible for public assistance, and who is not a participant in a federal or state program providing comprehensive services; a child eligible for special education due to disability under RCW 28A.155.020; and may include children who are eligible under rules adopted by the department if the number of such children equals not more than ten percent of the total enrollment in the early childhood program. Priority for enrollment shall be given to children from families with the lowest income, children in foster care, or to eligible children from families with multiple needs.

((~~(b) Subject to the availability of appropriations specifically for this purpose, the department may include as an eligible child, a child who is not otherwise receiving services under (a) of this subsection, but is receiving child protective services under RCW 26.44.020(3), or family assessment response services under RCW 26.44.260. If included as an eligible child, these children shall receive priority services under (a) of this subsection.~~))

(6) "Family support services" means providing opportunities for parents to:

(a) Actively participate in their child's early childhood program;

(b) Increase their knowledge of child development and parenting skills;

(c) Further their education and training;

(d) Increase their ability to use needed services in the community;

(e) Increase their self-reliance.

NEW SECTION. **Sec. 5.** Section 4 of this act takes effect June 30, 2018."

On page 1, line 2 of the title, after "programming;" strike the remainder of the title and insert "amending RCW 43.215.405 and 43.215.405; adding a new section to chapter 26.44 RCW; creating a new section; and providing an effective date."

and the same is herewith transmitted.

Brad Hendrickson, Deputy, Secretary

SENATE AMENDMENT TO HOUSE BILL

There being no objection, the House concurred in the Senate amendment to ENGROSSED SUBSTITUTE HOUSE BILL NO. 2519 and advanced the bill as amended by the Senate to final passage.

FINAL PASSAGE OF HOUSE BILL AS SENATE AMENDED

Representatives Senn and Walsh spoke in favor of the passage of the bill.

The Speaker (Representative Moeller presiding) stated the question before the House to be the final passage of Engrossed Substitute House Bill No. 2519, as amended by the Senate.

ROLL CALL

The Clerk called the roll on the final passage of Engrossed Substitute House Bill No. 2519, as amended by the Senate, and the bill passed the House by the following vote: Yeas, 86; Nays, 12; Absent, 0; Excused, 0.

Voting yea: Representatives Appleton, Bergquist, Blake, Buys, Carlyle, Chandler, Clibborn, Cody, Dahlquist, DeBolt, Dunshee, Fagan, Farrell, Fey, Fitzgibbon, Freeman, Goodman, Green, Gregerson, Habib, Haigh, Haler, Hansen, Hargrove, Harris, Hawkins, Hayes, Hope, Hudgins, Hunter, Hurst, Jinkins, Johnson, Kagi, Kirby, Kochmar, Kristiansen, Lytton, MacEwen, Magendanz, Manweller, Moeller, Morrell, Morris, Moscoso, Muri, Nealey, Orcutt, Ormsby, Ortiz-Self, Orwall, Parker, Pettigrew, Pike, Pollet, Reykdal, Riccelli, Roberts, Robinson, Rodne, Ross, Ryu, S. Hunt, Santos, Sawyer, Schmick, Seaquist, Sells, Senn, Smith, Springer, Stanford, Stonier, Sullivan, Takko, Tarleton, Tharinger, Van De Wege, Vick, Walkinshaw, Walsh, Warnick, Wilcox, Wylie, Zeiger and Mr. Speaker.

Voting nay: Representatives Christian, Condotta, G. Hunt, Holy, Klippert, Kretz, Overstreet, Scott, Shea, Short, Taylor and Young.

ENGROSSED SUBSTITUTE HOUSE BILL NO. 2519, as amended by the Senate, having received the necessary constitutional majority, was declared passed.

MESSAGE FROM THE SENATE

March 4, 2014

Mr. Speaker:

The Senate has passed ENGROSSED SECOND SUBSTITUTE HOUSE BILL NO. 2580 with the following amendment:

Strike everything after the enacting clause and insert the following:

"NEW SECTION. **Sec. 1.** (1) The legislature recognizes the important role of the maritime industry and other manufacturing sectors in creating and sustaining economic opportunities in Washington. The maritime industry and other manufacturing sectors account for forty percent of the gross domestic product in Washington. In looking to the state's future, the legislature finds that supporting the maritime industry and other manufacturing sectors is critical to building and sustaining a diverse and resilient economy in Washington.

(2) The maritime industry and other manufacturing sectors are interconnected with the public infrastructure, including ports, roads, railways, energy facilities, and water-sewer facilities. The protection and expansion of public infrastructure, including through urban planning and disaster recovery planning, is crucial to the success of the maritime industry and other manufacturing sectors.

(3) To that end, the legislature intends to engage in a collaborative process with state agencies, local governments, and private sector leaders to evaluate whether changes in state and local policies are necessary to foster resilience and growth in the maritime industry and other manufacturing sectors. Through the establishment of the joint select legislative task force, the legislature intends to take action to support and sustain the maritime industry and other manufacturing sectors as the region continues to recover from the national financial crisis and progresses toward a future of increased economic opportunity for all citizens of the state.

NEW SECTION. **Sec. 2.** (1)(a) A joint select legislative task force on the economic resilience of maritime and manufacturing in Washington is established, with members as provided in this subsection.

(i) The speaker of the house of representatives must appoint three members from each of the two largest caucuses of the house of representatives.

(ii) The president of the senate must appoint three members from each of the two largest caucuses of the senate.

(iii) The governor must appoint one member to represent the department of commerce.

(b) The legislative members of the task force must select cochairs from among the membership, one from the house of representatives and one from the senate.

(2)(a) The task force must develop recommendations that achieve the following objectives:

(i) Identify the maritime and manufacturing sectors of economic significance to the state;

(ii) Identify and assess the critical public infrastructure that supports and sustains the maritime and manufacturing sectors;

(iii) Identify the barriers to maintaining and expanding the maritime and manufacturing sectors;

(iv) Identify and assess the educational resources and support services available to local governments with respect to supporting and sustaining the development of the maritime and manufacturing sectors;

(v) Promote regulatory consistency and certainty in the areas of urban planning, land use permitting, and business development in a manner that encourages the maritime and manufacturing industries in urban areas;

(vi) Encourage cooperation between the public and private sectors to foster economic growth;

(vii) Explore public-private sector collaborations that draw on Washington State University research centers and institutes with expertise on maritime interoperability and critical infrastructure resilience;

(viii) Identify aspects of state policy that have an impact on fostering resilience and growth in the maritime and manufacturing sectors, such as storm water policy and other food fish-related issues; and

(ix) Maximize the opportunities for employment in the maritime industry and other manufacturing sectors in Washington.

(b) The recommendations of the task force must include a short and long-term action plan for the legislature to support and sustain the maritime industry and other manufacturing sectors in Washington. The recommendations of the task force may also include specific legislative approaches, such as changes to state law, and nonlegislative approaches, such as action plans for state agencies and local governments.

(3)(a) The task force must consult with local governments and state agencies, which must include, but are not limited to: The department of commerce, the department of transportation, the office of regulatory assistance, the workforce training and education coordinating board, and associate development organizations.

(b) The legislative cochairs must appoint an advisory committee consisting of maritime and manufacturing business, labor, and other representatives to provide technical information and assistance in completing the objectives of the task force. Membership on the advisory committee must include, but are not limited to representatives from: Marine terminal operators, manufacturing, maritime businesses, local industrial councils, local labor trades councils, and chambers of commerce.

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(4) The task force must submit to the governor and the appropriate committees of the legislature a work plan by December 1, 2014, and a report with the task force's final findings and recommendations by November 1, 2015.

(5) Staff support for the task force must be provided by the senate committee services and the house of representatives office of program research.

(6) Legislative members of the task force must be reimbursed for travel expenses in accordance with RCW 44.04.120. Nonlegislative members, except those representing an employer or organization, are entitled to be reimbursed for travel expenses in accordance with RCW 43.03.050 and 43.03.060.

(7) The expenses of the task force must be paid jointly by the senate and the house of representatives. Task force expenditures are subject to approval by the senate facilities and operations committee and the house of representatives executive rules committee, or their successor committees.

(8) This section expires June 1, 2016."

On page 1, line 3 of the title, after "sectors;" strike the remainder of the title and insert "creating new sections; and providing an expiration date."

and the same is herewith transmitted.

Brad Hendrickson, Deputy, Secretary

SENATE AMENDMENT TO HOUSE BILL

There being no objection, the House concurred in the Senate amendment to ENGROSSED SECOND SUBSTITUTE HOUSE BILL NO. 2580 and advanced the bill as amended by the Senate to final passage.

FINAL PASSAGE OF HOUSE BILL AS SENATE AMENDED

Representatives Tarleton and Smith spoke in favor of the passage of the bill.

The Speaker (Representative Moeller presiding) stated the question before the House to be the final passage of Engrossed Second Substitute House Bill No. 2580, as amended by the Senate.

ROLL CALL

The Clerk called the roll on the final passage of Engrossed Second Substitute House Bill No. 2580, as amended by the Senate, and the bill passed the House by the following vote: Yeas, 95; Nays, 3; Absent, 0; Excused, 0.

Voting yea: Representatives Appleton, Bergquist, Blake, Buys, Carlyle, Chandler, Christian, Clibborn, Cody, Condotta, I DeBolt, Dunshee, Fagan, Farrell, Fey, Fitzgibbon, Fre[illegible] Hunt, Goodman, Green, Gregerson, Habib, Haigh, Haler, Hansen, Hargrove, Harris, Hawkins, Hayes, Holy, Hope, Hudgins, Hunter, Hurst, Jinkins, Johnson, Kagi, Kirby, Klippert, Kochmar, Kretz, Kristiansen, Lytton, MacEwen, Magendanz, Manweller, Morrell, Morris, Moscoso, Muri, Nealey, Orcutt, Ormsb[illegible] Self, Orwall, Parker, Pettigrew, Pike, Pollet, Reykdal, Riccelli, Roberts, Robinson, Rodne, Ross, Ryu, S. Hunt, Santos, Sawyer, Schmick, Seaquist, Sells, Senn, Shea, Short, Smith, Springer, Stanford, Stonier, Sullivan, Takko, Tarleton, Tharinger, Van De Wege, Vick, Walkinshaw, Walsh, Warnick, Wilcox, Wylie, Young, Zeiger and Mr. Speaker.

Voting nay: Representatives Overstreet, Scott and Taylor.

ENGROSSED SECOND SUBSTITUTE HOUSE BILL NO. 2580, as amended by the Senate, having received the necessary constitutional majority, was declared passed.

MESSAGE FROM THE SENATE

March 7, 2014

Mr. Speaker:

The Senate has passed ENGROSSED SUBSTITUTE HOUSE BILL NO. 2626 with the following amendment:

Strike everything after the enacting clause and insert the following:

"NEW SECTION. **Sec. 1.** (1) The legislature finds that increasing educational attainment is vital to the well-being of Washingtonians and critical to the health of the state's economy. Education opens doors to gainful employment, higher wages, increased job benefits, improved physical health, and increased civic engagement. Educated workers who are capable of competing for high-demand jobs in today's global economy sustain existing employers and attract new businesses. These individuals with competitive higher education credentials directly contribute to the state's economic growth and vitality.

(2) The legislature finds that workforce and labor market projections estimate that by 2020 the vast majority of jobs in Washington will require at least a high school diploma or equivalent and seventy percent of those jobs will also require some postsecondary education.

(3) The legislature finds that current levels of educational attainment are inadequate to address the educational needs of the state. In 2013, eighty-nine percent of Washington adults ages twenty-five to forty-four had a high school diploma or equivalent, and less than fifty percent of Washington adults ages twenty-five to forty-four have a postsecondary credential.

(4) The legislature recognizes that one of the most important duties of the student achievement council is to propose educational attainment goals to the governor and legislature and develop a ten-year roadmap to achieve those goals, to be updated every two years.

NEW SECTION. **Sec. 2.** Acknowledging the recommendations in the higher education ten-year roadmap, the legislature is encouraged by the student achievement council's efforts to meet the following two goals in order to meet the societal and economic needs of the future:

(1) All adults in Washington ages twenty-five to forty-four will have a high school diploma or equivalent by 2023; and

(2) At least seventy percent of Washington adults ages twenty-five to forty-four will have a postsecondary credential by 2023.

NEW SECTION. **Sec. 3.** This act expires July 1, 2016."

On page 1, line 2 of the title, after "goals;" strike the remainder of the title and insert "creating new sections; and providing an expiration date."

and the same is herewith transmitted.

Brad Hendrickson, Deputy, Secretary

SENATE AMENDMENT TO HOUSE BILL

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There being no objection, the House concurred in the Senate amendment to ENGROSSED SUBSTITUTE HOUSE BILL NO. 2626 and advanced the bill as amended by the Senate to final passage.

FINAL PASSAGE OF HOUSE BILL AS SENATE AMENDED

Representatives Seaquist, Haler, Young and Pollet spoke in favor of the passage of the bill.

The Speaker (Representative Moeller presiding) stated the question before the House to be the final passage of Engrossed Substitute House Bill No. 2626, as amended by the Senate.

ROLL CALL

The Clerk called the roll on the final passage of Engrossed Substitute House Bill No. 2626, as amended by the Senate, and the bill passed the House by the following vote: Yeas, 96; Nays, 2; Absent, 0; Excused, 0.

Voting yea: Representatives Appleton, Bergquist, Blake, Buys, Carlyle, Chandler, Christian, Clibborn, Cody, Condotta, Dahlquist, DeBolt, Dunshee, Fagan, Farrell, Fey, Fitzgibbon, Freeman, G. Hunt, Goodman, Green, Gregerson, Habib, Haigh, Haler, Hansen, Hargrove, Harris, Hawkins, Hayes, Holy, Hope, Hudgins, Hunter, Hurst, Jinkins, Johnson, Kagi, Kirby, Kochmar, Kretz, Kristiansen, Lytton, MacEwen, Magendanz, Manweller, Moeller, Morrell, Morris, Moscoso, Muri, Nealey, Orcutt, Ormsby, Ortiz-Self, Orwall, Parker, Pettigrew, Pike, Pollet, Reykdal, Riccelli, Roberts, Robinson, Rodne, Ross, Ryu, S. Hunt, Santos, Sawyer, Schmick, Scott, Seaquist, Sells, Senn, Shea, Short, Smith, Springer, Stanford, Stonier, Sullivan, Takko, Tarleton, Taylor, Tharinger, Van De Wege, Vick, Walkinshaw, Walsh, Warnick, Wilcox, Wylie, Young, Zeiger and Mr. Speaker.

Voting nay: Representatives Klippert and Overstreet.

ENGROSSED SUBSTITUTE HOUSE BILL NO. 2626, as amended by the Senate, having received the necessary constitutional majority, was declared passed.

MESSAGE FROM THE SENATE

March 6, 2014

Mr. Speaker:

The Senate has passed SECOND SUBSTITUTE HOUSE BILL NO. 2627 with the following amendment:

Strike everything after the enacting clause and insert the following:

"NEW SECTION. **Sec. 1.** The legislature finds that the large number of individuals involved in the juvenile justice and criminal justice systems with substance abuse challenges is of significant concern. Access to effective treatment is critical to the successful treatment of individuals in the early stages of their contact with the juvenile justice and criminal justice systems. Such access may prevent further involvement in the systems. The effective use of substance abuse treatment options can result not only in significant cost savings for the juvenile justice and criminal justice systems, but can benefit the lives of individuals who face substance abuse challenges.

NEW SECTION. **Sec. 2.** A new section is added to chapter 10.31 RCW to read as follows:

(1) A pilot program is established in Snohomish county for the purpose of studying the effect of chemical dependency diversions as described in this section.

(2) When a police officer has reasonable cause to believe that the individual:

(a) Has committed acts constituting a nonfelony crime that is not a serious offense as identified in RCW 9.41.010;

(b) Has not committed a possible violation of laws relating to driving or being in physical control of a vehicle while under the influence of intoxicating liquor or any drug under chapter 46.20 RCW; and

(c) Is known by history or consultation with staff designated by the county to suffer from a chemical dependency, as defined in RCW 70.96A.020, the arresting officer may:

(i) Take the individual to an approved chemical dependency treatment provider for treatment. The individual must be examined by a chemical dependency treatment provider within three hours of arrival;

(ii) Take the individual to an emergency medical service customarily used for incapacitated persons, if no approved treatment program is readily available. The individual must be examined by a chemical dependency treatment provider within three hours of arrival;

(iii) Refer the individual to a chemical dependency professional for initial detention and proceeding under chapter 70.96A RCW; or

(iv) Release the individual upon agreement to voluntary participation in outpatient treatment.

(3) If the individual is released to the community, the chemical dependency provider shall inform the arresting officer of the release within a reasonable period of time after the release if the arresting officer has specifically requested notification and provided contact information to the provider.

(4) In deciding whether to refer the individual to treatment under this section, the police officer shall be guided by standards mutually agreed upon with the prosecuting authority, which address, at a minimum, the length, seriousness, and recency of the known criminal history of the individual, the mental health and substance abuse history of the individual, where available, and the circumstances surrounding the commission of the alleged offense.

(5) The police officer shall submit a written report to the prosecuting attorney within ten days.

(6) Any agreement to participate in treatment shall not require individuals to stipulate to any of the alleged facts regarding the criminal activity as a prerequisite to participation in a chemical dependency treatment alternative. The agreement is inadmissible in any criminal or civil proceeding. The agreement does not create immunity from prosecution for the alleged criminal activity.

(7) If an individual violates such agreement and the chemical dependency treatment alternative is no longer appropriate, the chemical dependency provider shall inform the referring law enforcement agency of the violation.

(8) Nothing in this section may be construed as barring the referral of charges to the prosecuting attorney, or the filing of criminal charges by the prosecuting attorney.

(9) The police officer, staff designated by the county, or treatment facility personnel are immune from liability for any good faith conduct under this section.

NEW SECTION. **Sec. 3.** Snohomish county shall evaluate the effects of the pilot program as provided in section 2 of this act. Snohomish county shall submit a report to the legislature consistent with RCW 43.01.036. The report must summarize the effectiveness of the pilot program and include: How often the chemical dependency diversion was used, the kind of treatment the person engaged in, how often treatment was completed, the number of prosecutions, any cost savings to the county or state, any cost shifting from the county or state onto other systems, and the recidivism rate of offenders involved in the pilot program. The report may include any

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recommendations to the legislature to improve the effectiveness of the pilot program. The report is due July 1, 2015, and every other year until July 1, 2019.

Sec. 4. RCW 13.40.042 and 2013 c 179 s 2 are each amended to read as follows:

(1) When a police officer has reasonable cause to believe that a juvenile has committed acts constituting a nonfelony crime that is not a serious offense as identified in RCW 10.77.092, and the officer believes that the juvenile suffers from a mental disorder, and the local prosecutor has entered into an agreement with law enforcement regarding the detention of juveniles who may have a mental disorder or may be suffering from chemical dependency, the arresting officer, instead of taking the juvenile to the local juvenile detention facility, may take the juvenile to:

(a) An evaluation and treatment facility as defined in RCW 71.34.020 if the juvenile suffers from a mental disorder and the facility has been identified as an alternative location by agreement of the prosecutor, law enforcement, and the mental health provider;

(b) A facility or program identified by agreement of the prosecutor and law enforcement; or

(c) A location already identified and in use by law enforcement for the purpose of ((~~mental~~)) a behavioral health diversion.

(2) For the purposes of this section, an "alternative location" means a facility or program that has the capacity to evaluate a youth and, if determined to be appropriate, develop a behavioral health intervention plan and initiate treatment.

(3) If a juvenile is taken to any location described in subsection (1)(a) or (b) of this section, the juvenile may be held for up to twelve hours and must be examined by a mental health or chemical dependency professional within three hours of arrival.

(4) The authority provided pursuant to this section is in addition to existing authority under RCW 10.31.110 and section 2 of this act.

Sec. 5. RCW 13.40.080 and 2013 c 179 s 4 are each amended to read as follows:

(1) A diversion agreement shall be a contract between a juvenile accused of an offense and a diversion unit whereby the juvenile agrees to fulfill certain conditions in lieu of prosecution. Such agreements may be entered into only after the prosecutor, or probation counselor pursuant to this chapter, has determined that probable cause exists to believe that a crime has been committed and that the juvenile committed it. Such agreements shall be entered into as expeditiously as possible.

(2) A diversion agreement shall be limited to one or more of the following:

(a) Community restitution not to exceed one hundred fifty hours, not to be performed during school hours if the juvenile is attending school;

(b) Restitution limited to the amount of actual loss incurred by any victim;

(c) Attendance at up to ten hours of counseling and/or up to twenty hours of educational or informational sessions at a community agency. The educational or informational sessions may include sessions relating to respect for self, others, and authority; victim awareness; accountability; self-worth; responsibility; work ethics; good citizenship; literacy; and life skills. If an assessment identifies mental health or chemical dependency needs, a youth may access up to thirty hours of counseling. The counseling sessions may include services demonstrated to improve behavioral health and reduce recidivism. For purposes of this section, "community agency" may also mean a community-based nonprofit organization, a physician, a counselor, a school, or a treatment provider, if approved by the diversion unit. The state shall not be liable for costs resulting from the diversion unit exercising the option to permit diversion agreements to mandate attendance at up to thirty hours of counseling and/or up to twenty hours of educational or informational sessions;

(d) A fine, not to exceed one hundred dollars;

(e) Requirements to remain during specified hours at home, school, or work, and restrictions on leaving or entering specified geographical areas; and

(f) Upon request of any victim or witness, requirements to refrain from any contact with victims or witnesses of offenses committed by the juvenile.

(3) Notwithstanding the provisions of subsection (2) of this section, youth courts are not limited to the conditions imposed by subsection (2) of this section in imposing sanctions on juveniles pursuant to RCW 13.40.630.

(4) In assessing periods of community restitution to be performed and restitution to be paid by a juvenile who has entered into a diversion agreement, the court officer to whom this task is assigned shall consult with the juvenile's custodial parent or parents or guardian. To the extent possible, the court officer shall advise the victims of the juvenile offender of the diversion process, offer victim impact letter forms and restitution claim forms, and involve members of the community. Such members of the community shall meet with the juvenile and advise the court officer as to the terms of the diversion agreement and shall supervise the juvenile in carrying out its terms.

(5)(a) A diversion agreement may not exceed a period of six months and may include a period extending beyond the eighteenth birthday of the divertee.

(b) If additional time is necessary for the juvenile to complete restitution to a victim, the time period limitations of this subsection may be extended by an additional six months.

(c) If the juvenile has not paid the full amount of restitution by the end of the additional six-month period, then the juvenile shall be referred to the juvenile court for entry of an order establishing the amount of restitution still owed to the victim. In this order, the court shall also determine the terms and conditions of the restitution, including a payment plan extending up to ten years if the court determines that the juvenile does not have the means to make full restitution over a shorter period. For the purposes of this subsection (5)(c), the juvenile shall remain under the court's jurisdiction for a maximum term of ten years after the juvenile's eighteenth birthday. Prior to the expiration of the initial ten-year period, the juvenile court may extend the judgment for restitution an additional ten years. The court may relieve the juvenile of the requirement to pay full or partial restitution if the juvenile reasonably satisfies the court that he or she does not have the means to make full or partial restitution and could not reasonably acquire the means to pay the restitution over a ten-year period. If the court relieves the juvenile of the requirement to pay full or partial restitution, the court may order an amount of community restitution that the court deems appropriate. The county clerk shall make disbursements to victims named in the order. The restitution to victims named in the order shall be paid prior to any payment for other penalties or monetary assessments. A juvenile under obligation to pay restitution may petition the court for modification of the restitution order.

(6) The juvenile shall retain the right to be referred to the court at any time prior to the signing of the diversion agreement.

(7) Divertees and potential divertees shall be afforded due process in all contacts with a diversion unit regardless of whether the juveniles are accepted for diversion or whether the diversion program is successfully completed. Such due process shall include, but not be limited to, the following:

(a) A written diversion agreement shall be executed stating all conditions in clearly understandable language;

(b) Violation of the terms of the agreement shall be the only grounds for termination;

(c) No divertee may be terminated from a diversion program without being given a court hearing, which hearing shall be preceded by:

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(i) Written notice of alleged violations of the conditions of the diversion program; and

(ii) Disclosure of all evidence to be offered against the divertee;

(d) The hearing shall be conducted by the juvenile court and shall include:

(i) Opportunity to be heard in person and to present evidence;

(ii) The right to confront and cross-examine all adverse witnesses;

(iii) A written statement by the court as to the evidence relied on and the reasons for termination, should that be the decision; and

(iv) Demonstration by evidence that the divertee has substantially violated the terms of his or her diversion agreement;

(e) The prosecutor may file an information on the offense for which the divertee was diverted:

(i) In juvenile court if the divertee is under eighteen years of age; or

(ii) In superior court or the appropriate court of limited jurisdiction if the divertee is eighteen years of age or older.

(8) The diversion unit shall, subject to available funds, be responsible for providing interpreters when juveniles need interpreters to effectively communicate during diversion unit hearings or negotiations.

(9) The diversion unit shall be responsible for advising a divertee of his or her rights as provided in this chapter.

(10) The diversion unit may refer a juvenile to a restorative justice program, community-based counseling, or treatment programs.

(11) The right to counsel shall inure prior to the initial interview for purposes of advising the juvenile as to whether he or she desires to participate in the diversion process or to appear in the juvenile court. The juvenile may be represented by counsel at any critical stage of the diversion process, including intake interviews and termination hearings. The juvenile shall be fully advised at the intake of his or her right to an attorney and of the relevant services an attorney can provide. For the purpose of this section, intake interviews mean all interviews regarding the diversion agreement process.

The juvenile shall be advised that a diversion agreement shall constitute a part of the juvenile's criminal history as defined by RCW 13.40.020(7). A signed acknowledgment of such advisement shall be obtained from the juvenile, and the document shall be maintained by the diversion unit together with the diversion agreement, and a copy of both documents shall be delivered to the prosecutor if req
the prosecutor. The supreme court shall promulgate rul
forth the content of such advisement in simple language.

(12) When a juvenile enters into a diversion agreement, the juvenile court may receive only the following information for dispositional purposes:

(a) The fact that a charge or charges were made;

(b) The fact that a diversion agreement was entered into;

(c) The juvenile's obligations under such agreement;

(d) Whether the alleged offender performed his or her obligations under such agreement; and

(e) The facts of the alleged offense.

(13) A diversion unit may refuse to enter into a diversion agreement with a juvenile. When a diversion unit refuses to enter a diversion agreement with a juvenile, it shall immediately refer such juvenile to the court for action and shall forward to the court the criminal complaint and a detailed statement of its reasons for refusing to enter into a diversion agreement. The diversion unit shall also immediately refer the case to the prosecuting attorney for action if such juvenile violates the terms of the diversion agreement.

(14) A diversion unit may, in instances where it determines that the act or omission of an act for which a juvenile has been referred to it involved no victim, or where it determines that the juvenile referred to it has no prior criminal history and is alleged to have committed an illegal act involving no threat of or instance of actual physical harm and involving not more than fifty dollars in property loss or damage and that there is no loss outstanding to the person or firm suffering such damage or loss, counsel and release or release such a juvenile without entering into a diversion agreement. A diversion unit's authority to counsel and release a juvenile under this subsection includes the authority to refer the juvenile to community- based counseling or treatment programs or a restorative justice program. Any juvenile released under this subsection shall be advised that the act or omission of any act for which he or she had been referred shall constitute a part of the juvenile's criminal history as defined by RCW 13.40.020(7). A signed acknowledgment of such advisement shall be obtained from the juvenile, and the document shall be maintained by the unit, and a copy of the document shall be delivered to the prosecutor if requested by the prosecutor. The supreme court shall promulgate rules setting forth the content of such advisement in simple language. A juvenile determined to be eligible by a diversion unit for release as provided in this subsection shall retain the same right to counsel and right to have his or her case referred to the court for formal action as any other juvenile referred to the unit.

(15) A diversion unit may supervise the fulfillment of a diversion agreement entered into before the juvenile's eighteenth birthday and which includes a period extending beyond the divertee's eighteenth birthday.

(16) If a fine required by a diversion agreement cannot reasonably be paid due to a change of circumstance, the diversion agreement may be modified at the request of the divertee and with the concurrence of the diversion unit to convert an unpaid fine into community restitution. The modification of the diversion agreement shall be in writing and signed by the divertee and the diversion unit. The number of hours of community restitution in lieu of a monetary penalty shall be converted at the rate of the prevailing state minimum wage per hour.

(17) Fines imposed under this section shall be collected and paid into the county general fund in accordance with procedures established by the juvenile court administrator under RCW 13.04.040 and may be used only for juvenile services. In the expenditure of funds for juvenile services, there shall be a maintenance of effort whereby counties exhaust existing resources before using amounts collected under this section.

NEW SECTION. **Sec. 6.** Sections 2 and 3 of this act expire July 31, 2019."

On page 1, line 2 of the title, after "dependency;" strike the remainder of the title and insert "amending RCW 13.40.042 and 13.40.080; adding a new section to chapter 10.31 RCW; creating new sections; and providing an expiration date."

and the same is herewith transmitted.

Brad Hendrickson, Deputy, Secretary

SENATE AMENDMENT TO HOUSE BILL

There being no objection, the House concurred in the Senate amendment to SECOND SUBSTITUTE HOUSE BILL NO. 2627 and advanced the bill as amended by the Senate to final passage.

FINAL PASSAGE OF HOUSE BILL AS SENATE AMENDED

Representative Roberts spoke in favor of the passage of the bill.

The Speaker (Representative Moeller presiding) stated the question before the House to be the final passage of Second Substitute House Bill No. 2627, as amended by the Senate.

ROLL CALL

The Clerk called the roll on the final passage of Second Substitute House Bill No. 2627, as amended by the Senate, and the bill passed the House by the following vote: Yeas, 97; Nays, 1; Absent, 0; Excused, 0.

Voting yea: Representatives Appleton, Bergquist, Blake, Buys, Carlyle, Chandler, Christian, Clibborn, Cody, Condotta, Dahlquist, DeBolt, Dunshee, Fagan, Farrell, Fey, Fitzgibbon, Freeman, G. Hunt, Goodman, Green, Gregerson, Habib, Haigh, Haler, Hansen, Hargrove, Harris, Hawkins, Hayes, Holy, Hope, Hudgins, Hunter, Hurst, Jinkins, Johnson, Kagi, Kirby, Klippert, Kochmar, Kretz, Kristiansen, Lytton, MacEwen, Magendanz, Manweller, Moeller, Morrell, Morris, Moscoso, Muri, Nealey, Orcutt, Ormsby, Ortiz-Self, Orwall, Overstreet, Parker, Pettigrew, Pike, Pollet, Reykdal, Riccelli, Robinson, Rodne, Ross, Ryu, S. Hunt, Santos, Sawyer, Schmick, Scott, Seaquist, Sells, Senn, Shea, Short, Smith, Springer, Stanford, Stonier, Sullivan, Takko, Tarleton, Taylor, Tharinger, Van De Wege, Vick, Walkinshaw, Walsh, Warnick, Wilcox, Wylie, Young, Zeiger and Mr. Speaker.

Voting nay: Representative Roberts.

SECOND SUBSTITUTE HOUSE BILL NO. 2627, as amended by the Senate, having received the necessary constitutional majority, was declared passed.

MESSAGE FROM THE SENATE

March 8, 2014

Mr. Speaker:

The Senate refuses to concur in the House amendment to ENGROSSED SUBSTITUTE SENATE BILL NO. 5045 and asks the House to recede therefrom, and the same is herewith transmitted.

Brad Hendrickson, Deputy Secretary

HOUSE AMENDMENT TO SENATE BILL

There being no objection, the House receded from its amendment to ENGROSSED SUBSTITUTE SENATE BILL NO. 5045.

ENGROSSED SUBSTITUTE SENATE BILL NO. 5045, by Senate Committee on Commerce & Labor (originally sponsored by Senators Keiser, Honeyford, Kohl-Welles and Frockt)

Allowing day spas to offer or supply without charge wine or beer by the individual glass to a customer for consumption on the premises. Revised for 1st Substitute: Allowing day spas to offer or supply without charge wine or beer by the individual glass to a customer for consumption on the premises. (REVISED FOR ENGROSSED: Creating a permit to allow day spas to offer or supply without charge wine or beer by the individual glass to a customer for consumption on the premises.)

The bill was read the second time.

There being no objection, the rules were suspended, the second reading considered the third and the bill was placed on final passage.

Representatives Hurst and Condotta spoke in favor of the passage of the bill.

The Speaker (Representative Moeller presiding) stated the question before the House to be the final passage of Engrossed Substitute Senate Bill No. 5045 without House amendments.

ROLL CALL

The Clerk called the roll on the final passage of Engrossed Substitute Senate Bill No. 5045 without House amendments, and the bill passed the House by the following vote: Yeas, 86; Nays, 12; Absent, 0; Excused, 0.

Voting yea: Representatives Bergquist, Blake, Buys, Carlyle, Chandler, Clibborn, Condotta, Dahlquist, Dunshee, Fagan, Farrell, Fey, Fitzgibbon, Freeman, G. Hunt, Green, Gregerson, Habib, Haigh, Haler, Hansen, Hargrove, Hayes, Holy, Hope, Hudgins, Hunter, Hurst, Jinkins, Johnson, Kagi, Kirby, Klippert, Kochmar, Kretz, Kristiansen, Lytton, MacEwen, Magendanz, Manweller, Moeller, Morris, Moscoso, Muri, Ormsby, Ortiz-Self, Orwall, Overstreet, Parker, Pettigrew, Pike, Pollet, Reykdal, Riccelli, Roberts, Robinson, Rodne, Ross, Ryu, S. Hunt, Santos, Sawyer, Schmick, Scott, Seaquist, Sells, Senn, Shea, Short, Smith, Springer, Stonier, Sullivan, Takko, Tarleton, Taylor, Tharinger, Vick, Walkinshaw, Walsh, Warnick, Wilcox, Wylie, Young, Zeiger and Mr. Speaker.

Voting nay: Representatives Appleton, Christian, Cody, DeBolt, Goodman, Harris, Hawkins, Morrell, Nealey, Orcutt, Stanford and Van De Wege.

ENGROSSED SUBSTITUTE SENATE BILL NO. 5045, having received the necessary constitutional majority, was declared passed.

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

REPORTS OF STANDING COMMITTEES

March 10, 2014

ESSB 6440 Prime Sponsor, Committee on Transportation: Imposing transportation taxes and fees on compressed natural gas and liquefied natural gas used for transportation purposes. (REVISED FOR ENGROSSED: Concerning compressed natural gas and liquefied natural gas used for transportation purposes.) Reported by Committee on Finance

MAJORITY recommendation: Do pass as amended.

Strike everything after the enacting clause and insert the following:

"**PART I**

Tax Performance Statement

NEW SECTION. **Sec. 101.** (1) The legislature finds that current law taxes natural gas as a traditional home heating or electric generation fuel while not taking into account the benefits of natural gas use as a transportation fuel. The legislature further finds that the construction and operation of a natural gas liquefaction plant and compressed natural gas refueling stations as well as the ongoing use

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of compressed and liquefied natural gas will lead to positive job creation, economic development, environmental benefits, lower fuel costs, and increased tax revenues to the state. The legislature further finds that it is sound tax policy to provide uniform tax treatment of natural gas used as a transportation fuel, regardless of whether the taxpayer providing the natural gas is a gas distribution business or not, so as to prevent any particular entity from receiving a competitive advantage solely through a structural inefficiency in the tax code.

(2)(a) This subsection is the tax performance statement for this act. The performance statement is only intended to be used for subsequent evaluation of the tax changes made in this act. It is not intended to create a private right of action by any party or be used to determine eligibility for preferential tax treatment.

(b) The legislature categorizes the tax changes in this act as changes intended to accomplish the general purposes indicated in RCW 82.32.808(2) (c) and (d).

(c) It is the legislature's specific public policy objectives to promote job creation and positive economic development; lower carbon dioxide, sulfur dioxide, nitrogen dioxide, and particulate emissions; and secure optimal liquefied natural gas pricing for the state of Washington and other public entities.

(d) To measure the effectiveness of the exemption provided in this act in achieving the specific public policy objective described in (c) of this subsection, the joint legislative audit and review committee must evaluate the following:

(i) The number of employment positions and wages at a natural gas liquefaction facility located in Washington and operated by a gas distribution business where some or all of the liquefied natural gas is sold for use as a transportation fuel. If the average number of employment positions at the liquefaction facility once it is operationally complete equals or exceeds eighteen and average annual wages for employment positions at the facility exceed thirty-five thousand dollars, it is presumed that the public policy objective of job creation has been achieved.

(ii) The estimated total cost of construction of a liquefaction plant by a gas distribution company, including costs for machinery and equipment. If the total cost equals or exceeds two hundred fifty million dollars, it is presumed that the public policy objective of positive economic development has been achieved.

(iii) The estimated fuel savings by the Washington state ferry system and other public entities through the use of liquefied natural gas purchased from a gas distribution business.

(iv) The estimated reduction in carbon dioxide, sulfur dioxide, nitrogen dioxide, and particulate emissions, resulting from the use of liquefied natural gas and compressed natural gas as a transportation fuel where the natural gas is sold by a gas distribution business. The emissions of liquefied and compressed natural gas must be specifically compared with an equivalent amount of diesel fuel. If the estimated annual reduction in emissions exceeds the following benchmarks, it is presumed that the public policy objective of reducing emissions has been achieved:

(A) Three hundred million pounds of carbon dioxide;

(B) Two hundred thousand pounds of particulates;

(C) Four hundred thousand pounds of sulfur dioxide; and

(D) Four hundred fifty thousand pounds of nitrogen dioxide.

(e)(i) The following data sources are intended to provide the informational basis for the evaluation under (d) of this subsection:

(A) Employment data provided by the state employment security department;

(B) Ferry fuel purchasing data provided by the state department of transportation;

(C) Diesel and other energy pricing data found on the United States energy information administration's web site; and

(D) Information provided by a gas distribution business on the annual report required under RCW 82.32.534.

(ii) In addition to the data source described under (e)(i) of this subsection, the joint legislative audit and review committee may use any other data it deems necessary in performing the evaluation under (d) of this subsection.

(3) A gas distribution business claiming the exemption under RCW 82.08.02565 or 82.12.02565 must file the annual report under RCW 82.32.534 or any successor document. In addition to the information contained in the report, the report must also include the amount of liquefied natural gas and compressed natural gas sold by the gas distribution business as a transportation fuel.

(4) The joint legislative audit and review committee must perform the review required in this section in a manner consistent with its tax preference review process under chapter 43.136 RCW. The committee must perform the review in calendar year 2020.

PART II

Fuel Taxes and Sales Taxes

Sec. 201. RCW 82.38.020 and 2013 c 225 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) "Blended fuel" means a mixture of fuel and another liquid, other than a de minimis amount of the liquid.

(2) "Blender" means a person who produces blended fuel outside the bulk transfer-terminal system.

(3) "Bond" means a bond duly executed with a corporate surety qualified under chapter 48.28 RCW payable to the state of Washington conditioned upon faithful performance of all requirements of this chapter.

(4) "Bulk transfer-terminal system" means the fuel distribution system consisting of refineries, pipelines, vessels, and terminals. Fuel in a refinery, pipeline, vessel, or terminal is in the bulk transfer-terminal system.

(5) "Bulk transfer" means a transfer of fuel by pipeline or vessel.

(6) "Bulk storage" means the placing of fuel into a receptacle other than the fuel supply tank of a motor vehicle.

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

(8) "Diesel gallon equivalent" means the amount of special fuel, for special fuel that is liquefied natural gas or compressed natural gas, that is equivalent in terms of energy content to one gallon of diesel fuel, as provided in this subsection. The equivalent amount is the amount of fuel that by volume possesses an energy content of one hundred twenty-nine thousand five hundred British thermal units.

(9) "Distributor" means a person who acquires fuel outside the bulk transfer-terminal system for importation into Washington, from a terminal or refinery rack located within Washington for distribution within Washington, or for immediate export outside the state of Washington.

((~~(9)~~)) (10) "Dyed special fuel user" means a person authorized by the internal revenue code to operate a motor vehicle on the highway using dyed special fuel, in which the use is not exempt from the fuel tax.

((~~(10)~~)) (11) "Evasion" or "evade" means to diminish or avoid the computation, assessment, or payment of authorized taxes or fees through:

(a) A knowing: False statement; omission; misrepresentation of fact; or other act of deception;

(b) An intentional: Failure to file a return or report; or other act of deception; or

(c) The unlawful use of dyed special fuel.

((~~(11)~~)) (12) "Exempt sale" means the sale of fuel to a person whose use of fuel is exempt from the fuel tax.

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((~~(12)~~)) (13) "Export" means to obtain fuel in this state for sales or distribution outside the state. Fuel distributed to a federally recognized Indian tribal reservation located within the state of Washington is not considered exported outside this state.

((~~(13)~~)) (14) "Exporter" means a person who purchases fuel physically located in this state at the time of purchase and directly exports the fuel by a means other than the bulk transfer-terminal system to a destination outside of the state. If the exporter of record is acting as an agent, the person for whom the agent is acting is the exporter. If there is no exporter of record, the owner of the fuel at the time of exportation is the exporter.

((~~(14)~~)) (15) "Fuel" means motor vehicle fuel or special fuel.

((~~(15)~~)) (16) "Fuel user" means a person engaged in uses of fuel that are not specifically exempted from the fuel tax imposed under this chapter.

((~~(16)~~)) (17) "Gallon of fuel" means one gallon of fuel, except that it does not include fuel that is liquefied natural gas or compressed natural gas.

(18) "Highway" means every way or place open to the use of the public, as a matter of right, for the purpose of vehicular travel.

((~~(17)~~)) (19) "Import" means to bring fuel into this state by a means of conveyance other than the fuel supply tank of a motor vehicle.

((~~(18)~~)) (20) "Importer" means a person who imports fuel into the state by a means other than the bulk transfer-terminal system. If the importer of record is acting as an agent, the person for whom the agent is acting is the importer. If there is no importer of record, the owner of the fuel at the time of importation is the importer.

((~~(19)~~)) (21) "International fuel tax agreement licensee" means a fuel user operating qualified motor vehicles in interstate commerce and licensed by the department under the international fuel tax agreement.

((~~(20)~~)) (22) "Licensee" means a person holding a license issued under this chapter.

((~~(21)~~)) (23) "Motor vehicle" means a self-propelled vehicle utilizing fuel as a means of propulsion.

((~~(22)~~)) (24) "Motor vehicle fuel" means gasoline and any other inflammable gas or liquid, by whatsoever name the gasoline, gas, or liquid may be known or sold the chief use of which is as a fuel for the propulsion of motor vehicles or vessels.

((~~(23)~~)) (25) "Natural gas" means naturally occurring mixtures of hydrocarbon gases and vapors consisting principally of methane, whether in gaseous or liquid form. "Natural gas" includes liquefied natural gas and compressed natural gas.

((~~(24)~~)) (26) "Person" means any individual, partnership, association, public or private corporation, limited liability company, or any other type of legal or commercial entity, including their members, managers, partners, directors, or officers.

((~~(25)~~)) (27) "Position holder" means a person who holds the inventory position in fuel, as reflected by the records of the terminal operator. A person holds the inventory position if the person has a contractual agreement with the terminal for the use of storage facilities and terminating services. "Position holder" includes a terminal operator that owns fuel in their terminal.

((~~(26)~~)) (28) "Rack" means a mechanism for delivering fuel from a refinery or terminal into a truck, trailer, railcar, or other means of nonbulk transfer.

((~~(27)~~)) (29) "Refiner" means a person who owns, operates, or otherwise controls a refinery.

((~~(28)~~)) (30) "Removal" means a physical transfer of fuel other than by evaporation, loss, or destruction.

((~~(29)~~)) (31) "Special fuel" means diesel fuel, propane, natural gas, kerosene, biodiesel, and any other combustible liquid or gas by whatever name the liquid or gas may be known or sold for the generation of power to propel a motor vehicle on the highways, except it does not include motor vehicle fuel.

((~~(30)~~)) (32) "Supplier" means a person who holds a federal certificate of registry issued under the internal revenue code and authorizes the person to engage in tax-free transactions of fuel in the bulk transfer-terminal system.

((~~(31)~~)) (33) "Terminal" means a fuel storage and distribution facility that has been assigned a terminal control number by the internal revenue service.

((~~(32)~~)) (34) "Terminal operator" means a person who owns, operates, or otherwise controls a terminal.

((~~(33)~~)) (35) "Two-party exchange" or "buy-sell agreement" means a transaction in which taxable fuel is transferred from one licensed supplier to another licensed supplier whereby the supplier that is the position holder agrees to deliver taxable fuel to the other supplier or the other supplier's customer at the terminal at which the delivering supplier is the position holder.

Sec. 202. RCW 82.38.030 and 2013 c 225 s 103 are each amended to read as follows:

(1) There is levied and imposed upon fuel licensees a tax at the rate of twenty-three cents per each gallon of fuel((~~, or each one hundred cubic feet of compressed natural gas, measured at standard pressure and temperature~~)) or per diesel gallon equivalent.

(2) Beginning July 1, 2003, an additional and cumulative tax rate of five cents per each gallon of fuel((~~, or each one hundred cubic feet of compressed natural gas, measured at standard pressure and temperature~~)) or per diesel gallon equivalent is imposed on fuel licensees. This subsection (2) expires when the bonds issued for transportation 2003 projects are retired.

(3) Beginning July 1, 2005, an additional and cumulative tax rate of three cents per each gallon of fuel((~~, or each one hundred cubic feet of compressed natural gas, measured at standard pressure and temperature~~)) or per diesel gallon equivalent is imposed on fuel licensees.

(4) Beginning July 1, 2006, an additional and cumulative tax rate of three cents per each gallon of fuel((~~, or each one hundred cubic feet of compressed natural gas, measured at standard pressure and temperature~~)) or per diesel gallon equivalent is imposed on fuel licensees.

(5) Beginning July 1, 2007, an additional and cumulative tax rate of two cents per each gallon of fuel((~~, or each one hundred cubic feet of compressed natural gas, measured at standard pressure and temperature~~)) or per diesel gallon equivalent is imposed on fuel licensees.

(6) Beginning July 1, 2008, an additional and cumulative tax rate of one and one-half cents per each gallon of fuel((~~, or each one hundred cubic feet of compressed natural gas, measured at standard pressure and temperature~~)) or per diesel gallon equivalent is imposed on fuel licensees.

(7) Taxes are imposed when:

(a) Fuel is removed in this state from a terminal if the fuel is removed at the rack unless the removal is by a licensed supplier or distributor for direct delivery to a destination outside of the state, or the removal is by a fuel supplier for direct delivery to an international fuel tax agreement licensee under RCW 82.38.320;

(b) Fuel is removed in this state from a refinery if either of the following applies:

(i) The removal is by bulk transfer and the refiner or the owner of the fuel immediately before the removal is not a licensed supplier; or

(ii) The removal is at the refinery rack unless the removal is to a licensed supplier or distributor for direct delivery to a destination outside of the state, or the removal is to a licensed supplier for direct delivery to an international fuel tax agreement licensee under RCW 82.38.320;

(c) Fuel enters into this state for sale, consumption, use, or storage, unless the fuel enters this state for direct delivery to an international fuel tax agreement licensee under RCW 82.38.320, if either of the following applies:

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(i) The entry is by bulk transfer and the importer is not a licensed supplier; or

(ii) The entry is not by bulk transfer;

(d) Fuel enters this state by means outside the bulk transfer-terminal system and is delivered directly to a licensed terminal unless the owner is a licensed distributor or supplier;

(e) Fuel is sold or removed in this state to an unlicensed entity unless there was a prior taxable removal, entry, or sale of the fuel;

(f) Blended fuel is removed or sold in this state by the blender of the fuel. The number of gallons of blended fuel subject to tax is the difference between the total number of gallons of blended fuel removed or sold and the number of gallons of previously taxed fuel used to produce the blended fuel;

(g) Dyed special fuel is used on a highway, as authorized by the internal revenue code, unless the use is exempt from the fuel tax;

(h) Dyed special fuel is held for sale, sold, used, or is intended to be used in violation of this chapter;

(i) Special fuel purchased by an international fuel tax agreement licensee under RCW 82.38.320 is used on a highway; ((~~and~~))

(j) Fuel is sold by a licensed fuel supplier to a fuel distributor or fuel blender and the fuel is not removed from the bulk transfer-terminal system; and

(k) Special fuel that is liquefied natural gas or compressed natural gas is exported from the state as provided in RCW 82.38.180(1)(g).

(8) The department must establish diesel gallon equivalents by rule.

NEW SECTION. **Sec. 203.** A new section is added to chapter 82.38 RCW to read as follows:

(1) The provisions of this chapter requiring the payment of taxes do not apply to special fuel imported into the state in interstate or foreign commerce and intended to be sold while in interstate or foreign commerce, nor to special fuel that is exported from this state to a destination outside the United States to the extent allowed under RCW 82.38.180(1)(g), nor to any special fuel sold by a licensee to the armed forces of the United States or to the national guard for use exclusively in ships or for export from this state.

(2) The exemption under this section applies only to special fuel that is liquefied natural gas or compressed natural gas.

(3) This section expires July 1, 2022.

Sec. 204. RCW 46.68.090 and 2013 c 225 s 645 are each amended to read as follows:

(1) All moneys that have accrued or may accrue to the motor vehicle fund from the motor vehicle fuel tax and special fuel tax must be first expended for purposes enumerated in (a) and (b) of this subsection. Except for moneys received from special fuel tax on exported fuel that is liquefied natural gas or compressed natural gas, the remaining net tax amount must be distributed monthly by the state treasurer in accordance with subsections (2) through ((~~(7)~~)) (6) and (8) of this section.

(a) For payment of refunds of motor vehicle fuel tax and special fuel tax that has been paid and is refundable as provided by law;

(b) For payment of amounts to be expended pursuant to appropriations for the administrative expenses of the offices of state treasurer, state auditor, and the department of licensing of the state of Washington in the administration of the motor vehicle fuel tax and the special fuel tax, which sums must be distributed monthly.

(2) All of the remaining net tax amount collected under RCW 82.38.030(1) must be distributed as set forth in (a) through (j) of this section.

(a) For distribution to the motor vehicle fund an amount equal to 44.387 percent to be expended for highway purposes of the state as defined in RCW 46.68.130;

(b)(i) For distribution to the special category C account, hereby created in the motor vehicle fund, an amount equal to 3.2609 percent to be expended for special category C projects. Special category C projects are category C projects that, due to high cost only, will require bond financing to complete construction.

(ii) The following criteria, listed in order of priority, must be used in determining which special category C projects have the highest priority:

(A) Accident experience;

(B) Fatal accident experience;

(C) Capacity to move people and goods safely and at reasonable speeds without undue congestion; and

(D) Continuity of development of the highway transportation network.

(iii) Moneys deposited in the special category C account in the motor vehicle fund may be used for payment of debt service on bonds the proceeds of which are used to finance special category C projects under this subsection (2)(b);

(c) For distribution to the Puget Sound ferry operations account in the motor vehicle fund an amount equal to 2.3283 percent;

(d) For distribution to the Puget Sound capital construction account in the motor vehicle fund an amount equal to 2.3726 percent;

(e) For distribution to the transportation improvement account in the motor vehicle fund an amount equal to 7.5597 percent;

(f) For distribution to the transportation improvement account in the motor vehicle fund an amount equal to 5.6739 percent and expended in accordance with RCW 47.26.086;

(g) For distribution to the cities and towns from the motor vehicle fund an amount equal to 10.6961 percent in accordance with RCW 46.68.110;

(h) For distribution to the counties from the motor vehicle fund an amount equal to 19.2287 percent: (i) Out of which there must be distributed from time to time, as directed by the department of transportation, those sums as may be necessary to carry out the provisions of RCW 47.56.725; and (ii) less any amounts appropriated to the county road administration board to implement the provisions of RCW 47.56.725(4), with the balance of such county share to be distributed monthly as the same accrues for distribution in accordance with RCW 46.68.120;

(i) For distribution to the county arterial preservation account, hereby created in the motor vehicle fund an amount equal to 1.9565 percent. These funds must be distributed by the county road administration board to counties in proportions corresponding to the number of paved arterial lane miles in the unincorporated area of each county and must be used for improvements to sustain the structural, safety, and operational integrity of county arterials. The county road administration board must adopt reasonable rules and develop policies to implement this program and to assure that a pavement management system is used;

(j) For distribution to the rural arterial trust account in the motor vehicle fund an amount equal to 2.5363 percent and expended in accordance with RCW 36.79.020.

(3) The remaining net tax amount collected under RCW 82.38.030(2) must be distributed to the transportation 2003 account (nickel account).

(4) The remaining net tax amount collected under RCW 82.38.030(3) must be distributed as follows:

(a) 8.3333 percent must be distributed to the incorporated cities and towns of the state in accordance with RCW 46.68.110;

(b) 8.3333 percent must be distributed to counties of the state in accordance with RCW 46.68.120; and

(c) The remainder must be distributed to the transportation partnership account created in RCW 46.68.290.

(5) The remaining net tax amount collected under RCW 82.38.030(4) must be distributed as follows:

(a) 8.3333 percent must be distributed to the incorporated cities and towns of the state in accordance with RCW 46.68.110;

(b) 8.3333 percent must be distributed to counties of the state in accordance with RCW 46.68.120; and

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(c) The remainder must be distributed to the transportation partnership account created in RCW 46.68.290.

(6) The remaining net tax amount collected under RCW 82.38.030 (5) and (6) must be distributed to the transportation partnership account created in RCW 46.68.290.

(7) The remaining net tax amount that is attributable to moneys received from special fuel tax on exported fuel that is liquefied natural gas or compressed natural gas must be distributed to the finished fuel account created in section 205 of this act.

(8) Nothing in this section or in RCW 46.68.130 may be construed so as to violate any terms or conditions contained in any highway construction bond issues now or hereafter authorized by statute and whose payment is by such statute pledged to be paid from any excise taxes on motor vehicle fuel and special fuels.

NEW SECTION. **Sec. 205.** A new section is added to chapter 46.68 RCW to read as follows:

(1) The finished fuel account is created in the state treasury. Special fuel tax receipts received under RCW 46.68.090(7) and sales taxes under section 405 of this act must be deposited into the account. Money in the account may be spent only after appropriation. Funds may be used only to construct, improve, repair, or rehabilitate Washington state ferry boat vessels, or to convert such vessels to operate using special fuels other than diesel fuel or other alternative energy sources.

(2) This section expires July 1, 2022.

Sec. 206. RCW 82.38.075 and 2013 c 225 s 110 are each amended to read as follows:

(1) To encourage the use of nonpolluting fuels, an annual license fee in lieu of the tax imposed by RCW 82.38.030 is imposed upon the use of ((~~natural gas or~~)) propane used in any motor vehicle. The annual license fee must be based upon the following schedule and formula:

VEHICLE TONNAGE (GVW)			FEE
0	-	6,000	$ 45
6,001	-	10,000	$ 45
10,001	-	18,000	$ 80
18,001	-	28,000	$110
28,001	-	36,000	$150
36,001	and above		$250

(2) To determine the annual license fee for a registration year, the appropriate dollar amount in the schedule is multiplied by the fuel tax rate per gallon effective on July 1st of the preceding calendar year and the product is divided by 12 cents.

(3) The department, in addition to the resulting fee, must charge an additional fee of five dollars as a handling charge for each license issued.

(4) The vehicle tonnage fee must be prorated so the annual license will correspond with the staggered vehicle licensing system.

(5) A decal or other identifying device issued upon payment of the annual fee must be displayed as prescribed by the department as authority to purchase this fuel.

(6) Persons selling or dispensing ((~~natural gas or~~)) propane may not sell or dispense this fuel for their own use or the use of others into tanks of vehicles powered by this fuel which do not display a valid decal or other identifying device.

(7) Commercial motor vehicles registered in a foreign jurisdiction under the provisions of the international registration plan are subject to the annual fee.

(8) Motor vehicles registered in a foreign jurisdiction, except those registered under the international registration plan under chapter 46.87 RCW, are exempt from this section.

(9) Vehicles registered in jurisdictions outside the state of Washington are exempt from this section.

((~~(8)~~)) (10) Any person selling or dispensing ((~~natural gas or~~)) propane into the tank of a motor vehicle powered by this fuel, except as prescribed in this chapter, is subject to the penalty provisions of this chapter.

Sec. 207. RCW 82.80.010 and 2013 c 225 s 641 are each amended to read as follows:

(1) ((~~For purposes of this section:~~)) The definitions in this subsection apply throughout this section unless the context clearly requires otherwise.

(a) "Distributor" means every person who imports, refines, manufactures, produces, or compounds motor vehicle fuel and special fuel as defined in RCW 82.38.020((~~, respectively,~~)) and sells or distributes the fuel into a county((~~;~~)).

(b) "Person" has the same meaning as in RCW 82.04.030.

(2) Subject to the conditions of this section, any county may levy, by approval of its legislative body and a majority of the registered voters of the county voting on the proposition at a general or special election, additional excise taxes equal to ten percent of the statewide ((~~motor vehicle fuel tax rate under RCW 82.38.030 on each gallon of motor vehicle fuel as defined in RCW 82.38.020 and on each gallon of special fuel~~)) fuel tax rates under RCW 82.38.030 on motor vehicle fuel and special fuel as defined in RCW 82.38.020 sold within the boundaries of the county. Vehicles paying an annual license fee under RCW 82.38.075 are exempt from the county fuel excise tax. An election held under this section must be held not more than twelve months before the date on which the proposed tax is to be levied. The ballot setting forth the proposition must state the tax rate that is proposed. The county's authority to levy additional excise taxes under this section includes the incorporated and unincorporated areas of the county. The additional excise taxes are subject to the same exceptions and rights of refund as applicable to other motor vehicle fuel and special fuel excise taxes levied under chapter 82.38 RCW. The proposed tax may not be levied less than one month from the date the election results are certified by the county election officer. The commencement date for the levy of any tax under this section must be the first day of January, April, July, or October.

(3) The local option motor vehicle fuel tax on ((~~each gallon of~~)) motor vehicle fuel and on ((~~each gallon of~~)) special fuel is imposed upon the distributor of the fuel.

(4) A taxable event for the purposes of this section occurs upon the first distribution of the fuel within the boundaries of a county to a retail outlet, bulk fuel user, or ultimate user of the fuel.

(5) All administrative provisions in chapters 82.01, 82.03, and 82.32 RCW, insofar as they are applicable, apply to local option fuel taxes imposed under this section.

(6) Before the effective date of the imposition of the fuel taxes under this section, a county must contract with the department of revenue for the administration and collection of the taxes. The contract must provide that a percentage amount, not to exceed one percent of the taxes imposed under this section, will be deposited into the local tax administration account created in the custody of the state treasurer. The department of revenue may spend money from this account, upon appropriation, for the administration of the local taxes imposed under this section.

(7) The state treasurer must distribute monthly to the levying county and cities contained therein the proceeds of the additional excise taxes collected under this section, after the deductions for payments and expenditures as provided in RCW 46.68.090(1) (a) and

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(b) and under the conditions and limitations provided in RCW 82.80.080.

(8) The proceeds of the additional excise taxes levied under this section must be used strictly for transportation purposes in accordance with RCW 82.80.070.

(9) A county may not levy the tax under this section if they are levying the tax in RCW 82.80.110 or if they are a member of a regional transportation investment district levying the tax in RCW 82.80.120.

Sec. 208. RCW 82.80.110 and 2013 c 225 s 642 are each amended to read as follows:

(1) ((~~For purposes of this section:~~)) The definitions in this subsection apply throughout this section unless the context clearly requires otherwise.

(a) "Distributor" means every person who imports, refines, manufactures, produces, or compounds motor vehicle fuel and special fuel as defined in RCW 82.38.020((~~, respectively,~~)) and sells or distributes the fuel into a county((~~;~~)).

(b) "Person" has the same meaning as in RCW 82.04.030.

(2) For purposes of dedication to a regional transportation investment district plan under chapter 36.120 RCW, subject to the conditions of this section, a county may levy additional excise taxes equal to ten percent of the statewide ((~~motor vehicle fuel tax rate under RCW 82.38.030 on each gallon of motor vehicle fuel as defined in RCW 82.38.020 and on each gallon of special fuel~~)) fuel tax rates under RCW 82.38.030 on motor vehicle fuel and special fuel as defined in RCW ((~~82.32.020 [82.38.020]~~)) 82.38.020 sold within the boundaries of the county. The additional excise tax is subject to the approval of the county's legislative body and a majority of the registered voters of the county voting on the proposition at a general or special election. An election held under this section must be held not more than twelve months before the date on which the proposed tax is to be levied. The ballot setting forth the proposition must state that the revenues from the tax will be used for a regional transportation investment district plan. The county's authority to levy additional excise taxes under this section includes the incorporated and unincorporated areas of the county. Vehicles paying an annual license fee under RCW 82.38.075 are exempt from the county fuel excise tax. The additional excise taxes are subject to the same exceptions and rights of refund as applicable to other motor vehicle fuel and special fuel excise taxes levied under chapter 82.38 RCW. The proposed tax may not be levied less than one month from the date the election results are certified by the county election officer. The commencement date for the levy of any tax under this section will be the first day of January, April, July, or October.

(3) The local option motor vehicle fuel tax on ((~~each gallon of~~)) motor vehicle fuel and on ((~~each gallon of~~)) special fuel is imposed upon the distributor of the fuel.

(4) A taxable event for the purposes of this section occurs upon the first distribution of the fuel within the boundaries of a county to a retail outlet, bulk fuel user, or ultimate user of the fuel.

(5) All administrative provisions in chapters 82.01, 82.03, and 82.32 RCW, insofar as they are applicable, apply to local option fuel taxes imposed under this section.

(6) Before the effective date of the imposition of the fuel taxes under this section, a county must contract with the department of revenue for the administration and collection of the taxes. The contract must provide that a percentage amount, not to exceed one percent of the taxes imposed under this section, will be deposited into the local tax administration account created in the custody of the state treasurer. The department of revenue may spend money from this account, upon appropriation, for the administration of the local taxes imposed under this section.

(7) The state treasurer must distribute monthly to the county levying the tax as part of a regional transportation investment plan, after the deductions for payments and expenditures as provided in RCW 46.68.090(1) (a) and (b).

(8) The proceeds of the additional taxes levied by a county in this section, to be used as a part of a regional transportation investment plan, must be used in accordance with chapter 36.120 RCW, but only for those areas that are considered "highway purposes" as that term is construed in Article II, section 40 of the state Constitution.

(9) A county may not levy the tax under this section if they are a member of a regional transportation investment district that is levying the tax in RCW 82.80.120 or the county is levying the tax in RCW 82.80.010.

Sec. 209. RCW 82.80.120 and 2013 c 225 s 643 are each amended to read as follows:

(1) ((~~For purposes of this section:~~)) The definitions in this subsection apply throughout this section unless the context clearly requires otherwise.

(a) "Distributor" means every person who imports, refines, manufactures, produces, or compounds motor vehicle fuel and special fuel as defined in RCW 82.38.020((~~, respectively,~~)) and sells or distributes the fuel into a county((~~;~~)).

(b) "Person" has the same meaning as in RCW 82.04.030;

(c) "District" means a regional transportation investment district under chapter 36.120 RCW.

(2) A regional transportation investment district under chapter 36.120 RCW, subject to the conditions of this section, may levy additional excise taxes equal to ten percent of the statewide motor vehicle fuel tax rate under RCW 82.38.030 on each gallon of motor vehicle fuel as defined in RCW 82.38.020 and on each gallon of special fuel as defined in RCW 82.38.020 sold within the boundaries of the district. The additional excise tax is subject to the approval of a majority of the voters within the district boundaries. Vehicles paying an annual license fee under RCW 82.38.075 are exempt from the district's fuel excise tax. The additional excise taxes are subject to the same exceptions and rights of refund as applicable to other motor vehicle fuel and special fuel excise taxes levied under chapter 82.38 RCW. The proposed tax may not be levied less than one month from the date the election results are certified. The commencement date for the levy of any tax under this section will be the first day of January, April, July, or October.

(3) The local option motor vehicle fuel tax on ((~~each gallon of~~)) motor vehicle fuel and on ((~~each gallon of~~)) special fuel is imposed upon the distributor of the fuel.

(4) A taxable event for the purposes of this section occurs upon the first distribution of the fuel within the boundaries of the district to a retail outlet, bulk fuel user, or ultimate user of the fuel.

(5) All administrative provisions in chapters 82.01, 82.03, and 82.32 RCW, insofar as they are applicable, apply to local option fuel taxes imposed under this section.

(6) Before the effective date of the imposition of the fuel taxes under this section, a district must contract with the department of revenue for the administration and collection of the taxes. The contract must provide that a percentage amount, not to exceed one percent of the taxes imposed under this section, will be deposited into the local tax administration account created in the custody of the state treasurer. The department of revenue may spend money from this account, upon appropriation, for the administration of the local taxes imposed under this section.

(7) The state treasurer must distribute monthly to the district levying the tax as part of the regional transportation investment district plan, after the deductions for payments and expenditures as provided in RCW 46.68.090(1) (a) and (b).

(8) The proceeds of the additional taxes levied by a district in this section, to be used as a part of a regional transportation investment district plan, must be used in accordance with chapter 36.120 RCW, but only for those areas that are considered "highway purposes" as

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that term is construed in Article II, section 40 of the state Constitution.

(9) A district may only levy the tax under this section if the district is comprised of boundaries identical to the boundaries of a county or counties. A district may not levy the tax in this section if a member county is levying the tax in RCW 82.80.010 or 82.80.110.

Sec. 210. RCW 82.47.010 and 1998 c 176 s 85 are each amended to read as follows:

((~~The definitions set forth in this section shall apply throughout this chapter unless the context clearly requires otherwise.~~

~~(1) "Motor vehicle fuel" has the meaning given in RCW 82.36.010.~~

~~(2) "Special fuel" has the meaning given in RCW 82.38.020.~~

~~(3) "Motor vehicle" has the meaning given in RCW 82.36.010.~~)) For purposes of this chapter, unless the context clearly requires otherwise, "fuel," "motor vehicle fuel," "special fuel," and "motor vehicle" have the meaning given in RCW 82.38.020.

Sec. 211. RCW 46.16A.060 and 2011 c 114 s 6 are each amended to read as follows:

(1) The department, county auditor or other agent, or subagent appointed by the director may not issue or renew a motor vehicle registration or change the registered owner of a registered vehicle for any motor vehicle required to be inspected under chapter 70.120 RCW, unless the application for issuance or renewal is: (a) Accompanied by a valid certificate of compliance or a valid certificate of acceptance issued as required under chapter 70.120 RCW; or (b) exempt, as described in subsection (2) of this section. The certificates must have a date of validation that is within twelve months of the assigned registration renewal date. Certificates for fleet or owner tested diesel vehicles may have a date of validation that is within twelve months of the assigned registration renewal date.

(2) The following motor vehicles are exempt from emission test requirements:

(a) Motor vehicles that are less than five years old or more than twenty-five years old;

(b) Motor vehicles that are a 2009 model year or newer;

(c) Motor vehicles powered exclusively by electricity, propane, compressed natural gas, liquefied natural gas, or liquid petroleum gas;

(d) Motorcycles as defined in RCW 46.04.330 and motor-driven cycles as defined in RCW 46.04.332;

(e) Farm vehicles as defined in RCW 46.04.181;

(f) Street rod vehicles as defined in RCW 46.04.572 and custom vehicles as defined in RCW 46.04.161;

(g) Used vehicles that are offered for sale by a motor vehicle dealer licensed under chapter 46.70 RCW;

(h) Classes of motor vehicles exempted by the director of the department of ecology; and

(i) Hybrid motor vehicles that obtain a rating by the environmental protection agency of at least fifty miles per gallon of gas during city driving. For purposes of this section, a hybrid motor vehicle is one that uses propulsion units powered by both electricity and gas.

(3) The department of ecology ((~~shall~~)) must provide information to motor vehicle owners:

(a) Regarding the boundaries of emission contributing areas and restrictions established under this section that apply to vehicles registered in such areas; and

(b) On the relationship between motor vehicles and air pollution and steps motor vehicle owners should take to reduce motor vehicle related air pollution.

(4) The department of licensing ((~~shall~~)) must:

(a) Notify all registered motor vehicle owners affected by the emission testing program that they must have an emission test to renew their registration;

(b) Adopt rules implementing and enforcing this section, except for subsection (2)(e) of this section, as specified in chapter 34.05 RCW.

(5) A motor vehicle may not be registered, leased, rented, or sold for use in the state, starting with the model year as provided in RCW 70.120A.010, unless the vehicle:

(a) Has seven thousand five hundred miles or more; or

(b)(i) Is consistent with the vehicle emission standards and carbon dioxide equivalent emission standards adopted by the department of ecology; and

(ii) Has a California certification label for all emission standards, and carbon dioxide equivalent emission standards necessary to meet fleet average requirements.

(6) The department of licensing, in consultation with the department of ecology, may adopt rules necessary to implement this section and may provide for reasonable exemptions to these requirements. The department of ecology may exempt public safety vehicles from meeting the standards where the department finds that vehicles necessary to meet the needs of public safety agencies are not otherwise reasonably available.

Sec. 212. RCW 46.37.467 and 1995 c 369 s 23 are each amended to read as follows:

(1) Every automobile, truck, motorcycle, motor home, or off-road vehicle that is fueled by an alternative fuel source ((~~shall~~)) must bear a reflective placard issued by the national fire protection association indicating that the vehicle is so fueled. Violation of this subsection is a traffic infraction.

(2) As used in this section "alternative fuel source" includes propane, compressed natural gas, liquefied natural gas, liquid petroleum gas, or any chemically similar gas but does not include gasoline or diesel fuel.

(3) If a placard for a specific alternative fuel source has not been issued by the national fire protection association, a placard issued by the chief of the Washington state patrol, through the director of fire protection, ((~~shall be~~)) is required. The chief of the Washington state patrol, through the director of fire protection, ((~~shall~~)) must develop rules for the design, size, and placement of the placard which ((~~shall~~)) remains effective until a specific placard is issued by the national fire protection association.

PART III

State and Local Business Taxes

NEW SECTION. **Sec. 301.** A new section is added to chapter 82.16 RCW to read as follows:

(1) The provisions of this chapter do not apply to sales by a gas distribution business of:

(a) Compressed natural gas or liquefied natural gas, where the compressed natural gas or liquefied natural gas is to be sold or used as transportation fuel; or

(b) Natural gas from which the buyer manufactures compressed natural gas or liquefied natural gas, where the compressed natural gas or liquefied natural gas is to be sold or used as transportation fuel.

(2) The exemption is available only when the buyer provides the seller with an exemption certificate in a form and manner prescribed by the department. The seller must retain a copy of the certificate for the seller's files.

(3) For the purposes of this section, "transportation fuel" means fuel for the generation of power to propel a motor vehicle as defined in RCW 46.04.320, a vessel as defined in RCW 88.02.310, or a locomotive or railroad car.

(4) This section expires July 1, 2022.

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Sec. 302. RCW 82.04.310 and 2007 c 58 s 1 are each amended to read as follows:

(1) This chapter ((~~shall~~)) does not apply to any person in respect to a business activity with respect to which tax liability is specifically imposed under the provisions of chapter 82.16 RCW including amounts derived from activities for which a deduction is allowed under RCW 82.16.050. The exemption in this subsection does not apply to sales of natural gas, including compressed natural gas and liquefied natural gas, by a gas distribution business, if such sales are exempt from the tax imposed under chapter 82.16 RCW as provided in section 301 of this act.

(2) This chapter does not apply to amounts received by any person for the sale of electrical energy for resale within or outside the state.

(3)(a) This chapter does not apply to amounts received by any person for the sale of natural or manufactured gas in a calendar year if that person sells within the United States a total amount of natural or manufactured gas in that calendar year that is no more than twenty percent of the amount of natural or manufactured gas that it consumes within the United States in the same calendar year.

(b) For purposes of determining whether a person has sold within the United States a total amount of natural or manufactured gas in a calendar year that is no more than twenty percent of the amount of natural or manufactured gas that it consumes within the United States in the same calendar year, the following transfers of gas are not considered to be the sale of natural or manufactured gas:

(i) The transfer of any natural or manufactured gas as a result of the acquisition of another business, through merger or otherwise; or

(ii) The transfer of any natural or manufactured gas accomplished solely to comply with federal regulatory requirements imposed on the pipeline transportation of such gas when it is shipped by a third-party manager of a person's pipeline transportation.

Sec. 303. RCW 82.04.120 and 2011 c 23 s 3 are each amended to read as follows:

(1) "To manufacture" embraces all activities of a commercial or industrial nature wherein labor or skill is applied, by hand or machinery, to materials so that as a result thereof a new, different or useful substance or article of tangible personal property is produced for sale or commercial or industrial use, and includes:

(a) The production or fabrication of special made or custom made articles;

(b) The production or fabrication of dental appliances, devices, restorations, substitutes, or other dental laboratory products by a dental laboratory or dental technician;

(c) Cutting, delimbing, and measuring of felled, cut, or taken trees; ((~~and~~))

(d) Crushing and/or blending of rock, sand, stone, gravel, or ore; and

(e) The production of compressed natural gas or liquefied natural gas for use as a transportation fuel as defined in section 301 of this act.

(2) "To manufacture" does not include:

(a) Conditioning of seed for use in planting; cubing hay or alfalfa;

(b) Activities which consist of cutting, grading, or ice glazing seafood which has been cooked, frozen, or canned outside this state;

(c) The growing, harvesting, or producing of agricultural products;

(d) Packing of agricultural products, including sorting, washing, rinsing, grading, waxing, treating with fungicide, packaging, chilling, or placing in controlled atmospheric storage;

(e) The production of digital goods;

(f) The production of computer software if the computer software is delivered from the seller to the purchaser by means other than tangible storage media, including the delivery by use of a tangible storage media where the tangible storage media is not physically transferred to the purchaser; and

(g) Except as provided in subsection (1)(e) of this section, any activity that is integral to any public service business as defined in RCW 82.16.010 and with respect to which the gross income associated with such activity: (i) Is subject to tax under chapter 82.16 RCW; or (ii) would be subject to tax under chapter 82.16 RCW if such activity were conducted in this state or if not for an exemption or deduction.

(3) With respect to wastewater treatment facilities:

(a) "To manufacture" does not include the treatment of wastewater, the production of reclaimed water, and the production of class B biosolids; and

(b) "To manufacture" does include the production of class A or exceptional quality biosolids, but only with respect to the processing activities that occur after the biosolids have reached class B standards.

Sec. 304. RCW 82.12.022 and 2011 c 174 s 304 are each amended to read as follows:

(1) A use tax is levied on every person in this state for the privilege of using natural gas or manufactured gas, including compressed natural gas and liquefied natural gas, within this state as a consumer.

(2) The tax must be levied and collected in an amount equal to the value of the article used by the taxpayer multiplied by the rate in effect for the public utility tax on gas distribution businesses under RCW 82.16.020. The "value of the article used" does not include any amounts that are paid for the hire or use of a gas distribution business as defined in RCW 82.16.010(2) in transporting the gas subject to tax under this subsection if those amounts are subject to tax under that chapter.

(3) The tax levied in this section does not apply to the use of natural or manufactured gas delivered to the consumer by other means than through a pipeline.

(4) The tax levied in this section does not apply to the use of natural or manufactured gas if the person who sold the gas to the consumer has paid a tax under RCW 82.16.020 with respect to the gas for which exemption is sought under this subsection.

(5)(a) The tax levied in this section does not apply to the use of natural or manufactured gas by an aluminum smelter as that term is defined in RCW 82.04.217 before January 1, 2017.

(b) A person claiming the exemption provided in this subsection (5) must file a complete annual report with the department under RCW 82.32.534.

(6) The tax imposed by this section does not apply to the use of natural gas, compressed natural gas, or liquefied natural gas, if the consumer uses the gas for transportation fuel as defined in section 301 of this act.

(7) There is a credit against the tax levied under this section in an amount equal to any tax paid by:

(a) The person who sold the gas to the consumer when that tax is a gross receipts tax similar to that imposed pursuant to RCW 82.16.020 by another state with respect to the gas for which a credit is sought under this subsection; or

(b) The person consuming the gas upon which a use tax similar to the tax imposed by this section was paid to another state with respect to the gas for which a credit is sought under this subsection.

((~~(7)~~)) (8) The use tax imposed in this section must be paid by the consumer to the department.

((~~(8)~~)) (9) There is imposed a reporting requirement on the person who delivered the gas to the consumer to make a quarterly report to the department. Such report must contain the volume of gas delivered, name of the consumer to whom delivered, and such other information as the department may require by rule.

((~~(9)~~)) (10) The department may adopt rules under chapter 34.05 RCW for the administration and enforcement of sections 1 through 6, chapter 384, Laws of 1989.

Sec. 305. RCW 82.14.230 and 2010 c 127 s 5 are each amended to read as follows:

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(1) The governing body of any city, while not required by legislative mandate to do so, may, by resolution or ordinance for the purposes authorized by this chapter, fix and impose on every person a use tax for the privilege of using natural gas or manufactured gas in the city as a consumer.

(2) The tax is imposed in an amount equal to the value of the article used by the taxpayer multiplied by the rate in effect for the tax on natural gas businesses under RCW 35.21.870 in the city in which the article is used. The "value of the article used," does not include any amounts that are paid for the hire or use of a natural gas business in transporting the gas subject to tax under this subsection if those amounts are subject to tax under RCW 35.21.870.

(3) The tax imposed under this section does not apply to the use of natural or manufactured gas if the person who sold the gas to the consumer has paid a tax under RCW 35.21.870 with respect to the gas for which exemption is sought under this subsection.

(4) There is a credit against the tax levied under this section in an amount equal to any tax paid by:

(a) The person who sold the gas to the consumer when that tax is a gross receipts tax similar to that imposed pursuant to RCW 35.21.870 by another municipality or other unit of local government with respect to the gas for which a credit is sought under this subsection; or

(b) The person consuming the gas upon which a use tax similar to the tax imposed by this section was paid to another municipality or other unit of local government with respect to the gas for which a credit is sought under this subsection.

(5) The use tax imposed must be paid by the consumer. The administration and collection of the tax imposed is pursuant to RCW 82.14.050.

(6) The tax authorized by this section does not apply to the use of natural gas, compressed natural gas, or liquefied natural gas, if the consumer uses the gas for transportation fuel as defined in section 301 of this act.

Sec. 306. RCW 35.21.870 and 1984 c 225 s 6 are each amended to read as follows:

(1) No city or town may impose a tax on the privilege of conducting an electrical energy, natural gas, steam energy, or telephone business at a rate which exceeds six percent unless the rate is first approved by a majority of the voters of the city or town voting on such a proposition.

(2)(a) If a city or town is imposing a rate of tax under subsection (1) of this section in excess of six percent on April 20, 1982, the city or town ((~~shall~~)) must decrease the rate to a rate of six percent or less by reducing the rate each year on or before November 1st by ordinances to be effective on January 1st of the succeeding year, by an amount equal to one-tenth the difference between the tax rate on April 20, 1982, and six percent.

(b) Nothing in this subsection prohibits a city or town from reducing its rates by amounts greater than the amounts required in this subsection.

(3) Voter approved rate increases under subsection (1) of this section ((~~shall~~)) may not be included in the computations under this subsection.

(4) No city or town may impose a tax on the privilege of conducting a natural gas business with respect to sales that are exempt from the tax imposed under chapter 82.16 RCW as provided in section 301 of this act at a rate higher than its business and occupation tax rate on the sale of tangible personal property or, if the city or town does not impose a business and occupation tax on the sale of tangible personal property, at a rate greater than .002.

Sec. 307. RCW 82.14.030 and 2008 c 86 s 101 are each amended to read as follows:

(1) The governing body of any county or city, while not required by legislative mandate to do so, may, by resolution or ordinance for the purposes authorized by this chapter, impose a sales and use tax in accordance with the terms of this chapter. Such tax ((~~shall~~)) must be collected from those persons who are taxable by the state under chapters 82.08 and 82.12 RCW, upon the occurrence of any taxable event within the county or city as the case may be. ((~~Except as provided in RCW 82.14.230,~~)) This sales and use tax ((~~shall~~)) does not apply to natural or manufactured gas, except for natural gas that is used as a transportation fuel as defined in section 301 of this act and is taxable by the state under chapters 82.08 and 82.12 RCW. The rate of such tax imposed by a county ((~~shall be~~)) is five-tenths of one percent of the selling price (in the case of a sales tax) or value of the article used (in the case of a use tax). The rate of such tax imposed by a city ((~~shall~~)) may not exceed five-tenths of one percent of the selling price (in the case of a sales tax) or value of the article used (in the case of a use tax). However, in the event a county imposes a sales and use tax under this subsection, the rate of such tax imposed under this subsection by any city therein ((~~shall~~)) may not exceed four hundred and twenty-five one-thousandths of one percent.

(2) In addition to the tax authorized in subsection (1) of this section, the governing body of any county or city may by resolution or ordinance impose an additional sales and use tax in accordance with the terms of this chapter. Such additional tax ((~~shall~~)) must be collected upon the same taxable events upon which the tax imposed under subsection (1) of this section is imposed. The rate of such additional tax imposed by a county ((~~shall be~~)) is up to five-tenths of one percent of the selling price (in the case of a sales tax) or value of the article used (in the case of a use tax). The rate of such additional tax imposed by a city ((~~shall be~~)) is up to five-tenths of one percent of the selling price (in the case of a sales tax) or value of the article used (in the case of a use tax). However, in the event a county imposes a sales and use tax under the authority of this subsection at a rate equal to or greater than the rate imposed under the authority of this subsection by a city within the county, the county ((~~shall~~)) must receive fifteen percent of the city tax. In the event that the county imposes a sales and use tax under the authority of this subsection at a rate which is less than the rate imposed under this subsection by a city within the county, the county ((~~shall~~)) must receive that amount of revenues from the city tax equal to fifteen percent of the rate of tax imposed by the county under the authority of this subsection. The authority to impose a tax under this subsection is intended in part to compensate local government for any losses from the phase-out of the property tax on business inventories.

PART IV

Export Exemptions and Machinery and Equipment Sales and Use Tax Exemptions

Sec. 401. RCW 82.38.180 and 2013 c 225 s 119 are each amended to read as follows:

(1) Any person who has purchased fuel on which tax has been paid may file a claim with the department for a refund of the tax for:

(a) Fuel used for purposes other than for the propulsion of motor vehicles upon the public highways in this state. However, a refund may not be made for motor vehicle fuel consumed by a motor vehicle required to be registered under chapter 46.16A RCW.

(b) Except as provided in (g) of this subsection (1), fuel exported for use outside of this state. Fuel carried from this state in the fuel tank of a motor vehicle is deemed to be exported from this state. Fuel distributed to a federally recognized Indian tribal reservation located within the state of Washington is not considered exported outside this state.

(c) Tax, penalty, or interest erroneously or illegally collected or paid.

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(d) Fuel which is lost or destroyed, while the licensee is the owner thereof, through fire, lightning, flood, wind storm, or explosion.

(e) Fuel of five hundred gallons or more which is lost or destroyed while the licensee is the owner thereof, through leakage or other casualty except evaporation, shrinkage, or unknown causes.

(f) Fuel used in power pumping units or other power take-off equipment of any motor vehicle which is accurately measured by metering devices that have been specifically approved by the department or by a formula determined by the department.

(g) Seventy percent of liquefied and compressed natural gas exported for use outside of this state.

(2) Any person who has purchased special fuel on which tax has been paid may file a claim with the department for a refund of tax for:

(a) Special fuel used for the operation of a motor vehicle as a part of or incidental to logging operations upon a highway under federal jurisdiction within the boundaries of a federal area if the federal government requires a fee for the privilege of operating the motor vehicle upon the highway, the proceeds of which are reserved for constructing or maintaining roads in the federal area, or requires maintenance or construction work to be performed on the highway for the privilege of operating the motor vehicle on the highway;

(b) Special fuel used by special mobile equipment as defined in RCW 46.04.552;

(c) Special fuel used in a motor vehicle for movement between two pieces of private property wherein the movement is incidental to the primary use of the vehicle; and

(d) Special fuel inadvertently mixed with dyed special fuel.

(3) Any person who has purchased motor vehicle fuel on which tax has been paid may file a claim with the department for a refund of tax for:

(a) Motor vehicle fuel used by a private, nonprofit transportation provider regulated under chapter 81.66 RCW to provide transportation services for persons with special transportation needs; and

(b) Motor vehicle fuel used by an urban passenger transportation system. For purposes of this subsection "urban passenger transportation system" means every transportation system, publicly or privately owned, having as its principal source of revenue the income from transporting persons for compensation by means of motor vehicles or trackless trolleys, each having a seating capacity of over fifteen persons, over prescribed routes in such a manner that the routes of such motor vehicles or trackless trolleys, either alone or in conjunction with routes of other such motor vehicles or trackless trolleys subject to the routing by the same transportation system, do not extend for a distance exceeding fifteen road miles beyond the corporate limits of the city in which the original starting points of such motor vehicles or trackless trolleys are located. No refunds are authorized for fuel used on any trip where any portion of the trip is more than fifteen road miles beyond the corporate limits of the city in which the trip originated.

(4) Recovery for such loss or destruction under subsections (1)(d) or (e) or (2)(d) of this section must be susceptible to positive proof thereby enabling the department to conduct such investigation and require such information as it may deem necessary. In the event that the department is not satisfied that the fuel was lost, destroyed, or contaminated as claimed because information or proof as required hereunder is not sufficient to substantiate the accuracy of the claim, it may deem such as sufficient cause to deny all right relating to the refund or credit for the excise tax paid on fuel alleged to be lost or destroyed.

(5) No refund or claim for credit may be approved by the department unless the gallons of fuel claimed as nontaxable satisfy the conditions specifically set forth in this section and the nontaxable event or use occurred during the period covered by the refund claim. Refunds or claims for credit are not ((~~be [are not]~~)) allowed for anticipated nontaxable use or events.

Sec. 402. RCW 82.08.02565 and 2011 c 23 s 2 are each amended to read as follows:

(1)(a) The tax levied by RCW 82.08.020 does not apply to sales to a manufacturer or processor for hire of machinery and equipment used directly in a manufacturing operation or research and development operation, to sales to a person engaged in testing for a manufacturer or processor for hire of machinery and equipment used directly in a testing operation, or to sales of or charges made for labor and services rendered in respect to installing, repairing, cleaning, altering, or improving the machinery and equipment.

(b) Except as provided in (c) of this subsection, sellers making tax-exempt sales under this section must obtain from the purchaser an exemption certificate in a form and manner prescribed by the department by rule. The seller must retain a copy of the certificate for the seller's files.

(c)(i) The exemption under this section is in the form of a remittance for a gas distribution business, as defined in RCW 82.16.010, claiming the exemption for machinery and equipment used for the production of compressed natural gas or liquefied natural gas for use as a transportation fuel.

(ii) A gas distribution business claiming an exemption from state and local tax in the form of a remittance under this section must pay the tax under RCW 82.08.020 and all applicable local sales taxes. Beginning July 1, 2017, the gas distribution business may then apply to the department for remittance of state and local sales and use taxes. A gas distribution business may not apply for a remittance more frequently than once a quarter. The gas distribution business must specify the amount of exempted tax claimed and the qualifying purchases for which the exemption is claimed. The gas distribution business must retain, in adequate detail, records to enable the department to determine whether the business is entitled to an exemption under this section, including: Invoices; proof of tax paid; and documents describing the machinery and equipment.

(iii) The department must determine eligibility under this section based on the information provided by the gas distribution business, which is subject to audit verification by the department. The department must on a quarterly basis remit exempted amounts to qualifying businesses who submitted applications during the previous quarter.

(2) For purposes of this section and RCW 82.12.02565:

(a) "Machinery and equipment" means industrial fixtures, devices, and support facilities, and tangible personal property that becomes an ingredient or component thereof, including repair parts and replacement parts. "Machinery and equipment" includes pollution control equipment installed and used in a manufacturing operation, testing operation, or research and development operation to prevent air pollution, water pollution, or contamination that might otherwise result from the manufacturing operation, testing operation, or research and development operation. "Machinery and equipment" also includes digital goods.

(b) "Machinery and equipment" does not include:

(i) Hand-powered tools;

(ii) Property with a useful life of less than one year;

(iii) Buildings, other than machinery and equipment that is permanently affixed to or becomes a physical part of a building; and

(iv) Building fixtures that are not integral to the manufacturing operation, testing operation, or research and development operation that are permanently affixed to and become a physical part of a building, such as utility systems for heating, ventilation, air conditioning, communications, plumbing, or electrical.

(c) Machinery and equipment is "used directly" in a manufacturing operation, testing operation, or research and development operation if the machinery and equipment:

(i) Acts upon or interacts with an item of tangible personal property;

(ii) Conveys, transports, handles, or temporarily stores an item of tangible personal property at the manufacturing site or testing site;

(iii) Controls, guides, measures, verifies, aligns, regulates, or tests tangible personal property at the site or away from the site;

(iv) Provides physical support for or access to tangible personal property;

(v) Produces power for, or lubricates machinery and equipment;

(vi) Produces another item of tangible personal property for use in the manufacturing operation, testing operation, or research and development operation;

(vii) Places tangible personal property in the container, package, or wrapping in which the tangible personal property is normally sold or transported; or

(viii) Is integral to research and development as defined in RCW 82.63.010.

(d) "Manufacturer" means a person that qualifies as a manufacturer under RCW 82.04.110. "Manufacturer" also includes a person that prints newspapers or other materials.

(e) "Manufacturing" means only those activities that come within the definition of "to manufacture" in RCW 82.04.120 and are taxed as manufacturing or processing for hire under chapter 82.04 RCW, or would be taxed as such if such activity were conducted in this state or if not for an exemption or deduction. "Manufacturing" also includes printing newspapers or other materials. An activity is not taxed as manufacturing or processing for hire under chapter 82.04 RCW if the activity is within the purview of chapter 82.16 RCW.

(f) "Manufacturing operation" means the manufacturing of articles, substances, or commodities for sale as tangible personal property. A manufacturing operation begins at the point where the raw materials enter the manufacturing site and ends at the point where the processed material leaves the manufacturing site. With respect to the production of class A or exceptional quality biosolids by a wastewater treatment facility, the manufacturing operation begins at the point where class B biosolids undergo additional processing to achieve class A or exceptional quality standards. Notwithstanding anything to the contrary in this section, the term also includes that portion of a cogeneration project that is used to generate power for consumption within the manufacturing site of which the cogeneration project is an integral part. The term does not include the preparation of food products on the premises of a person selling food products at retail.

(g) "Cogeneration" means the simultaneous generation of electrical energy and low-grade heat from the same fuel.

(h) "Research and development operation" means engaging in research and development as defined in RCW 82.63.010 by a manufacturer or processor for hire.

(i) "Testing" means activities performed to establish or determine the properties, qualities, and limitations of tangible personal property.

(j) "Testing operation" means the testing of tangible personal property for a manufacturer or processor for hire. A testing operation begins at the point where the tangible personal property enters the testing site and ends at the point where the tangible personal property leaves the testing site. The term also includes the testing of tangible personal property for use in that portion of a cogeneration project that is used to generate power for consumption within the manufacturing site of which the cogeneration project is an integral part. The term does not include the testing of tangible personal property for use in the production of electricity by a light and power business as defined in RCW 82.16.010 or the preparation of food products on the premises of a person selling food products at retail.

Sec. 403. RCW 82.12.02565 and 2003 c 5 s 5 are each amended to read as follows:

(1) The provisions of this chapter ((~~shall~~)) do not apply in respect to the use by a manufacturer or processor for hire of machinery and equipment used directly in a manufacturing operation or research and development operation, to the use by a person engaged in testing for a manufacturer or processor for hire of machinery and equipment used directly in a testing operation, or to the use of labor and services rendered in respect to installing, repairing, cleaning, altering, or improving the machinery and equipment.

(2) The definitions, conditions, and requirements in RCW 82.08.02565 apply to this section.

Sec. 404. RCW 82.08.0255 and 2013 c 225 s 640 are each amended to read as follows:

(1) The tax levied by RCW 82.08.020 does not apply to sales of motor vehicle and special fuel if:

(a) The fuel is purchased for the purpose of public transportation and the purchaser is entitled to a refund or an exemption under RCW 82.38.080(1) (f) and (g) or 82.38.180(3)(b); or

(b) The fuel is purchased by a private, nonprofit transportation provider certified under chapter 81.66 RCW and the purchaser is entitled to a refund or an exemption under RCW 82.38.080(1)(d) or 82.38.180(3)(a); or

(c) The fuel is purchased by a public transportation benefit area created under chapter 36.57A RCW or a county-owned ferry or county ferry district created under chapter 36.54 RCW for use in passenger-only ferry vessels; or

(d) The fuel is purchased by the Washington state ferry system for use in a state-owned ferry after June 30, 2013; or

(e) The fuel is purchased by a county-owned ferry for use in ferry vessels after June 30, 2013; or

(f) The fuel is taxable under chapter 82.38 RCW.

(2)(a) Except as provided in (b) of this subsection, any person who has paid the tax imposed by RCW 82.08.020 on the sale of special fuel delivered in this state is entitled to a credit or refund of such tax with respect to fuel subsequently established to have been actually transported and used outside this state by persons engaged in interstate commerce. The tax must be claimed as a credit or refunded through the tax reports required under RCW 82.38.150.

(b) Any person who has paid the tax imposed by RCW 82.08.020 on the purchase of liquefied natural gas where the liquefied natural gas is used as a transportation fuel is entitled to a credit or refund of seventy percent of the tax with respect to fuel subsequently established to have been actually transported and used outside this state by persons engaged in interstate commerce. The department must specify the form and manner in which the credit or refund is claimed.

NEW SECTION. **Sec. 405.** A new section is added to chapter 82.32 RCW to read as follows:

(1) By the last workday of the second and fourth calendar quarters, the state treasurer must transfer the amount specified in subsection (2) of this section from the general fund to the finished fuel account created in section 205 of this act. The first transfer under this subsection must occur by December 31, 2017.

(2) By December 15th and by June 15th of each year, the department must estimate the increase in state general fund revenues from the changes made under RCW 82.08.0255 for the current and prior calendar quarters and notify the state treasurer of the increase.

(3) This section expires July 1, 2022.

NEW SECTION. **Sec. 406.** A new section is added to chapter 43.135 RCW to read as follows:

(1) RCW 43.135.034(4) does not apply to the transfers under section 405 of this act.

(2) This section expires July 1, 2022.

NEW SECTION. **Sec. 407.** A new section is added to chapter 39.42 RCW to read as follows:

(1) The purpose of eliminating a portion of the sales credit for exported liquefied natural gas under RCW 82.08.0255 is to fund improvements to Washington state ferries. For this reason, general state revenues transferred under section 405 of this act to the finished fuel account are excluded from the calculation of general state revenues for purposes of Article VIII, section 1 of the state Constitution and RCW 39.42.130 and 39.42.140.

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(2) This section expires July 1, 2022.

PART V

Utility Law Change

Sec. 501. RCW 80.28.280 and 1991 c 199 s 216 are each amended to read as follows:
(1) The legislature finds that compressed natural gas and liquefied natural gas offers significant potential to reduce vehicle and vessel emissions and to significantly decrease dependence on petroleum-based fuels. The legislature also finds that well-developed and convenient refueling systems are imperative if compressed natural gas ((~~is~~)) and liquefied natural gas are to be widely used by the public. The legislature declares that the development of compressed natural gas ((~~refueling stations are in the public interest.~~)) and liquefied natural gas motor vehicle refueling stations and vessel refueling facilities are in the public interest. Except as provided in subsection (2) of this section, nothing in this section and RCW 80.28.290 is intended to alter the regulatory practices of the commission or allow the subsidization of one ratepayer class by another.
(2) When a liquefied natural gas facility owned by a natural gas company serves both a private customer operating marine vessels and the Washington state ferries or any other public entity, the rate charged by the natural gas company to the Washington state ferries may not be more than the rate charged to the private customer operating marine vessels.

PART VI

Miscellaneous Provisions

NEW SECTION. **Sec. 601.** Parts I, II, III, and V and sections 401 through 404 of this act take effect July 1, 2015.
NEW SECTION. **Sec. 602.** This act expires July 1, 2022."

Correct the title.

Signed by Representatives Carlyle, Chair; Tharinger, Vice Chair; Hansen; Lytton; Pollet; Reykdal and Springer.

MINORITY recommendation: Do not pass. Signed by Representatives Nealey, Ranking Minority Member; Orcutt, Assistant Ranking Minority Member; Condotta and Vick.

Referred to Committee on .

There being no objection, ENGROSSED SUBSTITUTE SENATE BILL NO. 6440 was placed on the second reading calendar.

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

There being no objection, the Committee on Appropriations was relieved of the following bill and the bill was placed on the second reading calendar:

ENGROSSED SUBSTITUTE SENATE BILL NO. 6570

There being no objection, the Committee on Judiciary was relieved of the following bill and the bill was placed on the second reading calendar:

ENGROSSED SUBSTITUTE SENATE BILL NO. 5972

MESSAGES FROM THE SENATE

March 11, 2014

MR. SPEAKER:

The Senate concurred in the House amendment(s) to the following bills and passed the bills as amended by the House:
ENGROSSED SENATE BILL NO. 5048
SUBSTITUTE SENATE BILL NO. 5173
SUBSTITUTE SENATE BILL NO. 6086
SENATE BILL NO. 6141
ENGROSSED SUBSTITUTE SENATE BILL NO. 6388
ENGROSSED SENATE BILL NO. 6458
and the same are herewith transmitted.
Hunter G. Goodman, Secretary

March 11, 2014

MR. SPEAKER:

The Senate concurred in the House amendment(s) to the following bills and passed the bills as amended by the House:
SUBSTITUTE SENATE BILL NO. 5467
SECOND ENGROSSED SUBSTITUTE SENATE BILL NO. 5785
ENGROSSED SENATE BILL NO. 6031
ENGROSSED SENATE BILL NO. 6034
SECOND SUBSTITUTE SENATE BILL NO. 6062
SENATE BILL NO. 6065
SECOND SUBSTITUTE SENATE BILL NO. 6330
ENGROSSED SUBSTITUTE SENATE BILL NO. 6511
and the same are herewith transmitted.
Hunter G. Goodman, Secretary

March 11, 2014

MR. SPEAKER:

The President has signed:
SUBSTITUTE SENATE BILL NO. 5123
and the same are herewith transmitted.
Hunter G. Goodman, Secretary

March 11, 2014

MR. SPEAKER:

The President has signed:
HOUSE BILL NO. 2555
and the same are herewith transmitted.
Hunter G. Goodman, Secretary

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

SECOND READING

ENGROSSED SUBSTITUTE SENATE BILL NO. 5972, by Senate Committee on Natural Resources & Parks (originally sponsored by Senators Pearson, Rolfes, Hargrove, Mullet,

draft

Sheldon, Hewitt, Cleveland, Honeyford, Fain, Hill, Braun, Fraser, Litzow, Parlette, Frockt and Kline)

Specifying recovery for fire damages to public or private forested lands.

The bill was read the second time.

With the consent of the house, amendment (948) was withdrawn.

Representative Hansen moved the adoption of amendment (954).

On page 2, beginning on line 14, after "fire" strike all material through "fire" on line 16 and insert ", to the extent permitted by Washington law"

On page 2, line 18, after "chapter;" strike "and"

On page 2, beginning on line 23, after "opportunities" strike all material through "property." on line 25 and insert "; and

(d) In actions brought by an Indian tribe for recovery of damages from injury to archaeological objects, archaeological sites, or historic archaeological resources, damages as measured in accordance with WAC 25-48-043 as it existed on the effective date of this section."

Representatives Hansen and Rodne spoke in favor of the adoption of the amendment.

Amendment (954) was adopted.

There being no objection, the rules were suspended, the second reading considered the third and the bill, as amended by the House, was placed on final passage.

Representatives Hansen and Buys spoke in favor of the passage of the bill.

The Speaker (Representative Moeller presiding) stated the question before the House to be the final passage of Engrossed Substitute Senate Bill No. 5972, as amended by the House.

ROLL CALL

The Clerk called the roll on the final passage of Engrossed Substitute Senate Bill No. 5972, as amended by the House, and the bill passed the House by the following vote: Yeas, 98; Nays, 0; Absent, 0; Excused, 0.

Voting yea: Representatives Appleton, Bergquist, Blake, Buys, Carlyle, Chandler, Christian, Clibborn, Cody, Condotta, Dahlquist, DeBolt, Dunshee, Fagan, Farrell, Fey, Fitzgibbon, Freeman, G. Hunt, Goodman, Green, Gregerson, Habib, Haigh, Haler, Hansen, Hargrove, Harris, Hawkins, Hayes, Holy, Hope, Hudgins, Hunter, Hurst, Jinkins, Johnson, Kagi, Kirby, Klippert, Kochmar, Kretz, Kristiansen, Lytton, MacEwen, Magendanz, Manweller, Moeller, Morrell, Morris, Moscoso, Muri, Nealey, Orcutt, Ormsby, Ortiz-Self, Orwall, Overstreet, Parker, Pettigrew, Pike, Pollet, Reykdal, Riccelli, Roberts, Robinson, Rodne, Ross, Ryu, S. Hunt, Santos, Sawyer, Schmick, Scott, Seaquist, Sells, Senn, Shea, Short, Smith, Springer, Stanford, Stonier, Sullivan, Takko, Tarleton, Taylor, Tharinger, Van De Wege, Vick, Walkinshaw, Walsh, Warnick, Wilcox, Wylie, Young, Zeiger and Mr. Speaker.

ENGROSSED SUBSTITUTE SENATE BILL NO. 5972, as amended by the House, having received the necessary constitutional majority, was declared passed.

ENGROSSED SUBSTITUTE SENATE BILL NO. 6001, by Senate Committee on Transportation (originally sponsored by Senators Eide and King)

Making 2013-2015 supplemental transportation appropriations.

The bill was read the second time.

Representative Clibborn moved the adoption of amendment (960).

Strike everything after the enacting clause and insert the following:

"**2013-2015 FISCAL BIENNIUM**

GENERAL GOVERNMENT AGENCIES--OPERATING

Sec. 101. 2013 c 306 s 101 (uncodified) is amended to read as follows:

FOR THE DEPARTMENT OF ARCHAEOLOGY AND HISTORIC PRESERVATION

Motor Vehicle Account--State Appropriation .....

$433,000

The appropriation in this section is subject to the following conditions and limitations: The entire appropriation is provided solely for staffing costs to be dedicated to state transportation activities. Staff hired to support transportation activities must have practical experience with complex construction projects.

Sec. 102. 2013 c 306 s 102 (uncodified) is amended to read as follows:

FOR THE UTILITIES AND TRANSPORTATION COMMISSION

Grade Crossing Protective Account--State Appropriation .....

The appropriation in this section is subject to the following conditions and limitations:

(1) Within existing resources, the commission must work with stakeholders to study the safety of equipment, driver qualifications, insurance levels, safety of operations, and the past accidents of charter party carriers providing railroad crew transportation.

(2) The study must include a review of current practices regarding:

(a) Driver qualifications, including a driver's experience and skill, physical condition, type or class of license, and any license suspensions or revocations;

(b) Equipment safety;

(c) Safety of operations;

(d) Passenger safety;

(e) Insurance coverage levels, including liability coverage, uninsured and underinsured motorist coverage, and property damage coverage; and

(f) Safety complaints received by the commission.

(3) This study must also include examination of past accidents involving vehicles regulated under chapter 81.61 RCW.

(4) The commission must provide a report to the legislature by December 31, 2014, summarizing the findings to date, including

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recommendations for avoiding accidents in the future and providing recommended statutory changes that would enhance public safety.

Sec. 103. 2013 c 306 s 103 (uncodified) is amended to read as follows:

FOR THE OFFICE OF FINANCIAL MANAGEMENT

Motor Vehicle Account--State Appropriation ((~~$1,640,000~~))
$1,636,000

Puget Sound Ferry Operations Account--State Appropriation ((~~$176,000~~))
$176,000

TOTAL APPROPRIATION ((~~$1,817,000~~))
$1,812,000

The appropriations in this section are subject to the following conditions and limitations:

(1) $932,000 of the motor vehicle account--state appropriation is provided solely for the office of financial management, from funds set aside out of statewide fuel taxes distributed to counties according to RCW 46.68.120(3), to contract with the Washington state association of counties to identify, analyze, evaluate, and implement county transportation performance measures associated with transportation system policy goals outlined in RCW 47.04.280. The Washington state association of counties, in cooperation with state agencies, must: Identify, analyze, and report on county transportation system preservation; identify, evaluate, and report on opportunities to streamline reporting requirements for counties; and evaluate project management tools to help improve project delivery at the county level.

(2) $70,000 of the Puget Sound ferry operations account--state appropriation is provided solely for the state's share of the marine salary survey.

Sec. 104. 2013 c 306 s 106 (uncodified) is amended to read as follows:

FOR THE DEPARTMENT OF AGRICULTURE

Motor Vehicle Account--State Appropriation ((~~$1,208,000~~))
$1,203,000

The appropriation in this section is subject to the following conditions and limitations:

(1) $351,000 of the motor vehicle account--state appropriation is provided solely for costs associated with the motor fuel quality program.

(2) $857,000 of the motor vehicle account--state appropriation is provided solely to test the quality of biofuel. The department must test fuel quality at the biofuel manufacturer, distributor, and retailer.

Sec. 105. 2013 c 306 s 107 (uncodified) is amended to read as follows:

FOR THE LEGISLATIVE EVALUATION AND ACCOUNTABILITY PROGRAM COMMITTEE

Motor Vehicle Account--State Appropriation ((~~$520,000~~))
$527,000

TRANSPORTATION AGENCIES--OPERATING

Sec. 201. 2013 c 306 s 201 (uncodified) is amended to read as follows:

FOR THE WASHINGTON TRAFFIC SAFETY COMMISSION

Highway Safety Account--State Appropriation ((~~$3,017,000~~))
$3,027,000

Highway Safety Account--Federal Appropriation ((~~$40,699,000~~))
$40,780,000

Highway Safety Account--Private/Local Appropriation ((~~$50,000~~))
$118,000

School Zone Safety Account--State Appropriation ((~~$1,800,000~~))
$1,700,000

TOTAL APPROPRIATION ((~~$45,566,000~~))
$45,625,000

The appropriations in this section are subject to the following conditions and limitations:

(1) The commission shall develop and implement, in collaboration with the Washington state patrol, a target zero team pilot program in Yakima and Spokane counties. The program must demonstrate the effectiveness of intense, high visibility driving under the influence enforcement in Washington state. The commission shall apply to the national highway traffic safety administration for federal highway safety grants to cover the cost of the pilot program.

(2) $20,000,000 of the highway safety account--federal appropriation is provided solely for federal funds that may be obligated to the commission pursuant to 23 U.S.C. Sec. 164 during the 2013-2015 fiscal biennium.

((~~(4)~~)) (3) The commission may continue to oversee pilot projects implementing the use of automated traffic safety cameras to detect speed violations within cities west of the Cascade mountains that have a population over one hundred ninety-five thousand. For the purposes of pilot projects in this subsection, no more than one automated traffic safety camera may be used to detect speed violations within any one jurisdiction.

(a) The commission shall comply with RCW 46.63.170 in administering the pilot projects.

(b) By January 1, 2015, any local authority that is operating an automated traffic safety camera to detect speed violations must provide a summary to the transportation committees of the legislature concerning the use of the cameras and data regarding infractions, revenues, and costs.

(4)(a) The commission shall coordinate with counties to implement and administer a statewide yellow dot program that will provide a yellow dot window decal and yellow dot folder during the 2013-2015 fiscal biennium.

(b) The commission may utilize available federal dollars and state dollars to implement and administer the program. The commission may accept donations and partnership funds through the state's existing donation process and deposit the funds to the highway safety account for the start-up and continued support of the program.

(c) The commission, in conjunction with counties, shall maintain a separate web page that allows a person to download the yellow dot form to be placed in the yellow dot folder and lists the locations in which a person may pick up the yellow dot window decal and folder. The commission and counties may not collect any personal information. A person using the program is responsible for maintaining the information in the yellow dot folder. Participation in the program does not create any new or distinct obligation for emergency medical responders or law enforcement personnel to determine if there is a yellow dot folder in the motor vehicle or use the information contained in the yellow dot folder.

(d) The commission may adopt rules necessary to implement this subsection.

(5) During the 2013-2015 fiscal biennium, the commission shall continue to provide funding to counties for target zero task forces at the same annual allotment levels that were in place January 1, 2014. By December 1, 2014, the commission must report to the transportation committees of the legislature on any proposed changes in funding levels for target zero task forces in the 2015-2017 fiscal biennium.

Sec. 202. 2013 c 306 s 202 (uncodified) is amended to read as follows:

FOR THE COUNTY ROAD ADMINISTRATION BOARD

Rural Arterial Trust Account--State Appropriation ((~~$945,000~~))

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$939,000
Motor Vehicle Account--State Appropriation ((~~$2,186,000~~))
$2,195,000
County Arterial Preservation Account--State
Appropriation ((~~$1,456,000~~))
$1,446,000
TOTAL APPROPRIATION ((~~$4,587,000~~))
$4,580,000

Sec. 203. 2013 c 306 s 203 (uncodified) is amended to read as follows:

FOR THE TRANSPORTATION IMPROVEMENT BOARD
Transportation Improvement Account--State
Appropriation ((~~$3,804,000~~))
$3,900,000

Sec. 204. 2013 c 306 s 204 (uncodified) is amended to read as follows:

FOR THE JOINT TRANSPORTATION COMMITTEE
Motor Vehicle Account--State Appropriation ((~~$1,330,000~~))
$1,575,000

The appropriation in this section is subject to the following conditions and limitations:

(1)(a) $325,000 of the motor vehicle account--state appropriation is for a study of transportation cost drivers and potential efficiencies to contain project costs and gain more value from investments in Washington state's transportation system. The goal is to enable the department of transportation to construct bridge and highway projects more quickly and to build and operate them at a lower cost, while ensuring that appropriate environmental and regulatory protections are maintained and a quality project is delivered. The joint transportation committee must convene an advisory panel to provide study guidance and discuss potential efficiencies and recommendations. The scope of the study must be limited to state-level policies and practices relating to the planning, design, permitting, construction, financing, and operation of department of transportation roadway and bridge projects. The study must:

(i) Identify best practices;

(ii) Identify inefficiencies in state policy or agency practice where changes may save money;

(iii) Recommend changes to improve efficiency and save money; and

(iv) Identify potential savings to be achieved by adopting changes in practice or policy.

(b) The joint transportation committee shall issue a report of its findings to the house of representatives and senate transportation committees by December 31, 2013.

(2) The joint transportation committee shall coordinate a work group comprised of the department of licensing, the department of revenue, county auditors or other agents, and subagents to identify possible issues relating to the administration of, compliance with, and enforcement of the existing statutory requirement for a person to provide an unexpired driver's license when registering a vehicle. The work group shall provide recommendations on how administration and enforcement may be modified, as needed, to address any identified issues, including whether statutory changes may be needed. A report presenting the recommendations must be presented to the house of representatives and senate transportation committees by December 31, 2013.

(3) The joint transportation committee shall continue to convene a subcommittee for legislative oversight of the I-5/Columbia river crossing bridge replacement project. The Columbia river crossing legislative oversight subcommittee must be made up of six members: Two appointed by the cochairs of the senate transportation committee, two appointed by the chair and ranking member of the house of representatives transportation committee, one designee of the governor, and one citizen jointly appointed by the four members of the joint transportation executive committee. The citizen appointee must be a Washington state resident of the area served by the bridge. At least two of the legislative members must be from the legislative districts served by the bridge. In addition to reviewing project and financing information, the subcommittee must also coordinate with the Oregon legislative oversight committee for the Columbia river crossing bridge.

(4) The joint transportation committee shall convene a work group to identify and evaluate internal refinance opportunities for the Tacoma Narrows bridge. The study must include a staff work group, including staff from the office of financial management, the transportation commission, the department of transportation, the office of the state treasurer, and the legislative transportation committees. The joint transportation committee shall issue a report of its findings to the house of representatives and the senate transportation committees by December 31, 2013.

(5) The joint transportation committee shall study and review the use of surplus property proceeds to fund facility replacement projects, and the possibility of using the north central region as a pilot. The joint transportation committee shall consult with the department of transportation and the office of financial management regarding the department's current process for prioritizing and funding facility improvement and replacement projects.

(6) $250,000 of the motor vehicle account--state appropriation is for the joint transportation committee to evaluate the current status of electric vehicle charging stations in Washington, and to make recommendations regarding potential business models for financially-sustainable electric vehicle charging networks and alternative roles for public and private sector participation in those business models. Public sector participation may include public financing, funding, facilitation, and other incentives to encourage installation of electric vehicle charging stations. In conducting the study, the committee must coordinate with the department of transportation and consult with local governments and stakeholders in the electric vehicle industry. The committee may also consult with users of electric vehicles and stakeholders representing manufacturers and operators of electric vehicle charging stations. The committee shall submit an interim report by December 31, 2014, and a final report by March 1, 2015.

(7) The joint transportation committee shall coordinate a work group to review the existing titling and registration processes along with policies that county auditors, subagents, and agents must comply with when conducting title and registration transactions. The goal and related outcomes of the work group review are to provide recommendations to streamline processes, modernize policies, and identify potential information technology opportunities. Members of the work group shall only include county auditors, subagents, agents, and the department of licensing. The work group shall submit a report to the transportation committees of the legislature on or before December 1, 2014.

(8) The joint transportation committee shall coordinate a work group comprised of representatives from the department of licensing, the Washington state traffic safety commission, and other stakeholders as deemed necessary, along with interested legislators, to develop parameters for and make recommendations regarding a pilot program that would allow students to meet traffic safety education requirements online. Additionally, the work group shall make recommendations related to requiring driver training to individuals between the ages of eighteen and twenty-four who have not previously passed a driver training education program or other methods of enhancing the safety of this high-risk group. The joint transportation committee shall issue a report of its findings to the transportation committees of the house of representatives and senate by December 1, 2014.

Sec. 205. 2013 c 306 s 205 (uncodified) is amended to read as follows:

FOR THE TRANSPORTATION COMMISSION

Motor Vehicle Account--State Appropriation ((~~$2,947,000~~))
$3,516,000

Multimodal Transportation Account--State
Appropriation $112,000

TOTAL APPROPRIATION ((~~$3,059,000~~))
$3,628,000

The appropriations in this section are subject to the following conditions and limitations:

(1) Consistent with RCW 43.135.055, 47.60.290, and 47.60.315, during the 2013-2015 fiscal biennium, the legislature authorizes the transportation commission to periodically review and, if necessary, adjust the schedule of fares for the Washington state ferry system only in amounts not greater than those sufficient to generate the amount of revenue required by the biennial transportation budget. When adjusting ferry fares, the commission must consider input from affected ferry users by public hearing and by review with the affected ferry advisory committees, in addition to the data gathered from the current ferry user survey.

(2) Consistent with RCW 43.135.055 and 47.46.100, during the 2013- 2015 fiscal biennium, the legislature authorizes the transportation commission to periodically review and, if necessary, adjust the schedule of toll charges applicable to the Tacoma Narrows bridge only in amounts not greater than those sufficient to support (a) any required costs for operating and maintaining the toll bridge, including the cost of insurance, (b) any amount required by law to meet the redemption of bonds and applicable interest payments, and (c) repayment of the motor vehicle fund.

(3) Consistent with RCW 43.135.055 and 47.56.880, during the 2013-2015 fiscal biennium, the legislature authorizes the transportation commission to set, periodically review, and, if necessary, adjust the schedule of toll charges applicable to the Interstate 405 express toll lanes.

(4)(a) $400,000 of the motor vehicle account--state appropriation is provided solely for the development of the business case for the transition to a road usage charge system as the basis for funding the state transportation system, from the current motor fuel tax system. The funds are provided for fiscal year 2014 only.

(b) The legislature finds that the efforts started in the 2011-2013 fiscal biennium regarding the transition to a road usage charge system represent an important first step in the policy and conceptual development of potential alternative systems to fund transportation projects, but that the governance for the development needs clarification. The legislature also finds that significant amounts of research and public education are occurring in similar efforts in several states and that these efforts can and should be leveraged to advance the evaluation in Washington. The legislature intends, therefore, that the commission and its staff lead the policy development of the business case for a road usage charge system, with the goal of providing the business case to the governor and the legislative committees of the legislature in time for inclusion in the 2014 supplemental omnibus transportation appropriations act. The legislature intends for additional oversight in the business case development, with guidance from a steering committee as provided in chapter 86, Laws of 2012, augmented with participation by the joint transportation committee. The legislature further intends that the department of transportation continue to address administrative, technical, and conceptual operational issues related to road usage charge systems, and that the department serve as a resource for information gleaned from other states on this topic for the commission's efforts.

(c) For the purposes of this subsection ((~~(3)~~)) (4), the commission shall:

(i) Develop preliminary road usage charge policies that are necessary to develop the business case, as well as supporting research and data that will guide the potential application in Washington;

(ii) Develop the preferred operational concept or concepts that reflect the preliminary policies;

(iii) Evaluate the business case for the road usage charge system that would result from implementing the preliminary policies and preferred operational concept or concepts. The evaluation must assess likely financial outcomes if the system were to be implemented; and

(iv) Identify and document policy and other issues that are deemed important to further refine the preferred operational concept or concepts and to gain public acceptance. These identified issues should form the basis for continued work beyond this funding cycle.

(d) The commission shall convene a steering committee to guide the development of the business case. The membership must be the same as provided in chapter 86, Laws of 2012, except that the membership must also include the joint transportation committee executive members.

(e) The commission shall submit a report of the business case to the governor and the transportation committees of the legislature by December 15, 2013. The report must also include a proposed budget and work plan for fiscal year 2015. A progress report must be submitted to the governor and the joint transportation committee by November 1, 2013, including a presentation to the joint transportation committee.

((~~(4)~~)) (5) $174,000 of the motor vehicle account--state appropriation is provided solely for the voice of Washington survey program. The funding must be utilized for continued program maintenance and two transportation surveys for the 2013-2015 fiscal biennium.

(6)(a) $450,000 of the motor vehicle account--state appropriation is provided solely for a work plan to further develop the concept of a road usage charge system. The work plan must include: Refinement of initial policy analysis and development, a concept of operations that incorporates refined policy inputs, and a financial analysis evaluating the operational concept. The refinement of initial policy analysis and development funded under this subsection must be supplemented by the products of complementary policy refinement tasks delegated to the department of transportation in section 214 of this act and the office of the state treasurer in section 703 of this act. It is the intent of the legislature that consideration for potential planning for a pilot project and any risk analysis occur in the 2015 legislative session.

(b)(i) For the purposes of the refinement of initial policy analysis and development, the work plan must consider phasing and staging of how a road usage charge would be implemented as it relates to the types of vehicles that would be subject to a road usage charge and the nature and manner of a transition period.

(ii) For the purposes of this subsection (6)(b), the legislature intends that the commission focus its analysis by assuming that the exemptions under a road usage charge would be the same as those under the motor vehicle fuel and special fuel taxes. In addition, the commission must engage the road usage charge steering committee, which was reauthorized in chapter 306, Laws of 2013 for fiscal year 2014 and is hereby reauthorized in this act with the same membership, to continue in its role and, at a minimum, to guide the work specified in (a) of this subsection, including the following: Assessing and recommending the type of vehicles that would be subject to the road usage charge, and assessing and recommending the options for the timing and duration of the transition period. The steering committee shall report its findings and guidance to the commission by December 1, 2014.

(c)(i) For the purposes of the development of the concept of operations, the development must incorporate the products of (b) of this subsection, and, to the extent practicable, the products of work

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conducted by the department of transportation in section 214 of this act and the office of the state treasurer in section 703 of this act.

(ii) To reduce system development and operational costs, for road user charge options that rely on in-vehicle devices to record mileage, the work plan must recommend how the state can utilize the technology and back-office platforms that are scheduled to be provided by commercial account managers under the Oregon road usage charge program.

(iii) In addition to a time permit and an odometer charge, the concept of operations recommendation must be developed to include a means for periodic payments based on mileage reporting utilizing methods other than onboard diagnostic in-vehicle devices.

(d) The work plan and recommendations, along with a proposed work plan and budget for the 2015-2017 fiscal biennium, must be submitted by the commission to the transportation committees of the legislature by January 15, 2015.

(7) Within existing resources, the commission shall undertake a study of the urban and rural financial and equity implications of a potential road usage charge system in Washington. The commission shall work with the department of transportation and the department of licensing to conduct this analysis. For any survey work that is considered, the commission should utilize the existing voice of Washington survey panel and budget to inform the study. The results must be presented to the governor and the legislature by January 15, 2015.

(8) $125,000 of the motor vehicle account--state appropriation is provided solely to update the statewide transportation plan required under RCW 47.01.071(4) with the required federal elements to bring the plan into federal compliance. The legislature intends that a single, statewide transportation plan fulfill the requirements of RCW 47.01.071(4) and 47.06.040 and currently known federal planning requirements. The commission shall work collaboratively with the department of transportation to accomplish this intent. The commission shall submit the completed plan to the transportation committees of the legislature, and the department shall submit the completed plan to the United States department of transportation as required under 23 U.S.C. Sec. 135 by June 30, 2015. The commission shall provide a status update on this work to the transportation committees of the legislature by January 1, 2015.

Sec. 206. 2013 c 306 s 206 (uncodified) is amended to read as follows:

FOR THE FREIGHT MOBILITY STRATEGIC INVESTMENT BOARD

Motor Vehicle Account--State Appropriation ((~~$904,000~~))
$879,000

Sec. 207. 2013 c 306 s 207 (uncodified) is amended to read as follows:

FOR THE WASHINGTON STATE PATROL

State Patrol Highway Account--State
Appropriation ((~~$370,354,000~~))
$366,805,000

State Patrol Highway Account--Federal
Appropriation ((~~$11,137,000~~))
$11,067,000

State Patrol Highway Account--Private/Local
Appropriation ((~~$3,591,000~~))
$3,572,000

Highway Safety Account--State Appropriation ((~~$19,429,000~~))
$19,265,000

Multimodal Transportation Account--State
Appropriation ((~~$273,000~~))
$272,000

Ignition Interlock Device Revolving Account--State
Appropriation ((~~$573,000~~))
$569,000

TOTAL APPROPRIATION ((~~$405,357,000~~))
$401,550,000

The appropriations in this section are subject to the following conditions and limitations:

(1) The Washington state patrol shall collaborate with the Washington traffic safety commission on the target zero team pilot program referenced in section 201 of this act.

(2) During the 2013-2015 fiscal biennium, the Washington state patrol shall relocate its data center to the state data center in Olympia. The Washington state patrol shall work with the department of enterprise services to negotiate the lease termination agreement for the current data center site.

(3) Washington state patrol officers engaged in off-duty uniformed employment providing traffic control services to the department of transportation or other state agencies may use state patrol vehicles for the purpose of that employment, subject to guidelines adopted by the chief of the Washington state patrol. The Washington state patrol must be reimbursed for the use of the vehicle at the prevailing state employee rate for mileage and hours of usage, subject to guidelines developed by the chief of the Washington state patrol.

(4) $573,000 of the ignition interlock device revolving account--state appropriation is provided solely for the ignition interlock program at the Washington state patrol to provide funding for two staff to work and provide support for the program in working with manufacturers, service centers, technicians, and participants in the program.

(5) $370,000 of the state patrol highway account--state appropriation is provided solely for costs associated with the pilot program described under section 216((~~(6)~~)) (5) of this act. The Washington state patrol may incur costs related only to the assignment of cadets and necessary computer equipment and to the reimbursement of the department of transportation for contract costs. The appropriation in this subsection must be funded from the portion of the automated traffic safety camera infraction fines deposited into the state patrol highway account; however, if the fines deposited into the state patrol highway account from automated traffic safety camera infractions do not reach three hundred seventy thousand dollars, the department of transportation shall remit funds necessary to the Washington state patrol to ensure the completion of the pilot program. The Washington state patrol may not incur overtime as a result of this pilot program. The Washington state patrol shall not assign troopers to operate or deploy the pilot program equipment used in roadway construction zones.

(6) The cost allocation for any costs incurred for the facilities at the Olympia, Washington airport used for the Washington state patrol aviation section must be split evenly between the state patrol highway account and the general fund.

(7) The Washington state patrol shall work with the state interoperability executive committee to compile a list of recent studies evaluating the potential savings and benefits of consolidating law enforcement and emergency dispatching centers and report to the joint transportation committee by December 1, 2014, on the findings and recommendations of those studies. As part of this study, the Washington state patrol must look for potential efficiencies within state government.

(8) The Washington state patrol shall coordinate and support local law enforcement in Pierce county in providing traffic control on the highways and other activities within current budget during the United States open national golf championship in June 2015.

Sec. 208. 2013 c 306 s 208 (uncodified) is amended to read as follows:

FOR THE DEPARTMENT OF LICENSING

Marine Fuel Tax Refund Account--State
Appropriation $34,000

Motorcycle Safety Education Account--State

Appropriation ((~~$4,409,000~~))
$4,396,000
State Wildlife Account--State Appropriation ((~~$885,000~~))
$867,000
Highway Safety Account--State Appropriation ((~~$156,679,000~~))
$158,505,000
Highway Safety Account--Federal Appropriation ((~~$4,392,000~~))
$4,363,000
Motor Vehicle Account--State Appropriation ((~~$76,819,000~~))
$81,352,000
Motor Vehicle Account--Federal Appropriation $467,000
Motor Vehicle Account--Private/Local Appropriation $1,544,000
Ignition Interlock Device Revolving Account--State
Appropriation ((~~$2,656,000~~))
$2,871,000
Department of Licensing Services Account--State
Appropriation ((~~$5,959,000~~))
$5,983,000
TOTAL APPROPRIATION ((~~$253,844,000~~))
$260,382,000

The appropriations in this section are subject to the following conditions and limitations:

(1) $1,235,000 of the highway safety account--state appropriation is provided solely for the implementation of chapter . . . (Substitute House Bill No. 1752), Laws of 2013 (requirements for the operation of commercial motor vehicles in compliance with federal regulations). If chapter . . . (Substitute House Bill No. 1752), Laws of 2013 is not enacted by June 30, 2013, the amount provided in this subsection lapses.

(2) $1,000,000 of the highway safety account--state appropriation is provided solely for information technology field system modernization.

(3) $5,286,000 of the highway safety account--state appropriation is provided solely for business and technology modernization.

(4) $2,355,000 of the motor vehicle account--state appropriation is provided solely for replacing prorate and fuel tax computer systems used to administer interstate licensing and the collection of fuel tax revenues.

(5) $1,491,000 of the highway safety account--state appropriation is provided solely for the implementation of an updated central issuance system.

(6) $201,000 of the motor vehicle account--state appropriation is provided solely for the implementation of chapter . . . (Substitute Senate Bill No. 5152), Laws of 2013 (Sounders FC and Seahawks license plates). If chapter . . . (Substitute Senate Bill No. 5152), Laws of 2013 is not enacted by June 30, 2013, the amount provided in this subsection lapses.

((~~(4)~~)) (7) $425,000 of the highway safety account--state appropriation is provided solely for the implementation of chapter . . . (Substitute Senate Bill No. 5182), Laws of 2013 (vehicle owner information). If chapter . . . (Substitute Senate Bill No. 5182), Laws of 2013 is not enacted by June 30, 2013, the amount provided in this subsection lapses.

((~~(5) $172,000 of the highway safety account--state appropriation is provided solely for the implementation of chapter . . . (Senate Bill No. 5775), Laws of 2013 (veterans/drivers' licenses). If chapter . . . (Senate Bill No. 5775), Laws of 2013 is not enacted by June 30, 2013, the amount provided in this subsection lapses.~~

~~(6) $652,000~~)) (8) $289,000 of the motor vehicle account--state appropriation is provided solely for the implementation of chapter . . . (Second Engrossed Substitute Senate Bill No. 5785), Laws of ((~~2013~~)) 2014 (license plates). If chapter . . . (Second Engrossed Substitute Senate Bill No. 5785), Laws of ((~~2013~~)) 2014 is not enacted by June 30, ((~~2013~~)) 2014, the amount provided in this subsection lapses.

((~~(7) $78,000 of the motor vehicle account--state appropriation and $3,707,000 of the highway safety account--state appropriation are provided solely for the implementation of chapter . . . (Engrossed Substitute Senate Bill No. 5857), Laws of 2013 (vehicle related fees). If chapter . . . (Engrossed Substitute Senate Bill No. 5857), Laws of 2013 is not enacted by June 30, 2013, the amount provided in this subsection lapses.~~

~~(8)~~)) (9) The appropriation in this section reflects the department charging an amount sufficient to cover the full cost of providing the data requested under RCW 46.12.630(1)(b).

((~~(9)~~)) (10)(a) The department must convene a work group to examine the use of parking placards and special license plates for persons with disabilities and develop a strategic plan for ending any abuse. In developing this plan, the department must work with the department of health, disabled citizen advocacy groups, and representatives from local government.

(b) The work group must be composed of no more than two representatives from each of the entities listed in (a) of this subsection. The work group may, when appropriate, consult with any other public or private entity in order to complete the strategic plan.

(c) The strategic plan must include:

(i) Oversight measures to ensure that parking placards and special license plates for persons with disabilities are being properly issued, including: (A) The entity responsible for coordinating a randomized review of applications for special parking privileges; (B) a volunteer panel of medical professionals to conduct such reviews; (C) a means to protect the anonymity of both the medical professional conducting a review and the medical professional under review; (D) a means to protect the privacy of applicants by removing any personally identifiable information; and (E) possible sanctions against a medical professional for repeated improper issuances of parking placards or special license plates for persons with disabilities, including those sanctions listed in chapter 18.130 RCW; and

(ii) The creation of a publicly accessible system in which the validity of parking placards and special license plates for persons with disabilities may be verified. This system must not allow the public to access any personally identifiable information or protected health information of a person who has been issued a parking placard or special license plate.

(d) The work group must convene by July 1, 2013, and terminate by December 1, 2013.

(e) By December 1, 2013, the work group must deliver to the legislature and the appropriate legislative committees the strategic plan required under this subsection, together with its findings, recommendations, and any necessary draft legislation in order to implement the strategic plan.

((~~(10)~~)) (11) $3,082,000 of the highway safety account--state appropriation is provided solely for exam and licensing activities, including the workload associated with providing driver record abstracts, and is subject to the following additional conditions and limitations:

(a) The department may furnish driving record abstracts only to those persons or entities expressly authorized to receive the abstracts under Title 46 RCW;

(b) The department may furnish driving record abstracts only for an amount that does not exceed the specified fee amounts in RCW 46.52.130 (2)(e)(v) and (4); and

(c) The department may not enter into a contract, or otherwise participate in any arrangement, with a third party or other state agency for any service that results in an additional cost, in excess of the fee amounts specified in RCW 46.52.130 (2)(e)(v) and (4), to statutorily authorized persons or entities purchasing a driving record abstract.

(12) $229,000 of the motor vehicle account--state appropriation is provided solely for the implementation of chapter . . . (Engrossed Second Substitute House Bill No. 1129), Laws of 2014 (ferry vessel replacement). If chapter . . . (Engrossed Second Substitute House Bill

No. 1129), Laws of 2014 is not enacted by June 30, 2014, the amount provided in this subsection lapses.

(13) $96,000 of the motor vehicle account--state appropriation is provided solely for the implementation of chapter . . . (Engrossed Second Substitute House Bill No. 1902), Laws of 2014 (intermittent-use trailer license plates). If chapter . . . (Engrossed Second Substitute House Bill No. 1902), Laws of 2014 is not enacted by June 30, 2014, the amount provided in this subsection lapses.

(14) $42,000 of the motor vehicle account--state appropriation is provided solely for the implementation of chapter . . . (House Bill No. 2100), Laws of 2014 (Seattle University license plates). If chapter . . . (House Bill No. 2100), Laws of 2014 is not enacted by June 30, 2014, the amount provided in this subsection lapses.

(15) $46,000 of the motor vehicle account--state appropriation is provided solely for the implementation of chapter . . . (House Bill No. 2700), Laws of 2014 (breast cancer awareness license plates). If chapter . . . (House Bill No. 2700), Laws of 2014 is not enacted by June 30, 2014, the amount provided in this subsection lapses.

(16) $42,000 of the motor vehicle account--state appropriation is provided solely for the implementation of chapter . . . (Engrossed House Bill No. 2752), Laws of 2014 (Washington state tree license plates). If chapter . . . (Engrossed House Bill No. 2752), Laws of 2014 is not enacted by June 30, 2014, the amount provided in this subsection lapses.

(17) $32,000 of the motor vehicle account--state appropriation is provided solely for the implementation of chapter . . . (House Bill No. 2741), Laws of 2014 (initial vehicle registration). If chapter . . . (House Bill No. 2741), Laws of 2014 is not enacted by June 30, 2014, the amount provided in this subsection lapses.

(18) Within existing resources, the department must convene a work group that includes, at a minimum, representatives from the department of transportation, the trucking industry, manufacturers of compressed natural gas and liquefied natural gas, and any other stakeholders as deemed necessary, for the following purposes:

(a) To evaluate the annual license fee in lieu of fuel tax under RCW 82.38.075 to determine a fee that more closely represents the average consumption of vehicles by weight and to make recommendations to the transportation committees of the legislature by December 1, 2014, on an updated fee schedule; and

(b) To develop a transition plan to move vehicles powered by liquefied natural gas and compressed natural gas from the annual license fee in lieu of fuel tax to the fuel tax under RCW 82.38.030. The transition plan must incorporate stakeholder feedback and must include draft legislation and cost and revenue estimates. The transition plan must be submitted to the transportation committees of the legislature by December 1, 2015.

(c) This subsection takes effect if both chapter . . . (Engrossed Substitute Senate Bill No. 6440), Laws of 2014 (compressed natural gas and liquefied natural gas) and chapter . . . (Substitute House Bill No. 2753), Laws of 2014 (compressed natural gas and liquefied natural gas) are not enacted by June 30, 2014.

(19) $36,000 of the motor vehicle account--state appropriation is provided solely for the implementation of chapter . . . (Substitute Senate Bill No. 5467), Laws of 2014 (vehicle owner list furnishment requirements). If chapter . . . (Substitute Senate Bill No. 5467), Laws of 2014 is not enacted by June 30, 2014, the amount provided in this subsection lapses.

(20) The department must convene a work group to study the issue of regulating tow truck operators that are not licensed as registered tow truck operators under chapter 46.55 RCW. The work group must examine the advisability of regulating such operators, including any potential benefits to public safety, and possible methodologies for accomplishing this regulation. The work group must include the department, representatives of the Washington state patrol, organized groups of registered tow truck operators, and automobile clubs. The work group may also include hulk haulers, wreckers, transporters, and other stakeholders relating to the issue of unregulated towing for monetary compensation. The work group shall convene as necessary and report its recommendations and draft legislation to the transportation committees of the legislature by December 1, 2014.

(21) The department when modernizing its computer systems must place personal and company data elements in separate data fields to allow the department to select discrete data elements when providing information or data to persons or entities outside the department. This requirement must be included as part of the systems design in the department's business and technology modernization. A person's photo, social security number, or medical information must not be made available through public disclosure or data being provided under RCW 46.12.630 or 46.12.635.

Sec. 209. 2013 c 306 s 209 (uncodified) is amended to read as follows:

FOR THE DEPARTMENT OF TRANSPORTATION--TOLL OPERATIONS AND MAINTENANCE--PROGRAM B

High-Occupancy Toll Lanes Operations Account--State Appropriation ((~~$1,851,000~~))
$1,942,000

Motor Vehicle Account--State Appropriation ((~~$509,000~~))
$514,000

State Route Number 520 Corridor Account--State Appropriation ((~~$32,419,000~~))
$34,267,000

State Route Number 520 Civil Penalties Account--State Appropriation ((~~$4,169,000~~))
$4,156,000

Tacoma Narrows Toll Bridge Account--State Appropriation ((~~$23,730,000~~))
$25,007,000

Puget Sound Ferry Operations Account--State Appropriation $250,000

Interstate 405 Express Toll Lanes Operations Account--State Appropriation .....

TOTAL APPROPRIATION ((~~$62,928,000~~))
$68,155,000

The appropriations in this section are subject to the following conditions and limitations:

(1)(a) The legislature finds that the department's tolling division has expanded greatly in recent years to address the demands of administering several newly tolled facilities using emerging toll collection technologies. The legislature intends for the department to continue its good work in administering the tolled facilities of the state, while at the same time implementing controls and processes to ensure the efficient and judicious administration of toll payer dollars.

(b) The legislature finds that the department has undertaken a cost-of-service study in the winter and spring of 2013 for the purposes of identifying in detail the costs of operating and administering tolling on state route number 520, state route number 167 high-occupancy toll lanes, and the Tacoma Narrows bridge. The purpose of the study is to provide results to establish a baseline by which future activity may be compared and opportunities identified for cost savings and operational efficiencies. In addition, the legislature finds that the state auditor has undertaken a performance audit of the department's contract for the customer service center and back office processing of tolling transactions. The audit findings, which are expected to include lessons learned, are due in late spring 2013.

(c) Using the results of the cost-of-service study and the state audit as a basis, the department shall conduct a review of operations using lean management principles in order to eliminate inefficiencies and redundancies, incorporate lessons learned, and identify opportunities to conduct operations more efficiently and effectively. Within current statutory and budgetary tolling policy, the department

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shall use the results of the review to improve operations in order to conduct toll operations within the appropriations provided in subsections (2) through (4) of this section. The department shall submit the review, along with the status of and plans for the implementation of review recommendations, to the office of financial management and the house of representatives and senate transportation committees by October 15, 2013.

(2) ((~~$10,482,000~~)) $10,343,000 of the Tacoma Narrows toll bridge account--state appropriation, ((~~$17,056,000~~)) $16,534,000 of the state route number 520 corridor account--state appropriation, ((~~$1,226,000~~)) $1,217,000 of the high-occupancy toll lanes operations account--state appropriation, and ((~~$509,000~~)) $514,000 of the motor vehicle account-- state appropriation are provided solely for nonvendor costs of administering toll operations, including the costs of: Staffing the division, consultants and other personal service contracts required for technical oversight and management assistance, insurance, payments related to credit card processing, transponder purchases and inventory management, facility operations and maintenance, and other miscellaneous nonvendor costs.

(3) ((~~$10,907,000~~)) $11,265,000 of the Tacoma Narrows toll bridge account--state appropriation, ((~~$9,363,000~~)) $9,730,000 of the state route number 520 corridor account--state appropriation, and $625,000 of the high-occupancy toll lanes operations account--state appropriation are provided solely for vendor-related costs of operating tolled facilities, including the costs of: The customer service center; cash collections on the Tacoma Narrows bridge; electronic payment processing; and toll collection equipment maintenance, renewal, and replacement.

(4) $1,300,000 of the Tacoma Narrows toll bridge account--state appropriation and $6,000,000 of the state route number 520 corridor account--state appropriation are provided solely for the purposes of addressing unforeseen operations and maintenance costs on the Tacoma Narrows bridge and the state route number 520 bridge, respectively. The office of financial management shall place the amounts provided in this section, which represent a portion of the required minimum fund balance under the policy of the state treasurer, in unallotted status. The office may release the funds only when it determines that all other funds designated for operations and maintenance purposes have been exhausted.

(5) ((~~$4,169,000~~)) $4,156,000 of the state route number 520 civil penalties account--state appropriation and $1,039,000 of the Tacoma Narrows toll bridge account--state appropriation are provided solely for expenditures related to the toll adjudication process. The department shall report on the civil penalty process to the office of financial management and the house of representatives and senate transportation committees by the end of each calendar quarter. The reports must include a summary table for each toll facility that includes: The number of notices of civil penalty issued; the number of recipients who pay before the notice becomes a penalty; the number of recipients who request a hearing and the number who do not respond; workload costs related to hearings; the cost and effectiveness of debt collection activities; and revenues generated from notices of civil penalty.

(6) The Tacoma Narrows toll bridge account--state appropriation in this section reflects reductions in management costs of $1,235,000.

(7) The department shall make detailed quarterly expenditure reports available to the transportation commission and to the public on the department's web site using current department resources. The reports must include a summary of toll revenue by facility on all operating toll facilities and high occupancy toll lane systems, and an itemized depiction of the use of that revenue.

(8) The department shall make detailed quarterly reports to the governor and the transportation committees of the legislature on the use of consultants in the tolling program. The reports must include the name of the contractor, the scope of work, the type of contract, timelines, deliverables, any new task orders, and any extensions to existing consulting contracts.

(9)(a) $250,000 of the Puget Sound ferry operations account--state appropriation is provided solely for the development of a plan to integrate and transition customer service, reservation, and payment systems currently provided by the marine division to ferry users into the statewide tolling customer service center.

(b)(i) The department shall develop a plan that addresses:

(A) A phased implementation approach, beginning with "Good To Go" as a payment option for ferry users;

(B) The feasibility, schedule, and cost of creating a single account-based system for toll road and ferry users;

(C) Transitioning customer service currently provided by the marine division to the statewide tolling customer service center; and

(D) Transitioning existing and planned ferry reservation system support from the marine division to the statewide tolling customer service center.

(ii) The plan must be provided to the office of financial management and the transportation committees of the legislature by January 14, 2014.

(10)(a) $2,019,000 of the Interstate 405 express toll lanes operations account--state appropriation is provided solely for operating and maintenance costs of the Interstate 405 express toll lanes program, including staff costs related to operating an additional toll facility, consulting support for operations, purchase of transponders, costs related to adjudication, credit card fees, printing and postage, and customer service center support. Of the amount provided in this subsection, $519,000 of the Interstate 405 express toll lanes operations account--state appropriation must be placed in unallotted status by the office of financial management until a plan to begin tolling the Interstate 405 express toll lanes during the summer of 2015 is finalized and approved by the office of financial management, in consultation with the chairs and ranking member of the transportation committees of the legislature.

(b) The funds provided in (a) of this subsection are provided through a transfer from the motor vehicle account--state appropriation in section 407(19) of this act. These funds are a loan to the Interstate 405 express toll lanes operations account--state appropriation, and the legislature assumes that these funds will be reimbursed to the motor vehicle account at a later date when the Interstate 405 express toll lanes are operational.

(11) $1,060,000 of the Tacoma narrows toll bridge account--state appropriation, $2,003,000 of the state route number 520 corridor account--state appropriation, and $99,000 of the high occupancy toll lanes operations account--state appropriation are provided solely in anticipation of, and to prepare for, the procurement of a new tolling customer service center. Of the amounts provided in this subsection, $480,000 of the Tacoma narrows toll bridge account--state appropriation, $906,000 of the state route number 520 corridor account--state appropriation, and $45,000 of the high occupancy toll lanes operations account--state appropriation must be placed in unallotted status by the office of financial management until a procurement plan is finalized and approved by the office of financial management, in consultation with the chairs and ranking member of the transportation committees of the legislature. Beginning July 1, 2014, the department shall report quarterly to the governor, legislature, and state auditor on: (a) The department's effort to mitigate risk to the state, (b) the development of a request for proposals, and (c) the overall progress towards procuring a new tolling customer service center.

Sec. 210. 2013 c 306 s 210 (uncodified) is amended to read as follows:

FOR THE DEPARTMENT OF TRANSPORTATION--INFORMATION TECHNOLOGY--PROGRAM C

Transportation Partnership Account--State

Appropriation $1,460,000

Motor Vehicle Account--State Appropriation ((~~$68,773,000~~))
$65,936,000
Multimodal Transportation Account--State
Appropriation ((~~$363,000~~))
$2,883,000
Transportation 2003 Account (Nickel Account)--State
Appropriation $1,460,000
Puget Sound Ferry Operations Account--State
Appropriation $263,000
TOTAL APPROPRIATION ((~~$72,056,000~~))
$72,002,000

The appropriations in this section are subject to the following conditions and limitations:

(1) $290,000 of the motor vehicle account--state appropriation is provided solely for the department's compliance with its national pollution discharge elimination system permit.

(2) $1,460,000 of the transportation partnership account--state appropriation and $1,460,000 of the transportation 2003 account (nickel account)--state appropriation are provided solely for maintaining the department's project management reporting system.

Sec. 211. 2013 c 306 s 211 (uncodified) is amended to read as follows:

FOR THE DEPARTMENT OF TRANSPORTATION--FACILITY MAINTENANCE, OPERATIONS, AND CONSTRUCTION--PROGRAM D--OPERATING

Motor Vehicle Account--State Appropriation ((~~$26,251,000~~))
$26,114,000

The appropriation in this section is subject to the following conditions and limitations: $850,000 of the motor vehicle account--state appropriation is provided solely for the department's compliance with its national pollution discharge elimination system permit.

Sec. 212. 2013 c 306 s 212 (uncodified) is amended to read as follows:

FOR THE DEPARTMENT OF TRANSPORTATION--AVIATION--PROGRAM F

Aeronautics Account--State Appropriation ((~~$7,361,000~~))
$7,909,000
Aeronautics Account--Federal Appropriation $2,150,000
TOTAL APPROPRIATION ((~~$9,511,000~~))
$10,059,000

The appropriations in this section are subject to the following conditions and limitations: ((~~$3,500,000~~)) $4,065,000 of the aeronautics account--state appropriation is provided solely for airport investment studies and the airport aid grant program, which provides competitive grants to public airports for pavement, safety, maintenance, planning, and security.

Sec. 213. 2013 c 306 s 213 (uncodified) is amended to read as follows:

FOR THE DEPARTMENT OF TRANSPORTATION--PROGRAM DELIVERY MANAGEMENT AND SUPPORT--PROGRAM H

Motor Vehicle Account--State Appropriation ((~~$47,607,000~~))
$48,687,000
Motor Vehicle Account--Federal Appropriation $500,000
Multimodal Transportation Account--State
Appropriation $250,000
TOTAL APPROPRIATION ((~~$48,357,000~~))
$49,437,000

The appropriations in this section are subject to the following conditions and limitations:

(1) $4,423,000 of the motor vehicle account--state appropriation is provided solely for the department's compliance with its national pollution discharge elimination system permit.

(2) The real estate services division of the department must recover the cost of its efforts from sale proceeds and fund additional future sales from those proceeds.

(3) The legislature recognizes that the Dryden pit site (WSDOT Inventory Control (IC) No. 2-04-00103) is unused state-owned real property under the jurisdiction of the department, and that the public would benefit significantly from the complete enjoyment of the natural scenic beauty and recreational opportunities available at the site. Therefore, pursuant to RCW 47.12.080, the legislature declares that transferring the property to the department of fish and wildlife for recreational use and fish and wildlife restoration efforts is consistent with the public interest in order to preserve the area for the use of the public and the betterment of the natural environment. The department shall work with the department of fish and wildlife and transfer and convey the Dryden pit site to the department of fish and wildlife as-is for an adjusted fair market value reflecting site conditions, the proceeds of which must be deposited in the motor vehicle fund. The department is not responsible for any costs associated with the cleanup or transfer of this property. This subsection expires June 30, 2014.

(4) The legislature recognizes that the trail known as the Apple Capital Loop, and its extensions, serve to separate motor vehicle traffic from pedestrians and bicyclists, increasing motor vehicle safety on existing state route number 28. Consistent with chapter 47.30 RCW and pursuant to RCW 47.12.080, the legislature declares that transferring portions of WSDOT Inventory Control (IC) Nos. 2-09-04537 and 2-09-04569 to Douglas county and the city of East Wenatchee is consistent with the public interest. The legislature directs the department to transfer the property to Douglas county and the city of East Wenatchee. The department must be paid fair market value for any portions of the transferred real property that is later abandoned, vacated, or ceases to be publicly maintained for trail purposes. Douglas county and the city of East Wenatchee must agree to accept responsibility for trail segments within their respective jurisdictions and sign an agreement with the state that the transfer of these parcels to their respective jurisdictions extinguishes any state obligations to improve, maintain, or be in any way responsible for these assets. This subsection expires June 30, 2014.

(5) The legislature recognizes that the SR 20/Cook Road realignment and extension project in the city of Sedro-Woolley will enhance the state and local highway systems by providing a more direct route from state route number 20 and state route number 9 to Interstate 5, and will reduce traffic on state route number 20 and state route number 9, improving the capacity of each route. Furthermore, the legislature declares that certain portions of the department's property held for highway purposes located primarily to the north and west of state route number 20, between state route number 20 to the south and F and S Grade Road to the north, in the incorporated limits of Sedro-Woolley in Skagit county, can help facilitate completion of the project. Therefore, consistent with RCW 47.12.063, 47.12.080, and 47.12.120, it is the intent of the legislature that the department sell, transfer, or lease, as appropriate, to the city of Sedro-Woolley only those portions of the property necessary to construct the project, including necessary staging areas. However, any staging areas should revert to the department within three years of completion of the project.

(6) Within the amounts provided in this section, the department shall create a quality assurance position. This position must provide independent project quality assurance validation and ensure that quality assurance audit functions are accountable at the highest level of the organization.

(7) To maximize available resources, the department's efforts to eliminate fish passage barriers caused by state roads and highways

must be based on the principle of maximizing habitat recovery through a coordinated investment strategy that, to the maximum extent practical and allowable, prioritizes opportunities: To correct multiple fish barriers in whole streams rather than through individual, isolated projects; to coordinate with other entities sponsoring barrier removals, such as regional fisheries enhancement groups, in a manner that achieves the greatest cost savings to all parties; and to eliminate barriers located furthest downstream in a stream system. The department must also recognize that many of the barriers owned by the state are located in the same stream systems as barriers that are owned by cities and counties with limited financial resources for correction and that state/local partnership opportunities should be sought to address these barriers. This subsection takes effect if chapter . . . (Second Substitute House Bill No. 2251), Laws of 2014 is not enacted by June 30, 2014.

(8) $1,453,000 of the motor vehicle account--state appropriation is provided solely to support increased departmental efforts to dispose of surplus property as directed in subsection (2) of this section. These additional funds are expected to result in up to $5,000,000 per fiscal biennium in additional revenues through increasing the sale of surplus property. By December 1, 2014, the department shall report to the governor and the chairs and ranking members of the senate and house of representatives transportation committees on the number of surplus property parcels sold and the amount of revenue generated from those sales during 2014.

Sec. 214. 2013 c 306 s 214 (uncodified) is amended to read as follows:

FOR THE DEPARTMENT OF TRANSPORTATION--ECONOMIC PARTNERSHIPS--PROGRAM K

Motor Vehicle Account--State Appropriation ((~~$570,000~~))
$589,000

The appropriation in this section is subject to the following conditions and limitations:

(1) The legislature finds that the efforts started in the 2011-2013 fiscal biennium regarding the transition to a road usage charge system represent an important first step in the policy and conceptual development of potential alternative systems to fund transportation projects, but that the governance for the development needs clarification. The legislature also finds that significant amounts of research and public education are occurring in similar efforts in several states and that these efforts can and should be leveraged to advance the evaluation in Washington. The legislature intends, therefore, that the transportation commission and its staff lead the policy development of the business case for a road usage charge system, with the goal of providing the business case to the governor and the legislative committees of the legislature in time for inclusion in the 2014 supplemental omnibus transportation appropriations act. The legislature intends for additional oversight in the business case development, with guidance from a steering committee as provided in chapter 86, Laws of 2012 for the transportation commission, augmented with participation by the joint transportation committee. The legislature further intends that, through the economic partnerships program, the department continue to address administrative, technical, and conceptual operational issues related to road usage charge systems, and that the department serve as a resource for information gleaned from other states on this topic for the transportation commission's efforts.

(2) The economic partnerships program must continue to explore retail partnerships at state-owned park-and-ride facilities, as authorized in RCW 47.04.295.

(3) The department, in collaboration with the transportation commission, shall work with the office of the state treasurer and the state's bond counsel to explore legal approaches for ensuring that any reduction, refunding, crediting, or repeal of the motor vehicle fuel tax, in whole or in part, can be accomplished without unlawfully impairing the legal rights of motor vehicle fuel tax bond holders. The results of this work must be shared with the transportation committees of the legislature and the office of financial management by September 1, 2014.

(4) $21,000 of the motor vehicle account--state appropriation is provided solely as matching funds for the department to partner with other transportation agencies located in the western region of North America to develop strategies and methods for reporting, collecting, crediting, and remitting road usage charges resulting from inter-jurisdictional travel. At least one partnering jurisdiction must share a common border with Washington. The results of this work must be reported to the governor, the transportation commission, and the transportation committees of the legislature by September 1, 2014.

Sec. 215. 2013 c 306 s 215 (uncodified) is amended to read as follows:

FOR THE DEPARTMENT OF TRANSPORTATION--HIGHWAY MAINTENANCE--PROGRAM M

Highway Safety Account--State Appropriation $10,000,000
Motor Vehicle Account--State Appropriation ((~~$390,040,000~~))
$391,358,000
Motor Vehicle Account--Federal Appropriation $7,000,000
TOTAL APPROPRIATION ((~~$407,040,000~~))
$408,358,000

The appropriations in this section are subject to the following conditions and limitations:

(1) ((~~$377,779,000 of the motor vehicle account--state appropriation and $10,000,000 of the highway safety account--state appropriation are provided solely for the maintenance program to achieve specific levels of service on the thirty maintenance targets listed by statewide priority in LEAP Transportation Document 2013-4 as developed April 23, 2013. Beginning in February 2014, the department shall report to the legislature annually on its updated maintenance accountability process targets and whether or not the department was able to achieve its targets.~~

~~(2) $8,450,000~~)) $10,910,000 of the motor vehicle account--state appropriation is provided solely for the department's compliance with its national pollution discharge elimination system permit.

((~~(3) $1,305,000~~)) (2) $2,605,000 of the motor vehicle account--state appropriation is provided solely for utility fees assessed by local governments as authorized under RCW 90.03.525 for the mitigation of storm water runoff from state highways.

((~~(4)~~)) (3) The department shall submit a budget decision for the 2014 legislative session package that details all costs associated with utility fees assessed by local governments as authorized under RCW 90.03.525.

((~~(5)~~)) (4) $50,000 of the motor vehicle account--state appropriation is provided solely for clearing and pruning dangerous trees along state route number 542 between mile markers 43 and 48 to prevent safety hazards and delays.

((~~(6)~~)) (5) $2,277,000 of the motor vehicle account--state appropriation is provided solely to replace or rehabilitate critical equipment needed to perform snow and ice removal activities and roadway maintenance. These funds may not be used to purchase passenger cars as defined in RCW 46.04.382.

Sec. 216. 2013 c 306 s 216 (uncodified) is amended to read as follows:

FOR THE DEPARTMENT OF TRANSPORTATION--TRAFFIC OPERATIONS--PROGRAM Q-- OPERATING

Motor Vehicle Account--State Appropriation ((~~$50,504,000~~))
$50,055,000
Motor Vehicle Account--Federal Appropriation $2,050,000
Motor Vehicle Account--Private/Local Appropriation $250,000
TOTAL APPROPRIATION ((~~$52,804,000~~))
$52,355,000

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The appropriations in this section are subject to the following conditions and limitations:

(1) $6,000,000 of the motor vehicle account--state appropriation is provided solely for low-cost enhancements. The department shall give priority to low-cost enhancement projects that improve safety or provide congestion relief. The department shall prioritize low-cost enhancement projects on a statewide rather than regional basis. By September 1st of each even-numbered year, the department shall provide a report to the legislature listing all low-cost enhancement projects prioritized on a statewide rather than regional basis completed in the prior year.

(2) $9,000,000 of the motor vehicle account--state appropriation is provided solely for the department's incident response program.

(3) During the 2013-2015 fiscal biennium, the department shall continue a pilot program that expands private transportation providers' access to high occupancy vehicle lanes. Under the pilot program, when the department reserves a portion of a highway based on the number of passengers in a vehicle, the following vehicles must be authorized to use the reserved portion of the highway if the vehicle has the capacity to carry eight or more passengers, regardless of the number of passengers in the vehicle: (a) Auto transportation company vehicles regulated under chapter 81.68 RCW; (b) passenger charter carrier vehicles regulated under chapter 81.70 RCW, except marked or unmarked stretch limousines and stretch sport utility vehicles as defined under department of licensing rules; (c) private nonprofit transportation provider vehicles regulated under chapter 81.66 RCW; and (d) private employer transportation service vehicles. For purposes of this subsection, "private employer transportation service" means regularly scheduled, fixed-route transportation service that is offered by an employer for the benefit of its employees. Nothing in this subsection is intended to authorize the conversion of public infrastructure to private, for-profit purposes or to otherwise create an entitlement or other claim by private users to public infrastructure.

(4) The department shall work with the cities of Lynnwood and Edmonds to provide traffic light synchronization on state route number 524.

((~~(6)~~)) (5) The department, in consultation with the Washington state patrol, must continue a pilot program for the state patrol to issue infractions based on information from automated traffic safety cameras in roadway construction zones on state highways. For the purpose of this pilot program, during the 2013-2015 fiscal biennium, a roadway construction zone includes areas where public employees or private contractors may be present or where a driving condition exists that would make it unsafe to drive at higher speeds, such as, when the department is redirecting or realigning lanes on any public roadway pursuant to ongoing construction. The department shall use the following guidelines to administer the program:

(a) Automated traffic safety cameras may only take pictures of the vehicle and vehicle license plate and only while an infraction is occurring. The picture must not reveal the face of the driver or of passengers in the vehicle;

(b) The department shall plainly mark the locations where the automated traffic safety cameras are used by placing signs on locations that clearly indicate to a driver that he or she is entering a roadway construction zone where traffic laws are enforced by an automated traffic safety camera;

(c) Notices of infractions must be mailed to the registered owner of a vehicle within fourteen days of the infraction occurring;

(d) The owner of the vehicle is not responsible for the violation if the owner of the vehicle, within fourteen days of receiving notification of the violation, mails to the patrol, a declaration under penalty of perjury, stating that the vehicle involved was, at the time, stolen or in the care, custody, or control of some person other than the registered owner, or any other extenuating circumstances;

(e) For purposes of the 2013-2015 fiscal biennium pilot program, infractions detected through the use of automated traffic safety cameras are not part of the registered owner's driving record under RCW 46.52.101 and 46.52.120. Additionally, infractions generated by the use of automated traffic safety cameras must be processed in the same manner as parking infractions for the purposes of RCW 3.50.100, 35.20.220, 46.16A.120, and 46.20.270(3). However, the amount of the fine issued under this subsection ((~~(6)~~)) (5) for an infraction generated through the use of an automated traffic safety camera is one hundred thirty-seven dollars. The court shall remit thirty-two dollars of the fine to the state treasurer for deposit into the state patrol highway account; and

(f) If a notice of infraction is sent to the registered owner and the registered owner is a rental car business, the infraction must be dismissed against the business if it mails to the patrol, within fourteen days of receiving the notice, a declaration under penalty of perjury of the name and known mailing address of the individual driving or renting the vehicle when the infraction occurred. If the business is unable to determine who was driving or renting the vehicle at the time the infraction occurred, the business must sign a declaration under penalty of perjury to this effect. The declaration must be mailed to the patrol within fourteen days of receiving the notice of traffic infraction. Timely mailing of this declaration to the issuing agency relieves a rental car business of any liability under this section for the notice of infraction. A declaration form suitable for this purpose must be included with each automated traffic safety camera infraction notice issued, along with instructions for its completion and use.

((~~(7)~~)) (6) $102,000 of the motor vehicle account--state appropriation is provided solely to replace or rehabilitate critical equipment needed to perform traffic control. These funds may not be used to purchase passenger cars as defined in RCW 46.04.382.

Sec. 217. 2013 c 306 s 217 (uncodified) is amended to read as follows:

FOR THE DEPARTMENT OF TRANSPORTATION--TRANSPORTATION MANAGEMENT AND SUPPORT--PROGRAM S

Motor Vehicle Account--State Appropriation ((~~$27,281,000~~))
$27,079,000

Motor Vehicle Account--Federal Appropriation ((~~$30,000~~))
$280,000

Multimodal Transportation Account--State Appropriation ((~~$973,000~~))
$1,131,000

TOTAL APPROPRIATION ((~~$28,284,000~~))
$28,490,000

The appropriations in this section are subject to the following conditions and limitations: $200,000 of the motor vehicle account--state appropriation is provided solely for enhanced disadvantaged business enterprise outreach to increase the pool of disadvantaged businesses available for department contracts. The department must submit a status report on disadvantaged business enterprise outreach to the transportation committees of the legislature by November 15, 2014.

Sec. 218. 2013 c 306 s 218 (uncodified) is amended to read as follows:

FOR THE DEPARTMENT OF TRANSPORTATION--TRANSPORTATION PLANNING, DATA, AND RESEARCH--PROGRAM T

Motor Vehicle Account--State Appropriation ((~~$20,109,000~~))
$19,818,000

Motor Vehicle Account--Federal Appropriation ((~~$24,885,000~~))
$26,085,000

Multimodal Transportation Account--State Appropriation $662,000

Multimodal Transportation Account--Federal Appropriation $2,809,000

Multimodal Transportation Account--Private/Local
Appropriation $100,000
TOTAL APPROPRIATION ((~~$48,565,000~~))
$49,474,000

The appropriations in this section are subject to the following conditions and limitations: ((~~(1)~~)) Within available resources, the department must collaborate with the affected metropolitan planning organizations, regional transportation planning organizations, transit agencies, and private transportation providers to develop a plan to reduce vehicle demand, increase public transportation options, and reduce vehicle miles traveled on corridors affected by growth at Joint Base Lewis-McChord.

Sec. 219. 2013 c 306 s 219 (uncodified) is amended to read as follows:

FOR THE DEPARTMENT OF TRANSPORTATION--CHARGES FROM OTHER AGENCIES-- PROGRAM U

Motor Vehicle Account--State Appropriation ((~~$81,628,000~~))
$74,198,000
Motor Vehicle Account--Federal Appropriation $400,000
Multimodal Transportation Account--State
Appropriation ((~~$40,000~~))
$3,068,000
TOTAL APPROPRIATION ((~~$82,068,000~~))
$77,666,000

The appropriations in this section are subject to the following conditions and limitations: The department of enterprise services must provide a detailed accounting of the revenues and expenditures of the self-insurance fund to the transportation committees of the legislature on December 31st and June 30th of each year.

Sec. 220. 2013 c 306 s 220 (uncodified) is amended to read as follows:

FOR THE DEPARTMENT OF TRANSPORTATION--PUBLIC TRANSPORTATION--PROGRAM V

State Vehicle Parking Account--State Appropriation ((~~$452,000~~))
$754,000
Regional Mobility Grant Program Account--State
Appropriation ((~~$49,948,000~~))
$51,111,000
Rural Mobility Grant Program Account--State
Appropriation $17,000,000
Multimodal Transportation Account--State
Appropriation ((~~$39,057,000~~))
$39,325,000
Multimodal Transportation Account--Federal
Appropriation $3,280,000
Motor Vehicle Account--Federal Appropriation $160,000
TOTAL APPROPRIATION ((~~$109,737,000~~))
$111,630,000

The appropriations in this section are subject to the following conditions and limitations:

(1) $25,000,000 of the multimodal transportation account--state appropriation is provided solely for a grant program for special needs transportation provided by transit agencies and nonprofit providers of transportation. Of this amount:

(a) $5,500,000 of the multimodal transportation account--state appropriation is provided solely for grants to nonprofit providers of special needs transportation. Grants for nonprofit providers must be based on need, including the availability of other providers of service in the area, efforts to coordinate trips among providers and riders, and the cost effectiveness of trips provided.

(b) $19,500,000 of the multimodal transportation account--state appropriation is provided solely for grants to transit agencies to transport persons with special transportation needs. To receive a grant, the transit agency must, to the greatest extent practicable, have a maintenance of effort for special needs transportation that is no less than the previous year's maintenance of effort for special needs transportation. Grants for transit agencies must be prorated based on the amount expended for demand response service and route deviated service in calendar year 2011 as reported in the "Summary of Public Transportation - 2011" published by the department of transportation. No transit agency may receive more than thirty percent of these distributions.

(2) $17,000,000 of the rural mobility grant program account--state appropriation is provided solely for grants to aid small cities in rural areas as prescribed in RCW 47.66.100.

(3)(a) $6,000,000 of the multimodal transportation account--state appropriation is provided solely for a vanpool grant program for: (a) Public transit agencies to add vanpools or replace vans; and (b) incentives for employers to increase employee vanpool use. The grant program for public transit agencies will cover capital costs only; operating costs for public transit agencies are not eligible for funding under this grant program. Additional employees may not be hired from the funds provided in this section for the vanpool grant program, and supplanting of transit funds currently funding vanpools is not allowed. The department shall encourage grant applicants and recipients to leverage funds other than state funds.

(b) At least $1,600,000 of the amount provided in this subsection must be used for vanpool grants in congested corridors.

(c) $520,000 of the amount provided in this subsection is provided solely for the purchase of additional vans for use by vanpools serving ((~~soldiers and civilian employees at~~)) <u>or traveling through the</u> Joint Base Lewis-McChord <u>I-5 corridor between mile post 116 and 127</u>.

(4) ((~~$9,948,000~~)) <u>$11,111,000</u> of the regional mobility grant program account--state appropriation is reappropriated and provided solely for the regional mobility grant projects identified in LEAP Transportation Document ((~~2013-2~~)) <u>2014-2</u> ALL PROJECTS - Public Transportation - Program (V) as developed ((~~April 23, 2013~~)) <u>March 10, 2014</u>.

(5)(a) $40,000,000 of the regional mobility grant program account-- state appropriation is provided solely for the regional mobility grant projects identified in LEAP Transportation Document ((~~2013-2~~)) <u>2014-2</u> ALL PROJECTS - Public Transportation - Program (V) as developed ((~~April 23, 2013~~)) <u>March 10, 2014</u>. The department shall review all projects receiving grant awards under this program at least semiannually to determine whether the projects are making satisfactory progress. Any project that has been awarded funds, but does not report activity on the project within one year of the grant award, must be reviewed by the department to determine whether the grant should be terminated. The department shall promptly close out grants when projects have been completed, and any remaining funds must be used only to fund projects identified in the LEAP transportation document referenced in this subsection. The department shall provide annual status reports on December 15, 2013, and December 15, 2014, to the office of financial management and the transportation committees of the legislature regarding the projects receiving the grants. It is the intent of the legislature to appropriate funds through the regional mobility grant program only for projects that will be completed on schedule. A grantee may not receive more than twenty-five percent of the amount appropriated in this subsection. The department shall not approve any increases or changes to the scope of a project for the purpose of a grantee expending remaining funds on an awarded grant.

(b) In order to be eligible to receive a grant under (a) of this subsection during the 2013-2015 fiscal biennium, a transit agency must establish a process for private transportation providers to apply for the use of park and ride facilities. For purposes of this subsection, (i) "private transportation provider" means: An auto transportation company regulated under chapter 81.68 RCW; a passenger charter

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carrier regulated under chapter 81.70 RCW, except marked or unmarked stretch limousines and stretch sport utility vehicles as defined under department of licensing rules; a private nonprofit transportation provider regulated under chapter 81.66 RCW; or a private employer transportation service provider; and (ii) "private employer transportation service" means regularly scheduled, fixed-route transportation service that is offered by an employer for the benefit of its employees.

(6) Funds provided for the commute trip reduction (CTR) program may also be used for the growth and transportation efficiency center program.

(7) ((~~$6,122,000~~)) $6,424,000 of the total appropriation in this section is provided solely for CTR grants and activities. Of this amount:

(a) $3,900,000 of the multimodal transportation account--state appropriation is provided solely for grants to local jurisdictions, selected by the CTR board, for the purpose of assisting employers meet CTR goals;

(b) $1,770,000 of the multimodal transportation account--state appropriation is provided solely for state costs associated with CTR. The department shall develop more efficient methods of CTR assistance and survey procedures; and

(c) ((~~$452,000~~)) $754,000 of the state vehicle parking account--state appropriation is provided solely for CTR-related expenditures, including all expenditures related to the guaranteed ride home program and the STAR pass program.

(8) An affected urban growth area that has not previously implemented a commute trip reduction program as of the effective date of this section is exempt from the requirements in RCW 70.94.527.

(9) $200,000 of the multimodal transportation account--state appropriation is contingent on the timely development of an annual report summarizing the status of public transportation systems as identified under RCW 35.58.2796.

(10) $160,000 of the motor vehicle account--federal appropriation is provided solely for King county metro to study demand potential for a state route number 18 and Interstate 90 park and ride location, to size the facilities appropriately, to perform site analysis, and to develop preliminary design concepts. When studying potential park and ride locations pursuant to this subsection, King county metro must take into consideration the effect of the traffic using the weigh station at the Interstate 90 and state route number 18 interchange at exit 25 and, to the maximum extent practicable, choose a park and ride location that minimizes traffic impacts for the Interstate 90 and state route number 18 interchange and the weigh station.

Sec. 221. 2013 c 306 s 221 (uncodified) is amended to read as follows:

FOR THE DEPARTMENT OF TRANSPORTATION--MARINE--PROGRAM X

Puget Sound Ferry Operations Account--State Appropriation ((~~$485,076,000~~)) $483,404,000

Puget Sound Ferry Operations Account--Private/Local Appropriation $121,000

TOTAL APPROPRIATION ((~~$485,197,000~~)) $483,525,000

The appropriations in this section are subject to the following conditions and limitations:

(1) The office of financial management budget instructions require agencies to recast enacted budgets into activities. The Washington state ferries shall include a greater level of detail in its 2013-2015 supplemental and 2015-2017 omnibus transportation appropriations act requests, as determined jointly by the office of financial management, the Washington state ferries, and the transportation committees of the legislature. This level of detail must include the administrative functions in the operating as well as capital programs.

(2) Until a reservation system is operational on the San Juan islands inter-island route, the department shall provide the same priority loading benefits on the San Juan islands inter-island route to home health care workers as are currently provided to patients traveling for purposes of receiving medical treatment.

(3) For the 2013-2015 fiscal biennium, the department may enter into a distributor controlled fuel hedging program and other methods of hedging approved by the fuel hedging committee.

(4) ((~~$112,342,000~~)) $113,157,000 of the Puget Sound ferry operations account--state appropriation is provided solely for auto ferry vessel operating fuel in the 2013-2015 fiscal biennium, which reflect cost savings from a reduced biodiesel fuel requirement and, therefore, are contingent upon the enactment of section 701 ((~~of this act~~)), chapter 306, Laws of 2013. The amount provided in this subsection represent the fuel budget for the purposes of calculating any ferry fare fuel surcharge. The department shall develop a fuel reduction plan to be submitted as part of its 2014 supplemental budget proposal. The plan must include fuel saving proposals, such as vessel modifications, vessel speed reductions, and changes to operating procedures, along with anticipated fuel saving estimates.

(5) $100,000 of the Puget Sound ferry operations account--state appropriation is provided solely for the department's compliance with its national pollution discharge elimination system permit.

(6) When purchasing uniforms that are required by collective bargaining agreements, the department shall contract with the lowest cost provider.

(7) $3,049,000 of the Puget Sound ferry operations account--state appropriation is provided solely for the operating program share of the $7,259,000 in lease payments for the ferry division's headquarters building. Consistent with the 2012 facilities oversight plan, the department shall strive to consolidate office space in downtown Seattle by the end of 2015. The department shall consider renewing the lease for the ferry division's current headquarters building only if the lease rate is reduced at least fifty percent and analysis shows that this is the least cost and risk option for the department. Consolidation with other divisions or state agencies, or a reduction in leased space, must also be considered as part of any headquarters lease renewal analysis.

(8) $5,000,000 of the Puget Sound ferry operations account--state appropriation is provided solely for the purchase of a 2013-2015 marine insurance policy. Within this amount, the department is expected to purchase a policy with the lowest deductible possible, while maintaining at least existing coverage levels for ferry vessels, and providing coverage for all terminals.

(9) Within existing resources, the department must evaluate the feasibility of using re-refined used motor oil processed in Washington state as a ferry fuel source. The evaluation must include, but is not limited to, research on existing entities currently using the process for re-refined fuel, any required combustible engine modifications, additional needed equipment on the vessels or fueling locations, cost analysis, compatibility with B-5 blended diesel, and meeting engine performance specifications. The department must establish an evaluation group that includes, but is not limited to, persons experienced in the re-refined motor oil industry. The department must deliver a report containing the results of the evaluation to the transportation committees of the legislature and the office of financial management by December 1, 2014.

(10) $71,000 of the Puget Sound ferry operations account--state appropriation is provided solely for one traffic attendant for ferry terminal traffic control at the Fauntleroy ferry terminal.

Sec. 222. 2013 c 306 s 222 (uncodified) is amended to read as follows:

FOR THE DEPARTMENT OF TRANSPORTATION--RAIL--PROGRAM Y--OPERATING

Multimodal Transportation Account--State
Appropriation ((~~$32,924,000~~))
$46,026,000

The appropriations in this section are subject to the following conditions and limitations:

(1) ((~~$27,319,000~~)) $40,289,000 of the multimodal transportation account--state appropriation is provided solely for ((~~the Amtrak service contract and Talgo maintenance contract associated with providing~~)) operating and maintaining state-supported passenger rail service. In recognition of the increased costs the state is expected to absorb due to changes in federal law, the department is directed to analyze the Amtrak contract proposal and find cost saving alternatives. The department shall report to the transportation committees of the legislature before the 2014 regular legislative session on its revisions to the Amtrak contract, including a review of the appropriate costs within the contract for concession services, policing, host railroad incentives, and station services and staffing needs. Within thirty days of each annual cost/revenue reconciliation under the Amtrak service contract, the department shall report any changes that would affect the state subsidy amount appropriated in this subsection. Through a competitive process, the department may contract with a private entity for services related to operations and maintenance of the Amtrak Cascades route, including, but not limited to, concession services.

(2) Amtrak Cascades runs may not be eliminated.

(3) The department shall continue a pilot program by partnering with the travel industry on the Amtrak Cascades service between Vancouver, British Columbia, and Seattle to test opportunities for increasing ridership, maximizing farebox recovery, and stimulating private investment. The pilot program must run from December 31, 2013, to December 31, 2014, and evaluate seasonal differences in the program and the effect of advertising. The department may offer to Washington universities an opportunity for business students to work as interns on the analysis of the pilot program process and results. The department shall report on the results of the pilot program to the office of financial management and the legislature by January 31, 2015.

(4) $150,000 of the multimodal transportation account--state appropriation is provided solely for the department to develop an inventory of short line rail infrastructure that can be used to support a data-driven approach to identifying system needs. The department shall work with short line rail owners and operators within the state, provide status updates periodically to the joint transportation committee, submit a progress report of its findings to the transportation committees of the legislature and the office of financial management by December 15, 2014, submit a preliminary report of key findings and recommendations to the transportation committees of the legislature and the office of financial management by March 1, 2015, and submit a final report to the transportation committees of the legislature and the office of financial management by June 30, 2015.

Sec. 223. 2013 c 306 s 223 (uncodified) is amended to read as follows:

FOR THE DEPARTMENT OF TRANSPORTATION--LOCAL PROGRAMS--PROGRAM Z-- OPERATING

Motor Vehicle Account--State Appropriation ((~~$8,737,000~~))
$8,672,000
Motor Vehicle Account--Federal Appropriation $2,567,000
TOTAL APPROPRIATION ((~~$11,304,000~~))
$11,239,000

TRANSPORTATION AGENCIES--CAPITAL

Sec. 301. 2013 c 306 s 301 (uncodified) is amended to read as follows:

FOR THE FREIGHT MOBILITY STRATEGIC INVESTMENT BOARD

Freight Mobility Investment Account--State
Appropriation ((~~$11,794,000~~))
$11,930,000
Freight Mobility Multimodal Account--State
Appropriation ((~~$9,736,000~~))
$9,826,000
Freight Mobility Multimodal Account--Private/Local
Appropriation $1,320,000
Highway Safety Account--State Appropriation ((~~$2,450,000~~))
$2,606,000
Motor Vehicle Account--State Appropriation $84,000
Motor Vehicle Account--Federal Appropriation ((~~$3,250,000~~))
$5,750,000
TOTAL APPROPRIATION ((~~$28,634,000~~))
$31,516,000

((~~The appropriations in this section are subject to the following conditions and limitations: Except as provided otherwise in this section, the total appropriation in this section is provided solely for the implementation of chapter . . . (Substitute House Bill No. 1256), Laws of 2013 (addressing project selection by the freight mobility strategic investment board). If chapter . . . (Substitute House Bill No. 1256), Laws of 2013 is not enacted by June 30, 2013, the amounts provided in this section lapse.~~))

Sec. 302. 2013 c 306 s 302 (uncodified) is amended to read as follows:

FOR THE WASHINGTON STATE PATROL

State Patrol Highway Account--State Appropriation ((~~$1,926,000~~))
$2,661,000

The appropriation in this section is subject to the following conditions and limitations:

(1) $200,000 of the state patrol highway account--state appropriation is provided solely for unforeseen emergency repairs on facilities.

(2) $426,000 of the state patrol highway account--state appropriation is provided solely for the replacement of the roofs of the Marysville district office and vehicle inspection building and Spokane East office.

(3) $450,000 of the state patrol highway account--state appropriation is provided solely for upgrades to scales at Ridgefield Port of Entry, Dryden, South Pasco, Deer Park, and Kelso required to meet current certification requirements.

(4) ((~~$850,000~~)) $1,200,000 of the state patrol highway account--state appropriation is provided solely for the replacement of the damaged and unrepairable scale house at the Everett southbound I-5 weigh scales, including equipment, weigh-in-motion technology, and an ALPR camera.

(5) The Washington state patrol, in cooperation with the Washington state department of transportation, must study the federal funding options available for weigh station construction and improvements on the national highway system. A study report must be provided by July 1, 2014, to the office of financial management and the transportation committees of the legislature with recommendations on utilizing federal funds for weigh station projects.

Sec. 303. 2013 c 306 s 303 (uncodified) is amended to read as follows:

FOR THE COUNTY ROAD ADMINISTRATION BOARD

Rural Arterial Trust Account--State
Appropriation ((~~$35,894,000~~))
$57,394,000
Highway Safety Account--State Appropriation $10,000,000

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Motor Vehicle Account--State Appropriation $706,000
County Arterial Preservation Account--State
Appropriation ((~~$30,000,000~~))
$32,000,000
TOTAL APPROPRIATION ((~~$76,600,000~~))
$100,100,000

Sec. 304. 2013 c 306 s 304 (uncodified) is amended to read as follows:

FOR THE TRANSPORTATION IMPROVEMENT BOARD

Small City Pavement and Sidewalk Account--State
Appropriation ((~~$3,500,000~~))
$5,250,000
Highway Safety Account--State Appropriation $10,000,000
Transportation Improvement Account--State
Appropriation ((~~$174,225,000~~))
$231,851,000
TOTAL APPROPRIATION ((~~$187,725,000~~))
$247,101,000

The appropriations in this section are subject to the following conditions and limitations: The highway safety account--state appropriation is provided solely for:

(1) The arterial preservation program to help low tax-based, medium-sized cities preserve arterial pavements;

(2) The small city pavement program to help cities meet urgent preservation needs; and

(3) The small city low-energy street light retrofit demonstration program.

Sec. 305. 2013 c 306 s 305 (uncodified) is amended to read as follows:

FOR THE DEPARTMENT OF TRANSPORTATION--FACILITIES--PROGRAM D-- (DEPARTMENT OF TRANSPORTATION-ONLY PROJECTS)--CAPITAL

Transportation Partnership Account--State
Appropriation ((~~$13,425,000~~))
$14,390,000
Motor Vehicle Account--State Appropriation ((~~$8,106,000~~))
$9,469,000
TOTAL APPROPRIATION ((~~$21,531,000~~))
$23,859,000

The appropriations in this section are subject to the following conditions and limitations:

(1) The legislature recognizes that the Marginal Way site (King county parcel numbers 3024049182 & 5367202525) is surplus state-owned real property under the jurisdiction of the department and that the public would benefit significantly if this site is used to provide important social services. Therefore, the legislature declares that committing the Marginal Way site to this use is consistent with the public interest.

Pursuant to RCW 47.12.063, the department shall work with the owner of King county parcel number 7643400010, which abuts both parcels of the Marginal Way site, and shall convey the Marginal Way site to that abutting property owner for the appraised fair market value of the parcels, the proceeds of which must be deposited in the motor vehicle fund. The conveyance is conditional upon the purchaser's agreement to commit the use of the Marginal Way site to operations with the goal of ending hunger in western Washington. The department may not make this conveyance before September 1, 2013, and may not make this conveyance after ((~~January 15~~)) September 1, 2014.

The Washington department of transportation is not responsible for any costs associated with the cleanup or transfer of the Marginal Way site.

(2) ((~~$13,425,000~~)) $14,390,000 of the transportation partnership account--state appropriation is provided solely for the construction of a new traffic management and emergency operations center on property owned by the department on Dayton Avenue in Shoreline (project 100010T). Consistent with the office of financial management's 2012 study, it is the intent of the legislature to appropriate no more than $15,000,000 for the total construction costs. The department shall report to the transportation committees of the legislature and the office of financial management by June 30, 2014, on the progress of the construction of the traffic management and emergency operations center, including a schedule for terminating the current lease of the Goldsmith building in Seattle.

Sec. 306. 2013 c 306 s 306 (uncodified) is amended to read as follows:

FOR THE DEPARTMENT OF TRANSPORTATION--IMPROVEMENTS--PROGRAM I

Multimodal Transportation Account--State
Appropriation $1,000,000
Transportation Partnership Account--State
Appropriation ((~~$1,536,032,000~~))
$1,313,555,000
Motor Vehicle Account--State Appropriation ((~~$61,508,000~~))
$69,478,000
Motor Vehicle Account--Federal Appropriation ((~~$473,359,000~~))
$516,181,000
Motor Vehicle Account--Private/Local Appropriation ((~~$208,452,000~~))
$166,357,000
Transportation 2003 Account (Nickel Account)--State
Appropriation ((~~$242,253,000~~))
$325,778,000
State Route Number 520 Corridor Account--State
Appropriation ((~~$737,205,000~~))
$880,111,000
State Route Number 520 Corridor Account--Federal
Appropriation $300,000,000
Special Category C Account--State Appropriation $124,000
TOTAL APPROPRIATION ((~~$3,559,933,000~~))
$3,572,584,000

The appropriations in this section are subject to the following conditions and limitations:

(1) Except as provided otherwise in this section, the entire transportation 2003 account (nickel account) appropriation and the entire transportation partnership account appropriation are provided solely for the projects and activities as listed by fund, project, and amount in LEAP Transportation Document ((~~2013-1~~)) 2014-1 as developed ((~~April 23, 2013~~)) March 10, 2014, Program - Highway Improvement Program (I). However, limited transfers of specific line-item project appropriations may occur between projects for those amounts listed subject to the conditions and limitations in section ((~~603~~)) 601 of this act.

(2) Except as provided otherwise in this section, the entire motor vehicle account--state appropriation and motor vehicle account--federal appropriation are provided solely for the projects and activities listed in LEAP Transportation Document ((~~2013-2~~)) 2014-2 ALL PROJECTS as developed ((~~April 23, 2013~~)) March 10, 2014, Program - Highway Improvement Program (I). ((~~It is the intent of the legislature to direct~~))The department ((~~to give first priority of~~)) shall apply any federal funds gained through efficiencies or the redistribution process in an amount up to $27,200,000 for cost overruns related to the pontoon design errors on the SR 520 Bridge Replacement and HOV project (8BI1003) as described in subsection (12)(f) of this section. Any federal funds gained through efficiencies or the redistribution process that are in excess of $27,200,000 must then be applied to the "Contingency (Unfunded) Highway Preservation Projects" as identified in LEAP Transportation Document ((~~2013-2~~)) 2014-2 ALL PROJECTS as developed ((~~April~~

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~~23, 2013~~)) March 10, 2014, Program - Highway Preservation Program (P). However, no additional federal funds may be allocated to the I- 5/Columbia River Crossing project (400506A).

(3) Within the motor vehicle account--state appropriation and motor vehicle account--federal appropriation, the department may transfer funds between programs I and P, except for funds that are otherwise restricted in this act.

(4) The transportation 2003 account (nickel account)--state appropriation includes up to ((~~$217,604,000~~)) $246,710,000 in proceeds from the sale of bonds authorized by RCW 47.10.861.

(5) The transportation partnership account--state appropriation includes up to ((~~$1,156,217,000~~)) $811,595,000 in proceeds from the sale of bonds authorized in RCW 47.10.873.

(6) The motor vehicle account--state appropriation includes up to $30,000,000 in proceeds from the sale of bonds authorized in RCW 47.10.843.

(((~~(8)~~)) (7)(a) ((~~$5,000,000~~)) $6,174,000 of the motor vehicle account--federal appropriation and ((~~$200,000~~)) $269,000 of the motor vehicle account--state appropriation are provided solely for the I-90 Comprehensive Tolling Study and Environmental Review project (100067T). The department shall prepare a detailed environmental impact statement that complies with the national environmental policy act regarding tolling Interstate 90 between Interstate 5 and Interstate 405 for the purposes of both managing traffic and providing funding for the construction of the unfunded state route number 520 from Interstate 5 to Medina project. As part of the preparation of the statement, the department must review any impacts to the network of highways and roads surrounding Lake Washington. In developing this statement, the department must provide significant outreach to potential affected communities. The department may consider traffic management options that extend as far east as Issaquah.

(b)(i) As part of the project in this subsection (((~~(8)~~)) (7), the department shall perform a study of all funding alternatives to tolling Interstate 90 to provide funding for construction of the unfunded state route number 520 and explore and evaluate options to mitigate the effect of tolling on affected residents and all other users of the network of highways and roads surrounding Lake Washington including, but not limited to:

(A) Allowing all Washington residents to traverse a portion of the tolled section of Interstate 90 without paying a toll. Residents may choose either (I) the portion of Interstate 90 between the easternmost landing west of Mercer Island and the westernmost landing on Mercer Island, or (II) the portion of Interstate 90 between the westernmost landing east of Mercer Island and the easternmost landing on Mercer Island;

(B) Assessing a toll only when a driver traverses, in either direction, the entire portion of Interstate 90 between the easternmost landing west of Mercer Island and the westernmost landing east of Mercer Island; and

(C) Allowing affected residents to choose one portion of the tolled section of Interstate 90 upon which they may travel without paying a toll. Residents may choose either (I) the portion of Interstate 90 between the easternmost landing west of Mercer Island and the westernmost landing on Mercer Island, or (II) the portion of Interstate 90 between the westernmost landing east of Mercer Island and the easternmost landing on Mercer Island.

(ii) The department may also consider any alternative mitigation options that conform to the purpose of this subsection (((~~(8)~~)) (7).

(iii) For the purposes of this subsection (((~~(8)~~)) (7), "affected resident" means anyone who must use a portion of Interstate 90 west of Interstate 405 upon which tolling is considered in order to access necessary medical services, such as a hospital.

(((~~(9) $541,901,000~~)) (8) $490,796,000 of the transportation partnership account--state appropriation, ((~~$144,954,000~~)) $156,979,000 of the motor vehicle account--federal appropriation, ((~~$129,779,000~~)) $132,191,000 of the motor vehicle account--private/local appropriation, and ((~~$78,004,000~~)) $123,305,000 of the transportation 2003 account (nickel account)--state appropriation are provided solely for the SR 99/Alaskan Way Viaduct - Replacement project (809936Z). Amounts appropriated in this subsection may not be spent for the purpose of public transportation mitigation, except pursuant to an agreement or agreements between the department and King county as that agreement or agreements existed on January 1, 2013.

(((~~(10)~~)) (9) The department shall reconvene an expert review panel of no more than three members as described under RCW 47.01.400 for the purpose of updating the work that was previously completed by the panel on the Alaskan Way viaduct replacement project and to ensure that an appropriate and viable financial plan is created and regularly reviewed. The expert review panel must be selected cooperatively by the chairs of the senate and house of representatives transportation committees, the secretary of transportation, and the governor. The expert review panel must report findings and recommendations to the transportation committees of the legislature, the governor's Alaskan Way viaduct project oversight committee, and the transportation commission annually until the project is operationally complete. This subsection takes effect if chapter ... (Substitute House Bill No. 1957), Laws of 2013 is not enacted by June 30, 2013.

(((~~(11) $7,408,000~~)) (10) $7,103,000 of the transportation partnership account--state appropriation, ((~~$14,594,000~~)) $22,774,000 of the transportation 2003 account (nickel account)--state appropriation, ((~~$3,730,000 of the motor vehicle account--state appropriation,~~)) $1,000,000 of the multimodal transportation account--state appropriation, and ((~~$41,395,000~~)) $51,712,000 of the motor vehicle account--federal appropriation are provided solely for the US 395/North Spokane Corridor projects (600010A & 600003A). Any future savings on the projects must stay on the US 395/Interstate 90 corridor and be made available to the current phase of the North Spokane corridor projects or any future phase of the projects.

(((~~(12) $114,369,000~~)) (11) $129,952,000 of the transportation partnership account--state appropriation and ((~~$53,755,000~~)) $58,583,000 of the transportation 2003 account (nickel account)--state appropriation are provided solely for the I-405/Kirkland Vicinity Stage 2 - Widening project (8BI1002). This project must be completed as soon as practicable as a design-build project. Any future savings on this project or other Interstate 405 corridor projects must stay on the Interstate 405 corridor and be made available to either the I-405/SR 167 Interchange - Direct Connector project (140504C) or the I-405 Renton to Bellevue project.

(((~~(13)~~)) (12)(a) The SR 520 Bridge Replacement and HOV project (((~~0BI1003~~))) (8BI1003) is supported over time from multiple sources, including a $300,000,000 TIFIA loan, ((~~$819,524,625~~)) $923,000,000 in Garvee bonds, toll revenues, state bonds, interest earnings, and other miscellaneous sources.

(b) The state route number 520 corridor account--state appropriation includes up to ((~~$668,142,000~~)) $814,784,000 in proceeds from the sale of bonds authorized in RCW 47.10.879 and 47.10.886.

(c) The state route number 520 corridor account--federal appropriation includes up to $300,000,000 in proceeds from the sale of bonds authorized in RCW 47.10.879 and 47.10.886.

(d) ((~~$153,124,000~~)) $165,175,000 of the transportation partnership account--state appropriation, $300,000,000 of the state route number 520 corridor account--federal appropriation, and ((~~$737,205,000~~)) $880,111,000 of the state route number 520 corridor account--state appropriation are provided solely for the SR 520 Bridge Replacement and HOV project (((~~0BI1003~~))) (8BI1003). Of the amounts appropriated in this subsection (((~~(13)~~)) (12)(d), ((~~$105,085,000~~)) $84,001,000 of the state route number 520 corridor account--federal appropriation and ((~~$227,415,000~~)) $354,411,000 of

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the state route number 520 corridor account--state appropriation must be put into unallotted status and are subject to review by the office of financial management. The director of the office of financial management shall consult with the joint transportation committee prior to making a decision to allot these funds.

(e) When developing the financial plan for the project, the department shall assume that all maintenance and operation costs for the new facility are to be covered by tolls collected on the toll facility and not by the motor vehicle account.

(f) The legislature finds that the most appropriate way to pay for the cost overruns related to change orders, additional sales tax, and future risks associated with pontoon design errors is for the state to issue triple pledge bonds in the 2015-2017 fiscal biennium resulting in $110,961,000 in proceeds, and use efficiencies, including the use of least cost planning or practical design, and favorable bids in the highway construction program to generate an additional $61,066,000 towards paying for the estimated project overruns. Of this additional $61,066,000, $33,866,000 should come from the transportation partnership account--state appropriation and $27,200,000 should come from federal funds. As the department identifies savings in federal funds during the 2013-2015 fiscal biennium, the department shall prioritize the use of these funds towards the anticipated $27,200,000 in federal funds needed to address cost overruns before expending state funds during this fiscal biennium. The legislature assumes that issuing bonds to complete this project as listed in LEAP Transportation Document 2014-1 as developed March 10, 2014, does not require a comprehensive financial plan for a project that completes the state route number 520 corridor to Interstate 5.

(g) The department's 2014 supplemental budget allotment submittal must include a project-specific plan detailing how the department will achieve the mandatory budget savings in (f) of this subsection, including the use of least cost planning or practical design as a means to generate savings, as referenced in subsection (23) of this section. The use of least cost planning or practical design may result in a reduction of project cost, but not a reduction of functional scope. The director of financial management shall notify the transportation committees of the legislature in writing seven days prior to approving any allotment modifications under this subsection.

(13) Within the amounts provided in this section, the department must continue to work with the Seattle department of transportation in their joint planning, design, outreach, and operation of the remaining west side elements including, but not limited to, the Montlake lid, the bicycle/pedestrian path, the effective network of transit connections, and the Portage Bay bridge of the SR 520 Bridge Replacement and HOV project.

(14) ((~~$1,100,000~~)) $1,062,000 of the motor vehicle account--federal appropriation is provided solely for the 31st Ave SW Overpass Widening and Improvement project (L1100048).

(15) ((~~$22,602,000~~)) $25,243,000 of the motor vehicle account--state appropriation is provided solely to advance the design, preliminary engineering, and rights-of-way acquisition for the priority projects identified in LEAP Transportation Document ((~~2013-3~~)) 2014-3 as developed ((~~April 23, 2013~~)) March 10, 2014. Funds must be used to advance the emergent, initial development of these projects for the purpose of expediting delivery of the associated major investments when funding for such investments becomes available. Funding may be reallocated between projects to maximize the accomplishment of design and preliminary engineering work and rights-of-way acquisition, provided that all projects are addressed. It is the intent of the legislature that, while seeking to maximize the outcomes in this section, the department shall provide for continuity of both the state and consulting engineer workforce, while strategically utilizing private sector involvement to ensure consistency with the department's business plan for staffing in the highway construction program in the current fiscal biennium.

(16) If a planned roundabout in the vicinity of state route number 526 and 84th Street SW would divert commercial traffic onto neighborhood streets, the department may not proceed with improvements at state route number 526 and 84th Street SW until the traffic impacts in the vicinity of state route number 526 and 40th Avenue West are addressed.

(17) The legislature finds that there are sixteen companies involved in wood preserving in the state that employ four hundred workers and have an annual payroll of fifteen million dollars. Prior to the department's switch to steel guardrails, ninety percent of the twenty-five hundred mile guardrail system was constructed of preserved wood and one hundred ten thousand wood guardrail posts were produced annually for state use. Moreover, the policy of using steel posts requires the state to use imported steel. Given these findings, where practicable, and until June 30, 2015, the department shall include the design option to use wood guardrail posts, in addition to steel posts, in new guardrail installations. The selection of posts must be consistent with the agency design manual policy that existed before December 2009.

(18) The legislature finds that "right-sizing" is a lean, metric-based approach to determining project investments. This concept entails compromise between project cost and design, incorporating local community needs, desired outcomes, and available funding. Furthermore, the legislature finds that the concepts and principles the department has utilized in the safety analyst program have been effective tools to prioritize projects and reduce project costs. Therefore, the department shall establish a pilot project on the SR 3/Belfair Bypass - New Alignment (300344C) to begin implementing the concept of "right-sizing" in the highway construction program.

(19) For urban corridors that are all or partially within a metropolitan planning organization boundary, for which the department has not initiated environmental review, and that require an environmental impact statement, at least one alternative must be consistent with the goals set out in RCW 47.01.440.

(20) The department shall itemize all future requests for the construction of buildings on a project list and submit them through the transportation executive information system as part of the department's 2014 budget submittal. It is the intent of the legislature that new facility construction must be transparent and not appropriated within larger highway construction projects.

(21) ((~~$28,963,000~~)) $19,513,000 of the motor vehicle account--state appropriation ((~~is~~)) and $9,450,000 of the motor vehicle account--federal appropriation are provided solely for improvement program support activities (095901X). $18,000,000 of this amount must be held in unallotted status until the office of financial management certifies that the department's 2014 supplemental budget request conforms to the terms of subsection (20) of this section.

((~~(23)~~)) (22) Any new advisory group that the department convenes during the 2013-2015 fiscal biennium must be representative of the interests of the entire state of Washington.

(23) Practical design offers targeted benefits to a state transportation system within available fiscal resources. This delivers value not just for individual projects, but for the entire system. Applying practical design standards will also preserve and enhance safety and mobility. The department shall implement a practical design strategy for transportation design standards. By June 30, 2015, the department shall report to the governor and the house of representatives and senate transportation committees on where practical design has been applied or is intended to be applied in the department and the cost savings resulting from the use of practical design.

(24) The department of transportation shall accept transfer to the state highway system of Quarry Road (also known as the Granite Falls Alternate Route) as a partially controlled limited access facility, consistent with the right-of-way and limited access plan adopted by Snohomish county and the city of Granite Falls in 2008. The department of transportation shall defend any and all claims related to

access and challenges to the limited access designation. This subsection takes effect ninety days after the date the governor signs this act if an agreement between the department of transportation and Snohomish county has not been signed by the effective date of this act.

Sec. 307. 2013 c 306 s 307 (uncodified) is amended to read as follows:

FOR THE DEPARTMENT OF TRANSPORTATION--PRESERVATION--PROGRAM P

Transportation Partnership Account--State Appropriation ((~~$36,480,000~~)) $34,966,000

Highway Safety Account--State Appropriation ((~~$10,000,000~~)) $13,500,000

Motor Vehicle Account--State Appropriation ((~~$58,503,000~~)) $59,796,000

Motor Vehicle Account--Federal Appropriation ((~~$580,062,000~~)) $595,604,000

Motor Vehicle Account--Private/Local Appropriation ((~~$11,270,000~~)) $11,827,000

Transportation 2003 Account (Nickel Account)--State Appropriation ((~~$2,285,000~~)) $2,650,000

Tacoma Narrows Toll Bridge Account--State Appropriation $120,000

TOTAL APPROPRIATION ((~~$698,600,000~~)) $718,463,000

The appropriations in this section are subject to the following conditions and limitations:

(1) Except as provided otherwise in this section, the entire transportation 2003 account (nickel account) appropriation and the entire transportation partnership account appropriation are provided solely for the projects and activities as listed by fund, project, and amount in LEAP Transportation Document ((~~2013-1~~)) 2014-1 as developed ((~~April 23, 2013~~)) March 10, 2014, Program - Highway Preservation Program (P). However, limited transfers of specific line-item project appropriations may occur between projects for those amounts listed subject to the conditions and limitations in section ((~~603~~)) 601 of this act.

(2) Except as provided otherwise in this section, the entire motor vehicle account--state appropriation and motor vehicle account--federal appropriation are provided solely for the projects and activities listed in LEAP Transportation Document ((~~2013-2~~)) 2014-2 ALL PROJECTS as developed ((~~April 23, 2013~~)) March 10, 2014, Program - Highway Preservation Program (P). ((~~It is the intent of the legislature to direct~~)) The department ((~~to give first priority of~~)) shall apply any federal funds gained through efficiencies or the redistribution process in an amount up to $27,200,000 for cost overruns related to the pontoon design errors on the SR 520 Bridge Replacement and HOV project (8BI1003) as described in section 306(12)(f) of this act. Any federal funds gained through efficiencies or the redistribution process that are in excess of $27,200,000 must then be applied to the "Contingency (Unfunded) Highway Preservation Projects" as identified in LEAP Transportation Document ((~~2013-2~~)) 2014-2 ALL PROJECTS as developed ((~~April 23, 2013~~)) March 10, 2014, Program - Highway Preservation Program (P). However, no additional federal funds may be allocated to the I-5/Columbia River Crossing project (400506A).

(3) Within the motor vehicle account--state appropriation and motor vehicle account--federal appropriation, the department may transfer funds between programs I and P, except for funds that are otherwise restricted in this act.

(4) ((~~$27,278,000~~)) $26,610,000 of the motor vehicle account--federal appropriation, $51,000 ((~~and $1,141,000~~)) of the motor vehicle account--state appropriation, and $769,000 of the highway safety account--state appropriation are provided solely for the SR 167/Puyallup River Bridge Replacement project (316725A). This project must be completed as a design-build project. The department must work with local jurisdictions and the community during the environmental review process to develop appropriate esthetic design elements, at no additional cost to the department, and traffic management plans pertaining to this project. The department must report to the transportation committees of the legislature on estimated cost and/or time savings realized as a result of using the design-build process.

(5) The department shall examine the use of electric arc furnace slag for use as an aggregate for new roads and paving projects in high traffic areas and report back to the legislature on its current use in other areas of the country and any characteristics that can provide greater wear resistance and skid resistance in new pavement construction.

Sec. 308. 2013 c 306 s 308 (uncodified) is amended to read as follows:

FOR THE DEPARTMENT OF TRANSPORTATION--TRAFFIC OPERATIONS--PROGRAM Q-- CAPITAL

Motor Vehicle Account--State Appropriation ((~~$3,194,000~~)) $4,915,000

Motor Vehicle Account--Federal Appropriation ((~~$7,959,000~~)) $9,152,000

Motor Vehicle Account--Private/Local Appropriation $200,000

TOTAL APPROPRIATION ((~~$11,153,000~~)) $14,267,000

The appropriations in this section are subject to the following conditions and limitations: ((~~$694,000~~)) $195,000 of the motor vehicle account--state appropriation is provided solely for project 000005Q as state matching funds for federally selected competitive grants or congressional earmark projects. These moneys must be placed into reserve status until such time as federal funds are secured that require a state match.

Sec. 309. 2013 c 306 s 309 (uncodified) is amended to read as follows:

FOR THE DEPARTMENT OF TRANSPORTATION--WASHINGTON STATE FERRIES CONSTRUCTION--PROGRAM W

Puget Sound Capital Construction Account--State Appropriation ((~~$53,036,000~~)) $63,825,000

Puget Sound Capital Construction Account--Federal Appropriation ((~~$91,692,000~~)) $118,444,000

Puget Sound Capital Construction Account--Private/Local Appropriation ((~~$1,145,000~~)) $1,312,000

Multimodal Transportation Account--State Appropriation ((~~$1,534,000~~)) $2,588,000

Transportation 2003 Account (Nickel Account)--State Appropriation ((~~$143,941,000~~)) $190,031,000

Transportation Partnership Account--State Appropriation $2,813,000

TOTAL APPROPRIATION ((~~$291,348,000~~)) $379,013,000

The appropriations in this section are subject to the following conditions and limitations:

(1) Except as provided otherwise in this section, the entire appropriations in this section are provided solely for the projects and activities as listed in LEAP Transportation Document ((~~2013-2~~)) 2014-2 ALL PROJECTS as developed ((~~April 23, 2013~~)) March 10, 2014, Program - Washington State Ferries Capital Program (W).

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(2) The Puget Sound capital construction account--state appropriation includes up to $20,000,000 in proceeds from the sale of bonds authorized in RCW 47.10.843.

(3) ((~~$143,633,000~~)) $137,425,000 of the transportation 2003 account (nickel account)--state appropriation ((~~is~~)), $2,338,000 of the transportation partnership account--state appropriation, and $300,000 of the Puget Sound capital construction account--federal appropriation are provided solely for the acquisition of two 144-car vessels (projects L2200038 and L2200039). The department shall use as much already procured equipment as practicable on the 144-car vessels.

(4) ((~~$8,270,000~~)) $14,728,000 of the Puget Sound capital construction account--federal appropriation, ((~~$3,935,000~~)) $4,038,000 of the Puget Sound capital construction account--state appropriation, and ((~~$1,534,000~~)) $1,535,000 of the multimodal transportation account--state appropriation are provided solely for the Mukilteo ferry terminal (project 952515P). To the greatest extent practicable, the department shall seek additional federal funding for this project. Within the multimodal transportation account--state appropriation amount provided in this subsection, the department shall lease to the city in which the project is located a portion of the department's property associated with this project to provide safe, temporary public access from the easterly terminus of First Street to the vicinity of Front Street. The department shall provide the lease at no cost in recognition of the impacts of this project to the city and require appropriate liability and maintenance coverage in the terms of the lease. Public access must be installed and removed at no cost to the state prior to construction of the multimodal terminal project.

(5) ((~~$4,000,000~~)) $4,935,000 of the Puget Sound capital construction account--state appropriation is provided solely for emergency capital repair costs (project 999910K). Funds may only be spent after approval by the office of financial management.

(6) Consistent with RCW 47.60.662, which requires the Washington state ferry system to collaborate with passenger-only ferry and transit providers to provide service at existing terminals, the department shall ensure that multimodal access, including for passenger-only ferries and transit service providers, is not precluded by any future modifications at the terminal.

(7) ((~~$3,800,000~~)) $4,026,000 of the Puget Sound capital construction account--state appropriation is provided solely for the reservation and communications system projects (L200041 & L200042).

(8) $4,210,000 of the Puget Sound capital construction account--state appropriation is provided solely for the capital program share of $7,259,000 in lease payments for the ferry division's headquarters building. Consistent with the 2012 facilities oversight plan, the department shall strive to consolidate office space in downtown Seattle by the end of 2015. The department shall consider renewing the lease for the ferry division's current headquarters building only if the lease rate is reduced at least fifty percent and analysis shows that this is the least cost and risk option for the department. Consolidation with other divisions or state agencies, or a reduction in leased space, must also be considered as part of any headquarters lease renewal analysis.

(9) ((~~$21,950,000~~)) $23,737,000 of the total appropriation is for preservation work on the Hyak super class vessel (project 944431D), including installation of a power management system and more efficient propulsion systems, that in combination are anticipated to save up to twenty percent in fuel and reduce maintenance costs. Upon completion of this project, the department shall provide a report to the transportation committees of the legislature on the fuel and maintenance savings achieved for this vessel and the potential to save additional funds through other vessel conversions.

(10) The transportation 2003 account (nickel account)--state appropriation includes up to $50,000,000 in proceeds from the sale of bonds authorized in RCW 47.10.861.

(11) $50,000,000 of the transportation 2003 account (nickel account)--state appropriation is provided solely for the acquisition of one 144-car vessel (project L1000063). If chapter . . . (Engrossed Second Substitute House Bill No. 1129), Laws of 2014 (ferry vessel replacement) is not enacted by June 30, 2014, the amount provided in the subsection lapses.

(12) If the department pursues a conversion of the existing diesel powered Issaquah class fleet to a different fuel source or engine technology, the department must use a design-build procurement process.

(13) $350,000 of the Puget Sound capital construction account--state appropriation is provided solely for the issuance of a request for proposals to convert the Issaquah class vessels to use liquefied natural gas and to provide a one-time stipend to the entity awarded the conversion contract. Of the amounts provided in this subsection:

(a) $100,000 of the Puget Sound capital construction account--state appropriation is for the department to issue a request for proposals for a design-build contract consistent with RCW 47.20.780 to convert six Issaquah class vessels to be powered by liquefied natural gas. Consistent with RCW 47.56.030(2)(c), the legislature finds that the performance needs of the department in converting to liquefied natural gas are for engines with the lowest life-cycle costs, and the department must weigh this criteria as a priority when evaluating the proposals. To encourage cost saving ideas, the department shall limit prescribing design elements in the proposal to those approved or required by the United States coast guard in the liquefied natural gas waterways suitability assessment or those otherwise essential to provide clear direction to bidders. The request for proposals must include a process for evaluating proposals that may include alternative financing arrangements that are in compliance with state private financing law. When evaluating the financial merits of any liquefied natural gas conversion request for proposals, the department shall give consideration to the inability of the state to fund a liquefied natural gas conversion using currently available public resources. The department shall issue the request for proposals within forty-five days of rejecting the liquefied natural gas request for proposals issued under section 308(11), chapter 86, Laws of 2012 or receiving final findings from the United States coast guard on the liquefied natural gas waterways suitability assessment, whichever is later.

(b) $250,000 of the Puget Sound capital construction account--state appropriation is for the entity awarded the contract pursuant to this subsection.

Sec. 310. 2013 c 306 s 310 (uncodified) is amended to read as follows:

FOR THE DEPARTMENT OF TRANSPORTATION--RAIL--PROGRAM Y--CAPITAL

Essential Rail Assistance Account--State Appropriation ((~~$861,000~~)) $1,020,000

Transportation Infrastructure Account--State Appropriation ((~~$8,582,000~~)) $9,190,000

Multimodal Transportation Account--State Appropriation ((~~$33,156,000~~)) $44,085,000

Multimodal Transportation Account--Federal Appropriation ((~~$333,881,000~~)) $430,193,000

Multimodal Transportation Account--Private/Local Appropriation $409,000

TOTAL APPROPRIATION ((~~$376,480,000~~)) $484,897,000

The appropriations in this section are subject to the following conditions and limitations:

(1)(a) Except as provided otherwise in this section, the entire appropriations in this section are provided solely for the projects and activities as listed by project and amount in LEAP Transportation Document ((~~2013-2~~)) 2014-2 ALL PROJECTS as developed ((~~April 23, 2013~~)) March 10, 2014, Program - Rail ((~~Capital~~)) Program (Y).

(b) Within the amounts provided in this section, ((~~$7,332,000~~)) $7,669,000 of the transportation infrastructure account--state appropriation is for low-interest loans through the freight rail investment bank program identified in the LEAP transportation document referenced in (a) of this subsection. The department shall issue freight rail investment bank program loans with a repayment period of no more than ten years, and only so much interest as is necessary to recoup the department's costs to administer the loans.

(c) Within the amounts provided in this section, ((~~$2,439,000~~)) $2,440,000 of the multimodal transportation account--state appropriation, $1,250,000 of the transportation infrastructure account--state appropriation, and $311,000 of the essential rail assistance account--state appropriation are for statewide emergent freight rail assistance projects identified in the LEAP transportation document referenced in (a) of this subsection.

(2) Unsuccessful 2012 freight rail assistance program grant applicants may be awarded freight rail investment bank program loans, if eligible. ((~~If any funds remain in the freight rail investment bank or freight rail assistance program reserves (projects F01001A and F01000A), or any approved grants or loans are terminated,~~)) The department shall issue a call for projects for the freight rail investment bank loan program and the freight rail assistance grant program, and shall evaluate the applications in a manner consistent with past practices as specified in section 309, chapter 367, Laws of 2011. By November 1, ((~~2013~~)) 2014, the department shall submit a prioritized list of recommended projects to the office of financial management and the transportation committees of the legislature.

(3) ((~~$314,647,000~~)) $424,400,000 of the multimodal transportation account--federal appropriation and ((~~$4,867,000~~)) $10,658,000 of the multimodal transportation account--state appropriation are provided solely for expenditures related to passenger high-speed rail grants. Except for the Mount Vernon project (P01101A), the multimodal transportation account--state appropriation funds reflect one and one- half percent of the total project funds, and are provided solely for expenditures that are not eligible for federal reimbursement. Of the amounts provided in this subsection, $31,500,000 of the multimodal transportation account--federal appropriation is provided solely for the purchase of two new train sets for the state-supported intercity passenger rail service. The department must apply for any federal waivers required to purchase thenew train sets, as allowable under existing competitive bidding practices, and seek federal funds in addition to those available from the high-speed rail grants.

(4) As allowable under federal rail authority rules and existing competitive bidding practices, when purchasing new train sets, the department shall give preference to bidders that propose train sets with characteristics and maintenance requirements most similar to those currently owned by the department.

(5) The department shall provide quarterly reports to the office of financial management and the transportation committees of the legislature regarding applications that the department submits for federal funds and the status of such applications.

(6)(a) ((~~$550,000~~)) $709,000 of the essential rail assistance account--state appropriation, $241,000 of the transportation infrastructure account--state appropriation, and $1,893,000 of the multimodal transportation account--state appropriation are provided solely for the purpose of rehabilitation and maintenance of the Palouse river and Coulee City railroad line (project F01111B). The department shall complete an evaluation and assessment of future maintenance needs on the line to ensure appropriate levels of state investment.

(b) Expenditures from the essential rail assistance account--state appropriation in this section may not exceed the combined total of:

(i) Revenues deposited into the essential rail assistance account from leases and sale of property pursuant to RCW 47.76.290; and

(ii) Revenues transferred from the miscellaneous program account to the essential rail assistance account, pursuant to RCW 47.76.360, for the purpose of sustaining the grain train program by maintaining the Palouse river and Coulee City railroad line.

(7) ((~~$31,500,000 of the multimodal transportation account--federal appropriation is provided solely for the purchase of two new train sets for the state-supported intercity passenger rail service. The department must apply for any federal waivers required to purchase the new train sets, as allowable under existing competitive bidding practices, and seek federal funds in addition to those available from the high-speed rail grants~~)) (a) When the department identifies a prospective rail project that may have strategic significance for the state, or at the request of a proponent of a prospective rail project or a member of the legislature, the department shall evaluate the prospective project according to the cost-benefit methodology developed during the 2008 interim using the legislative priorities specified in (b) of this subsection. The department shall report its cost-benefit evaluation of the prospective rail project, as well as the department's best estimate of an appropriate construction schedule and total project costs, to the office of financial management and the transportation committees of the legislature.

(b) The legislative priorities to be used in the cost-benefit methodology are, in order of relative importance:

(i) Economic, safety, or environmental advantages of freight movement by rail compared to alternative modes;

(ii) Self-sustaining economic development that creates family-wage jobs;

(iii) Preservation of transportation corridors that would otherwise be lost;

(iv) Increased access to efficient and cost-effective transport to market for Washington's agricultural and industrial products;

(v) Better integration and cooperation within the regional, national, and international systems of freight distribution; and

(vi) Mitigation of impacts of increased rail traffic on communities.

Sec. 311. 2013 c 306 s 311 (uncodified) is amended to read as follows:

FOR THE DEPARTMENT OF TRANSPORTATION--LOCAL PROGRAMS--PROGRAM Z-- CAPITAL

Highway Infrastructure Account--State Appropriation $207,000

Highway Infrastructure Account--Federal Appropriation $1,602,000

((~~Freight Mobility Investment Account--State Appropriation $11,794,000~~))

Transportation Partnership Account--State Appropriation ((~~$7,214,000~~)) $9,236,000

Highway Safety Account--State Appropriation ((~~$11,255,000~~)) $8,915,000

Motor Vehicle Account--State Appropriation ((~~$6,918,000~~)) $2,201,000

Motor Vehicle Account--Federal Appropriation ((~~$28,413,000~~)) $34,581,000

((~~Freight Mobility Multimodal Account--State Appropriation $9,736,000~~

~~Freight Mobility Multimodal Account--Private/Local Appropriation$1,320,000~~))

Multimodal Transportation Account--State Appropriation ((~~$13,913,000~~)) $18,740,000

TOTAL APPROPRIATION ((~~$92,372,000~~)) $75,482,000

The appropriations in this section are subject to the following conditions and limitations:

(1) Except as provided otherwise in this section, the entire appropriations in this section are provided solely for the projects and activities as listed by project and amount in LEAP Transportation Document ((~~2013-2~~)) 2014-2 ALL PROJECTS as developed ((~~April 23, 2013~~)) March 10, 2014, Program - Local Programs (Z).

(2) With each department budget submittal, the department shall provide an update on the status of the repayment of the twenty million dollars of unobligated federal funds authority advanced by the department in September 2010 to the city of Tacoma for the Murray Morgan/11th Street bridge project. The department may negotiate with the city of Tacoma an agreement for repayment of the funds over a period of up to twenty-five years at terms agreed upon by the department and the city. The funds previously advanced by the department to the city are not to be considered a general obligation of the city but instead an obligation payable from identified revenues set aside for the repayment of the funds.

(3) The amounts identified in the LEAP transportation document referenced under subsection (1) of this section for pedestrian safety/safe routes to school are as follows:

(a) ((~~$12,160,000~~)) $16,543,000 of the multimodal transportation account--state appropriation, ((~~$6,824,000~~)) $8,724,000 of the transportation partnership account--state appropriation, and $62,000 of the motor vehicle account--federal appropriation are provided solely for pedestrian and bicycle safety program projects.

(b) $11,700,000 of the motor vehicle account--federal appropriation((~~, $5,200,000 of the motor vehicle account--state appropriation,~~)) and $6,750,000 of the highway safety account--state appropriation are provided solely for newly selected safe routes to school projects, and ((~~$3,400,000~~)) $6,503,000 of the motor vehicle account--federal appropriation and ((~~$2,055,000~~)) $2,165,000 of the highway safety account--state appropriation are reappropriated for safe routes to school projects selected in the previous biennia. The amount provided for new projects is consistent with federal funding levels from the 2011-2013 omnibus transportation appropriations act and the intent of the fee increases in chapter 74, Laws of 2012 and chapter 80, Laws of 2012. ((~~The motor vehicle account--state appropriation in this subsection (3)(b) is the amount made available by the repeal of the deduction from motor vehicle fuel tax liability for handling losses of motor vehicle fuel, as identified in chapter . . . (Substitute House Bill No. 2041), Laws of 2013 (handling losses of motor vehicle fuel). If chapter . . . (Substitute House Bill No. 2041), Laws of 2013 is not enacted by June 30, 2013, the motor vehicle account--state appropriation in this subsection (3)(b) lapses.~~))

(4) ((~~$84,000 of the motor vehicle account--state appropriation, $3,250,000 of the motor vehicle account--federal appropriation, $2,450,000 of the highway safety account--state appropriation, $11,794,000 of the freight mobility investment account--state appropriation, $9,736,000 of the freight mobility multimodal account--state appropriation, and $1,320,000 of the freight mobility multimodal account--private/local appropriation are provided solely for the projects and activities as listed by project and amount in LEAP Transportation Document 2013-B as developed April 23, 2013. If chapter . . . (Substitute House Bill No. 1256), Laws of 2013 is enacted by June 30, 2013, the amounts provided in this subsection lapse. (5)~~)) The department may enter into contracts and make expenditures for projects on behalf of and selected by the freight mobility strategic investment board from the amounts provided in section 301 of this act.

((~~(6)~~)) (5) The department shall submit a report to the transportation committees of the legislature by December 1, 2013, and December 1, 2014, on the status of projects funded as part of the pedestrian safety/safe routes to school grant program (0LP600P). The report must include, but is not limited to, a list of projects selected and a brief description of each project's status.

((~~(7)~~)) (6) $50,000 of the motor vehicle account--state appropriation is provided solely for the installation of a guard rail on Deer Harbor Road in San Juan county (L2220054).

Sec. 312. 2013 c 306 s 312 (uncodified) is amended to read as follows:

ANNUAL REPORTING REQUIREMENTS FOR CAPITAL PROGRAM

(1) As part of its budget submittal for the ((~~2014 supplemental~~)) 2015 biennial budget, the department of transportation shall provide an update to the report provided to the legislature in 2013 that: (a) Compares the original project cost estimates approved in the 2003 and 2005 project lists to the completed cost of the project, or the most recent legislatively approved budget and total project costs for projects not yet completed; (b) identifies highway projects that may be reduced in scope and still achieve a functional benefit; (c) identifies highway projects that have experienced scope increases and that can be reduced in scope; (d) identifies highway projects that have lost significant local or regional contributions that were essential to completing the project; and (e) identifies contingency amounts allocated to projects.

(2) As part of its budget submittal for the ((~~2014 supplemental~~)) 2015 biennial budget, the department of transportation shall provide an annual report on the number of toll credits the department has accumulated and how the department has used the toll credits.

TRANSFERS AND DISTRIBUTIONS

Sec. 401. 2013 c 306 s 401 (uncodified) is amended to read as follows:

FOR THE STATE TREASURER--BOND RETIREMENT AND INTEREST, AND ONGOING BOND REGISTRATION AND TRANSFER CHARGES: FOR BOND SALES DISCOUNTS AND DEBT TO BE PAID BY MOTOR VEHICLE ACCOUNT AND TRANSPORTATION FUND REVENUE

Transportation Partnership Account--State
Appropriation ((~~$10,406,000~~))
$3,099,000

Motor Vehicle Account--State Appropriation ((~~$450,000~~))
$187,000

State Route Number 520 Corridor Account--State
Appropriation $3,866,000

Highway Bond Retirement Account--State
Appropriation ((~~$1,074,580,000~~))
$1,086,801,000

Ferry Bond Retirement Account--State Appropriation $31,824,000

Transportation Improvement Board Bond Retirement
Account--State Appropriation ((~~$16,267,000~~))
$16,268,000

Nondebt-Limit Reimbursable Bond Retirement Account--State
Appropriation $25,825,000

Toll Facility Bond Retirement Account--State
Appropriation $52,050,000

((~~Toll Facility Bond Retirement Account--Federal Appropriation $64,982,000~~))

Transportation 2003 Account (Nickel Account)--State
Appropriation ((~~$1,958,000~~))
$682,000

((~~Special Category C Account--State Appropriation $2,000~~))

TOTAL APPROPRIATION ((~~$1,282,210,000~~))
$1,220,602,000

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Sec. 402. 2013 c 306 s 402 (uncodified) is amended to read as follows:

FOR THE STATE TREASURER--BOND RETIREMENT AND INTEREST, AND ONGOING BOND REGISTRATION AND TRANSFER CHARGES: FOR BOND SALE EXPENSES AND FISCAL AGENT CHARGES

Transportation Partnership Account--State Appropriation ((~~$1,156,000~~))
$588,000

Motor Vehicle Account--State Appropriation ((~~$50,000~~))
$32,000

State Route Number 520 Corridor Account--State Appropriation $531,000

Transportation 2003 Account (Nickel Account)--State Appropriation ((~~$218,000~~))
$123,000

TOTAL APPROPRIATION ((~~$1,955,000~~))
$1,274,000

NEW SECTION. **Sec. 403.** A new section is added to 2013 c 306 (uncodified) to read as follows:

FOR THE STATE TREASURER--BOND RETIREMENT AND INTEREST, AND ONGOING BOND REGISTRATION AND TRANSFER CHARGES: FOR DEBT TO BE PAID BY STATUTORILY PRESCRIBED REVENUE

Toll Facility Bond Retirement Account--Federal Appropriation $69,913,000

Sec. 404. 2013 c 306 s 404 (uncodified) is amended to read as follows:

FOR THE STATE TREASURER--STATE REVENUES FOR DISTRIBUTION

Motor Vehicle Account--State Appropriation: For motor vehicle fuel tax distributions to cities and counties ((~~$474,610,000~~))
$478,598,000

Sec. 405. 2013 c 306 s 405 (uncodified) is amended to read as follows:

FOR THE STATE TREASURER--TRANSFERS

Motor Vehicle Account--State Appropriation: For motor vehicle fuel tax refunds and statutory transfers ((~~$1,235,491,000~~))
$1,242,728,000

Sec. 406. 2013 c 306 s 406 (uncodified) is amended to read as follows:

FOR THE DEPARTMENT OF LICENSING--TRANSFERS

Motor Vehicle Account--State Appropriation: For motor vehicle fuel tax refunds and transfers ((~~$138,627,000~~))
$138,494,000

Sec. 407. 2013 c 306 s 407 (uncodified) is amended to read as follows:

FOR THE STATE TREASURER--ADMINISTRATIVE TRANSFERS

(1) Recreational Vehicle Account--State Appropriation: For transfer to the Motor Vehicle Account—State $1,300,000

(2) Multimodal Transportation Account--State Appropriation: For transfer to the Puget Sound Ferry Operations Account—State $13,000,000

(3) Rural Mobility Grant Program Account--State Appropriation: For transfer to the Multimodal Transportation Account—State $3,000,000

(4) Motor Vehicle Account--State Appropriation: For transfer to the Special Category C Account—State $1,500,000

(5) Capital Vessel Replacement Account--State Appropriation: For transfer to the Transportation 2003 Account (Nickel Account)—State ((~~$7,702,000~~))
$7,571,000

(6) Multimodal Transportation Account--State Appropriation: For transfer to the Public Transportation Grant Program Account—State $26,000,000

(7) Motor Vehicle Account--State Appropriation: For transfer to the Puget Sound Ferry Operations Account—State $28,000,000

(8) Motor Vehicle Account--State Appropriation: For transfer to the Puget Sound Capital Construction Account—State $28,000,000

(9) State Route Number 520 Civil Penalties Account--State Appropriation: For transfer to the State Route Number 520 Corridor Account—State $886,000

(10) Multimodal Transportation Account--State Appropriation: For transfer to the Highway Safety Account—State ((~~$10,000,000~~))
$14,000,000

(11) Motor Vehicle Account--State Appropriation: For transfer to the State Patrol Highway Account—State $27,000,000

(12) Highway Safety Account--State Appropriation: For transfer to the Puget Sound Ferry Operations Account—State $42,000,000

(13) Advanced Environmental Mitigation Revolving Account--State Appropriation: For transfer to the Motor Vehicle Account—State $2,000,000

(14) Advanced Right-of-Way Revolving Fund--State Appropriation: For transfer to the Motor Vehicle Account—State $6,000,000

(15) Tacoma Narrows Toll Bridge Account--State Appropriation: For transfer to the Motor Vehicle Account—State $950,000

(16) License Plate Technology Account--State Appropriation: For transfer to the Highway Safety Account—State $3,000,000

(17) Motor Vehicle Account--State Appropriation: For transfer to the Transportation Equipment Fund—State $3,915,000

(18) ((~~Multimodal Transportation Account--State Appropriation: For transfer to the Motor Vehicle Account—State $10,000,000~~))
(a) Capital Vessel Replacement Account--State Appropriation: For transfer to Transportation 2003 Account (Nickel Account)--State$11,128,000

(b) If chapter . . . (Engrossed Second Substitute House Bill No. 1129), Laws of 2014 (ferry vessel replacement) is not enacted by June 30, 2014, the amount transferred in (a) of this subsection lapses.

(19) Motor Vehicle Account--State Appropriation: For transfer to the Interstate 405 Express Toll Lanes Operations Account—State $2,019,000

COMPENSATION

Sec. 501. 2013 c 306 s 517 (uncodified) is amended to read as follows:

COMPENSATION--REPRESENTED EMPLOYEES--SUPER COALITION--INSURANCE BENEFITS

No agreement has been reached between the governor and the health care super coalition under chapter 41.80 RCW for the 2013-2015 fiscal biennium. Appropriations in this act for fiscal year 2014 for state agencies, including institutions of higher education, are sufficient to continue the provisions of the 2011-2013 collective bargaining agreement. An agreement was reached between the

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governor and the health care super coalition under chapter 41.80 RCW for fiscal year 2015. The agreement includes employer contributions to premiums at eighty-five percent of the total weighted average of the projected health care premiums. Appropriations in this act for fiscal year 2015 are sufficient to fund the provisions of the fiscal year 2015 collective bargaining agreement, and are subject to the following conditions and limitations:

(1)(a) The monthly employer funding rate for insurance benefit premiums, public employees' benefits board administration, and the uniform medical plan must not exceed $809 per eligible employee for fiscal year 2014. For fiscal year 2015, the monthly employer funding rate must not exceed ((~~$820~~)) $703 per eligible employee.

(b) In order to achieve the level of funding provided for health benefits, the public employees' benefits board must require any of the following: Employee premium copayments; increases in point-of-service cost sharing; the implementation of managed competition; or other changes to benefits consistent with the collective bargaining agreement and RCW 41.05.065.

(c) The health care authority shall deposit any moneys received on behalf of the uniform medical plan as a result of rebates on prescription drugs, audits of hospitals, subrogation payments, or any other moneys recovered as a result of prior uniform medical plan claims payments into the public employees' and retirees' insurance account to be used for insurance benefits. Such receipts must not be used for administrative expenditures.

(2) The health care authority, subject to the approval of the public employees' benefits board, shall provide subsidies for health benefit premiums to eligible retired or disabled public employees and school district employees who are eligible for medicare, pursuant to RCW 41.05.085. For calendar years 2014 and 2015, the subsidy must be $150.00 per month.

Sec. 502. 2013 c 306 s 518 (uncodified) is amended to read as follows:

COMPENSATION--REPRESENTED EMPLOYEES OUTSIDE SUPER COALITION--INSURANCE BENEFITS

Appropriations for state agencies in this act are sufficient for represented employees outside the super coalition for health benefits and are subject to the following conditions and limitations:

(1)(a) The monthly employer funding rate for insurance benefit premiums, public employees' benefits board administration, and the uniform medical plan must not exceed $809 per eligible employee for fiscal year 2014. For fiscal year 2015, the monthly employer funding rate must not exceed ((~~$820~~)) $703 per eligible employee.

(b) In order to achieve the level of funding provided for health benefits, the public employees' benefits board shall require any of the following: Employee premium copayments; increases in point-of-service cost sharing; the implementation of managed competition; or other changes to benefits consistent with RCW 41.05.065.

(c) The health care authority shall deposit any moneys received on behalf of the uniform medical plan as a result of rebates on prescription drugs, audits of hospitals, subrogation payments, or any other moneys recovered as a result of prior uniform medical plan claims payments into the public employees' and retirees' insurance account to be used for insurance benefits. Such receipts must not be used for administrative expenditures.

(2) The health care authority, subject to the approval of the public employees' benefits board, shall provide subsidies for health benefit premiums to eligible retired or disabled public employees and school district employees who are eligible for medicare, pursuant to RCW 41.05.085. For calendar years 2014 and 2015, the subsidy must be $150.00 per month.

Sec. 503. 2013 c 306 s 519 (uncodified) is amended to read as follows:

COMPENSATION--NONREPRESENTED EMPLOYEES--INSURANCE BENEFITS

Appropriations for state agencies in this act are sufficient for nonrepresented state employee health benefits for state agencies, including institutions of higher education, and are subject to the following conditions and limitations:

(1)(a) The monthly employer funding rate for insurance benefit premiums, public employees' benefits board administration, and the uniform medical plan must not exceed $809 per eligible employee for fiscal year 2014. For fiscal year 2015, the monthly employer funding rate must not exceed ((~~$820~~)) $703 per eligible employee.

(b) In order to achieve the level of funding provided for health benefits, the public employees' benefits board shall require any of the following: Employee premium copayments; increases in point-of-service cost sharing; the implementation of managed competition; or make other changes to benefits consistent with RCW 41.05.065.

(c) The health care authority shall deposit any moneys received on behalf of the uniform medical plan as a result of rebates on prescription drugs, audits of hospitals, subrogation payments, or any other moneys recovered as a result of prior uniform medical plan claims payments into the public employees' and retirees' insurance account to be used for insurance benefits. Such receipts must not be used for administrative expenditures.

(2) The health care authority, subject to the approval of the public employees' benefits board, shall provide subsidies for health benefit premiums to eligible retired or disabled public employees and school district employees who are eligible for medicare, pursuant to RCW 41.05.085. For calendar years 2014 and 2015, the subsidy must be $150.00 per month.

IMPLEMENTING PROVISIONS

Sec. 601. 2013 c 306 s 603 (uncodified) is amended to read as follows:

FUND TRANSFERS

(1) The transportation 2003 projects or improvements and the 2005 transportation partnership projects or improvements are listed in the LEAP list titled ((~~2013-1~~)) 2014-1 as developed ((~~April 23, 2013~~)) March 10, 2014, which consists of a list of specific projects by fund source and amount over a ten-year period. Current fiscal biennium funding for each project is a line-item appropriation, while the outer year funding allocations represent a ten-year plan. The department is expected to use the flexibility provided in this section to assist in the delivery and completion of all transportation partnership account and transportation 2003 account (nickel account) projects on the LEAP transportation documents referenced in this act. However, this section does not apply to the I-5/Columbia River Crossing project (400506A). For the 2011-2013 and 2013-2015 project appropriations, unless otherwise provided in this act, the director of financial management may authorize a transfer of appropriation authority between projects funded with transportation 2003 account (nickel account) appropriations, or transportation partnership account appropriations, in order to manage project spending and efficiently deliver all projects in the respective program under the following conditions and limitations:

(a) Transfers may only be made within each specific fund source referenced on the respective project list;

(b) Transfers from a project may not be made as a result of the reduction of the scope of a project or be made to support increases in the scope of a project;

(c) Each transfer between projects may only occur if the director of financial management finds that any resulting change will not hinder the completion of the projects as approved by the legislature. Until the legislature reconvenes to consider the 2014 supplemental omnibus transportation appropriations act, any unexpended 2011-

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2013 appropriation balance as approved by the office of financial management, in consultation with the legislative staff of the house of representatives and senate transportation committees, may be considered when transferring funds between projects;

(d) Transfers from a project may be made if the funds appropriated to the project are in excess of the amount needed to complete the project;

(e) Transfers may not occur for projects not identified on the applicable project list;

(f) Transfers may not be made while the legislature is in session; and

(g) Transfers between projects may be made, without the approval of the director of the office of financial management, by the department of transportation until the transfer amount by project exceeds two hundred fifty thousand dollars, or ten percent of the total project, whichever is less. These transfers must be reported quarterly to the director of financial management and the chairs of the house of representatives and senate transportation committees.

(2) At the time the department submits a request to transfer funds under this section, a copy of the request must be submitted to the transportation committees of the legislature.

(3) The office of financial management shall work with legislative staff of the house of representatives and senate transportation committees to review the requested transfers in a timely manner.

(4) The office of financial management shall document approved transfers and schedule changes in the transportation executive information system, compare changes to the legislative baseline funding and schedules identified by project identification number identified in the LEAP transportation documents referenced in this act, and transmit revised project lists to chairs of the transportation committees of the legislature on a quarterly basis.

NEW SECTION. **Sec. 602.** A new section is added to 2013 c 306 (uncodified) to read as follows:

FOR THE DEPARTMENT OF TRANSPORTATION

Except as otherwise provided in this act, the department may enter into a new agreement with King county for the purpose of public transportation mitigation for the SR 99/Alaskan Way Viaduct - Replacement project through the end of the 2013-2015 fiscal biennium. Before expending any funds, the department must inform the transportation committees of the legislature of the amount and source of the funds.

NEW SECTION. **Sec. 603.** A new section is added to 2013 c 306 (uncodified) to read as follows:

FOR THE DEPARTMENT OF TRANSPORTATION

(1) The department shall submit a report to the transportation committees of the legislature detailing engineering errors on highway construction projects resulting in project cost increases in excess of five hundred thousand dollars. The department must submit a full report within ninety days of the negotiated change order resulting from the engineering error.

(2) The department's full report must include an assessment and review of:

(a) How the engineering error happened;

(b) The department of the employee or employees responsible for the engineering error, without disclosing the name of the employee or employees;

(c) What corrective action was taken;

(d) The estimated total cost of the engineering error and how the department plans to mitigate that cost;

(e) Whether the cost of the engineering error will impact the overall project financial plan; and

(f) What action the secretary has recommended to avoid similar engineering errors in the future.

MISCELLANEOUS 2013-2015 FISCAL BIENNIUM

Sec. 701. RCW 47.28.030 and 2011 c 367 s 710 are each amended to read as follows:

(1)(a) A state highway shall be constructed, altered, repaired, or improved, and improvements located on property acquired for right-of-way purposes may be repaired or renovated pending the use of such right-of-way for highway purposes, by contract or state forces. The work or portions thereof may be done by state forces when the estimated costs thereof are less than fifty thousand dollars and effective July 1, 2005, sixty thousand dollars.

(b) When delay of performance of such work would jeopardize a state highway or constitute a danger to the traveling public, the work may be done by state forces when the estimated cost thereof is less than eighty thousand dollars and effective July 1, 2005, one hundred thousand dollars.

(c) When the department of transportation determines to do the work by state forces, it shall enter a statement upon its records to that effect, stating the reasons therefor.

(d) To enable a larger number of small businesses and veteran, minority, and women contractors to effectively compete for department of transportation contracts, the department may adopt rules providing for bids and award of contracts for the performance of work, or furnishing equipment, materials, supplies, or operating services whenever any work is to be performed and the engineer's estimate indicates the cost of the work would not exceed eighty thousand dollars and effective July 1, 2005, one hundred thousand dollars.

(2) The rules adopted under this section:

(a) Shall provide for competitive bids to the extent that competitive sources are available except when delay of performance would jeopardize life or property or inconvenience the traveling public; and

(b) Need not require the furnishing of a bid deposit nor a performance bond, but if a performance bond is not required then progress payments to the contractor may be required to be made based on submittal of paid invoices to substantiate proof that disbursements have been made to laborers, material suppliers, mechanics, and subcontractors from the previous partial payment; and

(c) May establish prequalification standards and procedures as an alternative to those set forth in RCW 47.28.070, but the prequalification standards and procedures under RCW 47.28.070 shall always be sufficient.

(3) The department of transportation shall comply with such goals and rules as may be adopted by the office of minority and women's business enterprises to implement chapter 39.19 RCW with respect to contracts entered into under this chapter. The department may adopt such rules as may be necessary to comply with the rules adopted by the office of minority and women's business enterprises under chapter 39.19 RCW.

(4)(a) For the period of March 15, ((~~2010~~)) 2014, through June 30, ((~~2013~~)) 2015, work for less than one hundred twenty thousand dollars may be performed on ferry vessels and terminals by state forces.

(b) The department shall hire a disinterested, third party to conduct an independent analysis to identify methods of reducing out-of- service times for vessel maintenance, preservation, and improvement projects. The analysis must include options that consider consolidating work while vessels are at shipyards by having state forces perform services traditionally performed at Eagle Harbor at the shipyard and decreasing the allowable time at shipyards. The analysis must also compare the out-of-service vessel times of performing services by state forces versus contracting out those services which in turn must be used to form a recommendation as to

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what the threshold of work performed on ferry vessels and terminals by state forces should be. This analysis must be presented to the transportation committees of the senate and house of representatives by December 1, 2010.

(c) The department shall develop a proposed ferry vessel maintenance, preservation, and improvement program and present it to the transportation committees of the senate and house of representatives by December 1, 2010. The proposed program must:

(i) Improve the basis for budgeting vessel maintenance, preservation, and improvement costs and for projecting those costs into a sixteen-year financial plan;

(ii) Limit the amount of planned out-of-service time to the greatest extent possible, including options associated with department staff as well as commercial shipyards; and

(iii) Be based on the service plan in the capital plan, recognizing that vessel preservation and improvement needs may vary by route.

(d) In developing the proposed ferry vessel maintenance, preservation, and improvement program, the department shall consider the following, related to reducing vessel out-of-service time:

(i) The costs compared to benefits of Eagle Harbor repair and maintenance facility operations options to include staffing costs and benefits in terms of reduced out-of-service time;

(ii) The maintenance requirements for on-vessel staff, including the benefits of a systemwide standard;

(iii) The costs compared to benefits of staff performing preservation or maintenance work, or both, while the vessel is underway, tied up between sailings, or not deployed;

(iv) A review of the department's vessel maintenance, preservation, and improvement program contracting process and contractual requirements;

(v) The costs compared to benefits of allowing for increased costs associated with expedited delivery;

(vi) A method for comparing the anticipated out-of-service time of proposed projects and other projects planned during the same construction period;

(vii) Coordination with required United States coast guard dry dockings;

(viii) A method for comparing how proposed projects relate to the service requirements of the route on which the vessel normally operates; and

(ix) A method for evaluating the ongoing maintenance and preservation costs associated with proposed improvement projects.

Sec. 702. RCW 81.53.281 and 2003 c 190 s 3 are each amended to read as follows:

There is hereby created in the state treasury a "grade crossing protective fund" to carry out the provisions of RCW 81.53.261, 81.53.271, 81.53.281, 81.53.291, and 81.53.295; for grants and/or subsidies to public, private, and nonprofit entities for rail safety projects authorized or ordered by the commission; and for personnel and associated costs related to supervising and administering rail safety grants and/or subsidies. <u>During the 2013-2015 fiscal biennium, funds in this account may also be used to conduct the study required under section 102 of this act.</u> The commission shall transfer from the public service revolving fund's miscellaneous fees and penalties accounts moneys appropriated for these purposes as needed. At the time the commission makes each allocation of cost to said grade crossing protective fund, it shall certify that such cost shall be payable out of said fund. When federal-aid highway funds are involved, the department of transportation shall, upon entry of an order by the commission requiring the installation or upgrading of a grade crossing protective device, submit to the commission an estimate for the cost of the proposed installation and related work. Upon receipt of the estimate the commission shall pay to the department of transportation the percentage of the estimate specified in RCW 81.53.295, as now or hereafter amended, to be used as the grade crossing protective fund portion of the cost of the installation and related work.

The commission may adopt rules for the allocation of money from the grade crossing protective fund.

<u>NEW SECTION.</u> **Sec. 703.** A new section is added to 2013 c 306 (uncodified) to read as follows:

The office of the state treasurer shall explore the fiscal implications with respect to outstanding motor vehicle fuel transportation bonds and to future transportation bond sales, relating to any reduction, refunding, crediting, or repeal of the motor vehicle fuel tax, in whole or in part, that may occur in a transition to a potential road usage charge by which transportation activities may be funded in the future. The exploration of fiscal implications must examine possible effects on the state credit rating, interest rates, and other factors that affect the cost of financing transportation projects. The draft report of this work must be shared with the transportation committees of the legislature, the transportation commission, and the office of financial management by September 1, 2014. A final report must be provided to the transportation committees of the legislature, the transportation commission, and the office of financial management by December 31, 2014.

Sec. 704. RCW 82.70.020 and 2013 c 306 s 718 are each amended to read as follows:

(1) Employers in this state who are taxable under chapter 82.04 or 82.16 RCW and provide financial incentives to their own or other employees for ride sharing, for using public transportation, for using car sharing, or for using nonmotorized commuting before July 1, ((~~2014~~)) <u>2015</u>, are allowed a credit against taxes payable under chapters 82.04 and 82.16 RCW for amounts paid to or on behalf of employees for ride sharing in vehicles carrying two or more persons, for using public transportation, for using car sharing, or for using nonmotorized commuting, not to exceed sixty dollars per employee per fiscal year.

(2) Property managers who are taxable under chapter 82.04 or 82.16 RCW and provide financial incentives to persons employed at a worksite in this state managed by the property manager for ride sharing, for using public transportation, for using car sharing, or for using nonmotorized commuting before July 1, ((~~2014~~)) <u>2015</u>, are allowed a credit against taxes payable under chapters 82.04 and 82.16 RCW for amounts paid to or on behalf of these persons for ride sharing in vehicles carrying two or more persons, for using public transportation, for using car sharing, or for using nonmotorized commuting, not to exceed sixty dollars per person per fiscal year.

(3) The credit under this section is equal to the amount paid to or on behalf of each employee multiplied by fifty percent, but may not exceed sixty dollars per employee per fiscal year. No refunds may be granted for credits under this section.

(4) A person may not receive credit under this section for amounts paid to or on behalf of the same employee under both chapters 82.04 and 82.16 RCW.

(5) A person may not take a credit under this section for amounts claimed for credit by other persons.

Sec. 705. RCW 82.70.040 and 2013 c 306 s 719 are each amended to read as follows:

(1)(a)(i) The department shall keep a running total of all credits allowed under RCW 82.70.020 during each fiscal year. The department shall not allow any credits that would cause the total amount allowed to exceed two million seven hundred fifty thousand dollars in any fiscal year. This limitation includes any deferred credits carried forward under subsection (2)(b)(i) of this section from prior years.

(ii) During the 2013-2015 fiscal biennium, the department shall not allow any credits that would cause the total amount allowed to exceed one million five hundred thousand dollars in any fiscal year. This limitation includes any deferred credits carried forward under subsection (2)(b)(i) of this section from prior years.

(b) If the total amount of credit applied for by all applicants in any year exceeds the limit in this subsection, the department shall

ratably reduce the amount of credit allowed for all applicants so that the limit in this subsection is not exceeded. If a credit is reduced under this subsection, the amount of the reduction may not be carried forward and claimed in subsequent fiscal years.

(2)(a) Tax credits under RCW 82.70.020 may not be claimed in excess of the amount of tax otherwise due under chapter 82.04 or 82.16 RCW.

(b)(i) Through June 30, 2005, a person with taxes equal to or in excess of the credit under RCW 82.70.020, and therefore not subject to the limitation in (a) of this subsection, may elect to defer tax credits for a period of not more than three years after the year in which the credits accrue. No credits deferred under this subsection (2)(b)(i) may be used after June 30, 2008. A person deferring tax credits under this subsection (2)(b)(i) must submit an application as provided in RCW 82.70.025 in the year in which the deferred tax credits will be used. This application is subject to the provisions of subsection (1) of this section for the year in which the tax credits will be applied. If a deferred credit is reduced under subsection (1)(b) of this section, the amount of deferred credit disallowed because of the reduction may be carried forward as long as the period of deferral does not exceed three years after the year in which the credit was earned.

(ii) For credits approved by the department after June 30, 2005, the approved credit may be carried forward to subsequent years until used. Credits carried forward as authorized by this subsection are subject to the limitation in subsection (1)(a) of this section for the fiscal year for which the credits were originally approved.

(3) No person shall be approved for tax credits under RCW 82.70.020 in excess of two hundred thousand dollars in any fiscal year. This limitation does not apply to credits carried forward from prior years under subsection (2)(b) of this section.

(4) No person may claim tax credits after June 30, ((~~2014~~)) 2015.

(5) Credits may not be carried forward other than as authorized in subsection (2)(b) of this section.

(6) No person is eligible for tax credits under RCW 82.70.020 if the additional revenues for the multimodal transportation account created by Engrossed Substitute House Bill No. 2231 are terminated.

Sec. 706. RCW 82.70.050 and 2003 c 364 s 5 are each amended to read as follows:

(1) During the 2013-2015 fiscal biennium, the director shall on the 25th of February, May, August, and November of each year advise the state treasurer of the amount of credit taken under RCW 82.70.020 during the preceding calendar quarter ending on the last day of December, March, June, and September, respectively.

(2) On the last day of March, June, September, and December of each year, the state treasurer, based upon information provided by the department, shall deposit to the general fund a sum equal to the dollar amount of the credit provided under RCW 82.70.020 from the multimodal transportation account.

Sec. 707. RCW 82.70.900 and 2013 c 306 s 720 are each amended to read as follows:

This chapter expires ((~~July 1, 2014, except for RCW 82.70.050, which expires January 1, 2015~~)) June 30, 2015.

Sec. 708. RCW 90.03.525 and 2005 c 319 s 140 are each amended to read as follows:

(1) The rate charged by a local government utility to the department of transportation with respect to state highway right-of-way or any section of state highway right-of-way for the construction, operation, and maintenance of storm water control facilities under chapters 35.67, 35.92, 36.89, 36.94, 57.08, and 86.15 RCW, shall be thirty percent of the rate for comparable real property, except as otherwise provided in this section. The rate charged to the department with respect to state highway right-of-way or any section of state highway right-of-way within a local government utility's jurisdiction shall not, however, exceed the rate charged for comparable city street or county road right-of-way within the same jurisdiction. The legislature finds that the aforesaid rates are presumptively fair and equitable because of the traditional and continuing expenditures of the department of transportation for the construction, operation, and maintenance of storm water control facilities designed to control surface water or storm water runoff from state highway rights-of-way.

(2) Charges paid under subsection (1) of this section by the department of transportation must be used solely for storm water control facilities that directly reduce ((~~state highway~~)) runoff impacts or implementation of best management practices that will reduce the need for such facilities. ((~~By January 1st of each year, beginning with calendar year 1997, the local government utility, in coordination with the department, shall develop a plan for the expenditure of the charges for that calendar year. The plan must be consistent with the objectives identified in RCW 90.78.010. In addition, beginning with the submittal for 1998, the utility shall provide a progress report on the use of charges assessed for the prior year. No charges may be paid until the plan and report have been submitted to the department.~~))

(3) The utility imposing the charge and the department of transportation may, however, agree to either higher or lower rates with respect to the construction, operation, or maintenance of any specific storm water control facilities ((~~based upon the annual plan prescribed in subsection (2) of this section~~)). If, after mediation, the local government utility and the department of transportation cannot agree upon the proper rate, either may commence an action in the superior court for the county in which the state highway right-of-way is located to establish the proper rate. The court in establishing the proper rate shall take into account the extent and adequacy of storm water control facilities constructed by the department and the actual benefits to the sections of state highway rights-of-way from storm water control facilities constructed, operated, and maintained by the local government utility. Control of surface water runoff and storm water runoff from state highway rights-of-way shall be deemed an actual benefit to the state highway rights-of-way. The rate for sections of state highway right-of-way as determined by the court shall be set forth in terms of the percentage of the rate for comparable real property, but shall in no event exceed the rate charged for comparable city street or county road right-of-way within the same jurisdiction.

(4) The legislature finds that the federal clean water act (national pollutant discharge elimination system, 40 C.F.R. parts 122- 124), the state water pollution control act, chapter 90.48 RCW, and the highway runoff program under chapter 90.71 RCW, mandate the treatment and control of storm water runoff from state highway rights-of-way owned by the department of transportation. Appropriations made by the legislature to the department of transportation for the construction, operation, and maintenance of storm water control facilities are intended to address applicable federal and state mandates related to storm water control and treatment. This section is not intended to limit opportunities for sharing the costs of storm water improvements between cities, counties, and the state.

MISCELLANEOUS

NEW SECTION. **Sec. 801.** If any provision of this act or its application to any person or circumstance is held invalid, the remainder of the act or the application of the provision to other persons or circumstances is not affected.

NEW SECTION. **Sec. 802.** Section 701 of this act takes effect if chapter . . . (Engrossed House Bill No. 2684), Laws of 2014 (ferry vessel and terminal work) is not enacted by April 15, 2014.

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NEW SECTION. **Sec. 803.** Section 708 of this act expires June 30, 2015.

NEW SECTION. **Sec. 804.** 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.

(End of Bill)

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Correct the title.

Representatives Clibborn and Orcutt spoke in favor of the adoption of the striking amendment.

Amendment (960) was adopted.

There being no objection, the rules were suspended, the second reading considered the third and the bill, as amended by the House, was placed on final passage.

Representative Clibborn spoke in favor of the passage of the bill.

Representative Orcutt spoke against the passage of the bill.

The Speaker (Representative Moeller presiding) stated the question before the House to be the final passage of Engrossed Substitute Senate Bill No. 6001, as amended by the House.

ROLL CALL

The Clerk called the roll on the final passage of Engrossed Substitute Senate Bill No. 6001, as amended by the House, and the bill passed the House by the following vote: Yeas, 65; Nays, 33; Absent, 0; Excused, 0.

Voting yea: Representatives Appleton, Bergquist, Blake, Carlyle, Clibborn, Cody, Dunshee, Farrell, Fey, Fitzgibbon, Freeman, Goodman, Green, Gregerson, Habib, Haigh, Hansen, Hargrove, Hayes, Hope, Hudgins, Hunter, Hurst, Jinkins, Kagi, Kirby, Kochmar, Lytton, Magendanz, Manweller, Moeller, Morris, Moscoso, Muri, Nealey, Ormsby, Ortiz-Self, Orwall, Pettigrew, Pollet, Reykdal, Riccelli, Roberts, Robinson, Rodne, Ryu, S. Hunt, Santos, Sawyer, Seaquist, Sells, Senn, Smith, Springer, Stanford, Sullivan, Takko, Tarleton, Tharinger, Walkinshaw, Walsh, Warnick, Wylie, Zeiger and Mr. Speaker.

Voting nay: Representatives Buys, Chandler, Christian, Condotta, Dahlquist, DeBolt, Fagan, G. Hunt, Haler, Harris, Hawkins, Holy, Johnson, Klippert, Kretz, Kristiansen, MacEwen, Morrell, Orcutt, Overstreet, Parker, Pike, Ross, Schmick, Scott, Shea, Short, Stonier, Taylor, Van De Wege, Vick, Wilcox and Young.

ENGROSSED SUBSTITUTE SENATE BILL NO. 6001, as amended by the House, having received the necessary constitutional majority, was declared passed.

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

THIRD READING

MESSAGE FROM THE SENATE

March 10, 2014

Mr. Speaker:

The Senate refuses to concur in the House amendment to ENGROSSED SUBSTITUTE SENATE BILL NO. 6265 and asks

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the House to recede therefrom, and the same is herewith transmitted.

Brad Hendrickson, Deputy] Secretary

HOUSE AMENDMENT TO SENATE BILL

There being no objection, the House receded from its amendment. The rules were suspended and ENGROSSED SUBSTITUTE SENATE BILL NO. 6265 was returned to second reading for the purpose of amendment.

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

SECOND READING

ENGROSSED SUBSTITUTE SENATE BILL NO. 6265, by Senate Committee on Health Care (originally sponsored by Senators Frockt, Rivers, Conway, Becker, Kohl-Welles, Bailey, Cleveland, Ranker, Keiser and Tom)

Concerning state and local agencies that obtain patient health care information.

ENGROSSED SUBSTITUTE SENATE BILL NO. 6265, by Senate Committee on Health Care (originally sponsored by Senators Frockt, Rivers, Conway, Becker, Kohl-Welles, Bailey, Cleveland, Ranker, Keiser and Tom)

Concerning state and local agencies that obtain patient health care information.

The bill was read the second time.

Representative Cody moved the adoption of amendment (958).

On page 6, line 12, strike all of section 4 and insert the following:

"**Sec. 4.** RCW 70.02.010 and 2013 c 200 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) "Admission" has the same meaning as in RCW 71.05.020.

(2) "Audit" means an assessment, evaluation, determination, or investigation of a health care provider by a person not employed by or affiliated with the provider to determine compliance with:

(a) Statutory, regulatory, fiscal, medical, or scientific standards;

(b) A private or public program of payments to a health care provider; or

(c) Requirements for licensing, accreditation, or certification.

(3) "Commitment" has the same meaning as in RCW 71.05.020.

(4) "Custody" has the same meaning as in RCW 71.05.020.

(5) "Deidentified" means health information that does not identify an individual and with respect to which there is no reasonable basis to believe that the information can be used to identify an individual.

(6) "Department" means the department of social and health services.

(7) "Designated mental health professional" has the same meaning as in RCW 71.05.020 or 71.34.020, as applicable.

(8) "Detention" or "detain" has the same meaning as in RCW 71.05.020.

(9) "Directory information" means information disclosing the presence, and for the purpose of identification, the name, location within a health care facility, and the general health condition of a particular patient who is a patient in a health care facility or who is currently receiving emergency health care in a health care facility.

(10) "Discharge" has the same meaning as in RCW 71.05.020.

(11) "Evaluation and treatment facility" has the same meaning as in RCW 71.05.020 or 71.34.020, as applicable.

(12) "Federal, state, or local law enforcement authorities" means an officer of any agency or authority in the United States, a state, a tribe, a territory, or a political subdivision of a state, a tribe, or a territory who is empowered by law to: (a) Investigate or conduct an official inquiry into a potential criminal violation of law; or (b) prosecute or otherwise conduct a criminal proceeding arising from an alleged violation of law.

(13) "General health condition" means the patient's health status described in terms of "critical," "poor," "fair," "good," "excellent," or terms denoting similar conditions.

(14) "Health care" means any care, service, or procedure provided by a health care provider:

(a) To diagnose, treat, or maintain a patient's physical or mental condition; or

(b) That affects the structure or any function of the human body.

(15) "Health care facility" means a hospital, clinic, nursing home, laboratory, office, or similar place where a health care provider provides health care to patients.

(16) "Health care information" means any information, whether oral or recorded in any form or medium, that identifies or can readily be associated with the identity of a patient and directly relates to the patient's health care, including a patient's deoxyribonucleic acid and identified sequence of chemical base pairs. The term includes any required accounting of disclosures of health care information.

(17) "Health care operations" means any of the following activities of a health care provider, health care facility, or third-party payor to the extent that the activities are related to functions that make an entity a health care provider, a health care facility, or a third-party payor:

(a) Conducting: Quality assessment and improvement activities, including outcomes evaluation and development of clinical guidelines, if the obtaining of generalizable knowledge is not the primary purpose of any studies resulting from such activities; population-based activities relating to improving health or reducing health care costs, protocol development, case management and care coordination, contacting of health care providers and patients with information about treatment alternatives; and related functions that do not include treatment;

(b) Reviewing the competence or qualifications of health care professionals, evaluating practitioner and provider performance and third-party payor performance, conducting training programs in which students, trainees, or practitioners in areas of health care learn under supervision to practice or improve their skills as health care providers, training of nonhealth care professionals, accreditation, certification, licensing, or credentialing activities;

(c) Underwriting, premium rating, and other activities relating to the creation, renewal, or replacement of a contract of health insurance or health benefits, and ceding, securing, or placing a contract for reinsurance of risk relating to claims for health care,

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including stop- loss insurance and excess of loss insurance, if any applicable legal requirements are met;

(d) Conducting or arranging for medical review, legal services, and auditing functions, including fraud and abuse detection and compliance programs;

(e) Business planning and development, such as conducting cost- management and planning-related analyses related to managing and operating the health care facility or third-party payor, including formulary development and administration, development, or improvement of methods of payment or coverage policies; and

(f) Business management and general administrative activities of the health care facility, health care provider, or third-party payor including, but not limited to:

(i) Management activities relating to implementation of and compliance with the requirements of this chapter;

(ii) Customer service, including the provision of data analyses for policy holders, plan sponsors, or other customers, provided that health care information is not disclosed to such policy holder, plan sponsor, or customer;

(iii) Resolution of internal grievances;

(iv) The sale, transfer, merger, or consolidation of all or part of a health care provider, health care facility, or third-party payor with another health care provider, health care facility, or third-party payor or an entity that following such activity will become a health care provider, health care facility, or third-party payor, and due diligence related to such activity; and

(v) Consistent with applicable legal requirements, creating deidentified health care information or a limited dataset for the benefit of the health care provider, health care facility, or third- party payor.

(18) "Health care provider" means a person who is licensed, certified, registered, or otherwise authorized by the law of this state to provide health care in the ordinary course of business or practice of a profession.

(19) "Human immunodeficiency virus" or "HIV" has the same meaning as in RCW 70.24.017.

(20) "Imminent" has the same meaning as in RCW 71.05.020.

(21) "Information and records related to mental health services" means a type of health care information that relates to all information and records((, including mental health treatment records,)) compiled, obtained, or maintained in the course of providing services by a mental health service agency((, as defined in this section)) <u>or mental health professional to persons who are receiving or have received services for mental illness. The term includes mental health information contained in a medical bill, registration records, as defined in RCW 71.05.020, and all other records regarding the person maintained by the department, by regional support networks and their staff, and by treatment facilities</u>. ((This may)) <u>The term further</u> include<u>s</u> documents of legal proceedings under chapter 71.05, 71.34, or 10.77 RCW, or somatic health care information. For health care information maintained by a hospital as defined in RCW 70.41.020 or a health care facility or health care provider that participates with a hospital in an organized health care arrangement defined under federal law, "information and records related to mental health services" is limited to information and records of services provided by a mental health professional or information and records of services created by a hospital-operated community mental health program as defined in RCW 71.24.025(6). <u>The term does not include psychotherapy notes.</u>

(22) "Information and records related to sexually transmitted diseases" means a type of health care information that relates to the identity of any person upon whom an HIV antibody test or other sexually transmitted infection test is performed, the results of such tests, and any information relating to diagnosis of or treatment for any confirmed sexually transmitted infections.

(23) "Institutional review board" means any board, committee, or other group formally designated by an institution, or authorized under federal or state law, to review, approve the initiation of, or conduct periodic review of research programs to assure the protection of the rights and welfare of human research subjects.

(24) "Legal counsel" has the same meaning as in RCW 71.05.020.

(25) "Local public health officer" has the same meaning as in RCW 70.24.017.

(26) "Maintain," as related to health care information, means to hold, possess, preserve, retain, store, or control that information.

(27) "Mental health professional" ((has the same meaning as in RCW 71.05.020)) <u>means a psychiatrist, psychologist, psychiatric advanced registered nurse practitioner, psychiatric nurse, or social worker, and such other mental health professionals as may be defined by rules adopted by the secretary of social and health services under chapter 71.05 RCW, whether that person works in a private or public setting</u>.

(28) "Mental health service agency" means a public or private agency that provides services to persons with mental disorders as defined under RCW 71.05.020 or 71.34.020 and receives funding from public sources. This includes evaluation and treatment facilities as defined in RCW 71.34.020, community mental health service delivery systems, or community mental health programs, as defined in RCW 71.24.025, and facilities conducting competency evaluations and restoration under chapter 10.77 RCW.

(29) ((("Mental health treatment records" include registration records, as defined in RCW 71.05.020, and all other records concerning persons who are receiving or who at any time have received services for mental illness, which are maintained by the department, by regional support networks and their staff, and by treatment facilities. "Mental health treatment records" include mental health information contained in a medical bill including, but not limited to, mental health drugs, a mental health diagnosis, provider name, and dates of service stemming from a medical service. "Mental health treatment records" do not include notes or records maintained for personal use by a person providing treatment services for the department, regional support networks, or a treatment facility if the notes or records are not available to others.

(30))) "Minor" has the same meaning as in RCW 71.34.020.

(((31))) <u>(30)</u> "Parent" has the same meaning as in RCW 71.34.020.

(((32))) <u>(31)</u> "Patient" means an individual who receives or has received health care. The term includes a deceased individual who has received health care.

(((33))) <u>(32)</u> "Payment" means:

(a) The activities undertaken by:

(i) A third-party payor to obtain premiums or to determine or fulfill its responsibility for coverage and provision of benefits by the third-party payor; or

(ii) A health care provider, health care facility, or third-party payor, to obtain or provide reimbursement for the provision of health care; and

(b) The activities in (a) of this subsection that relate to the patient to whom health care is provided and that include, but are not limited to:

(i) Determinations of eligibility or coverage, including coordination of benefits or the determination of cost-sharing amounts, and adjudication or subrogation of health benefit claims;

(ii) Risk adjusting amounts due based on enrollee health status and demographic characteristics;

(iii) Billing, claims management, collection activities, obtaining payment under a contract for reinsurance, including stop-loss insurance and excess of loss insurance, and related health care data processing;

(iv) Review of health care services with respect to medical necessity, coverage under a health plan, appropriateness of care, or justification of charges;

(v) Utilization review activities, including precertification and preauthorization of services, and concurrent and retrospective review of services; and

(vi) Disclosure to consumer reporting agencies of any of the following health care information relating to collection of premiums or reimbursement:

(A) Name and address;

(B) Date of birth;

(C) Social security number;

(D) Payment history;

(E) Account number; and

(F) Name and address of the health care provider, health care facility, and/or third-party payor.

(((34))) (33) "Person" means an individual, corporation, business trust, estate, trust, partnership, association, joint venture, government, governmental subdivision or agency, or any other legal or commercial entity.

(((35))) (34) "Professional person" has the same meaning as in RCW 71.05.020.

(((36))) (35) "Psychiatric advanced registered nurse practitioner" has the same meaning as in RCW 71.05.020.

(((37))) (36) "Psychotherapy notes" means notes recorded, in any medium, by a mental health professional documenting or analyzing the contents of conversations during a private counseling session or group, joint, or family counseling session, and that are separated from the rest of the individual's medical record. The term excludes mediation prescription and monitoring, counseling session start and stop times, the modalities and frequencies of treatment furnished, results of clinical tests, and any summary of the following items: Diagnosis, functional status, the treatment plan, symptoms, prognosis, and progress to date.

(37) "Reasonable fee" means the charges for duplicating or searching the record, but shall not exceed sixty-five cents per page for the first thirty pages and fifty cents per page for all other pages. In addition, a clerical fee for searching and handling may be charged not to exceed fifteen dollars. These amounts shall be adjusted biennially in accordance with changes in the consumer price index, all consumers, for Seattle-Tacoma metropolitan statistical area as determined by the secretary of health. However, where editing of records by a health care provider is required by statute and is done by the provider personally, the fee may be the usual and customary charge for a basic office visit.

(38) "Release" has the same meaning as in RCW 71.05.020.

(39) "Resource management services" has the same meaning as in RCW 71.05.020.

(40) "Serious violent offense" has the same meaning as in RCW 71.05.020.

(41) "Sexually transmitted infection" or "sexually transmitted disease" has the same meaning as "sexually transmitted disease" in RCW 70.24.017.

(42) "Test for a sexually transmitted disease" has the same meaning as in RCW 70.24.017.

(43) "Third-party payor" means an insurer regulated under Title 48 RCW authorized to transact business in this state or other jurisdiction, including a health care service contractor, and health maintenance organization; or an employee welfare benefit plan, excluding fitness or wellness plans; or a state or federal health benefit program.

(44) "Treatment" means the provision, coordination, or management of health care and related services by one or more health care providers or health care facilities, including the coordination or management of health care by a health care provider or health care facility with a third party; consultation between health care providers or health care facilities relating to a patient; or the referral of a patient for health care from one health care provider or health care facility to another.

Sec. 5. RCW 70.02.020 and 2013 c 200 s 2 are each amended to read as follows:

(1) Except as authorized elsewhere in this chapter, a health care provider, an individual who assists a health care provider in the delivery of health care, or an agent and employee of a health care provider may not disclose health care information about a patient to any other person without the patient's written authorization. A disclosure made under a patient's written authorization must conform to the authorization.

(2) ((A patient has a right to receive an accounting of all disclosures of mental health treatment records except disclosures made under RCW 71.05.425.

(3))) A patient has a right to receive an accounting of disclosures of health care information((, except for mental health treatment records which are addressed in subsection (2) of this section,)) made by a health care provider or a health care facility in the six years before the date on which the accounting is requested, except for disclosures:

(a) To carry out treatment, payment, and health care operations;

(b) To the patient of health care information about him or her;

(c) Incident to a use or disclosure that is otherwise permitted or required;

(d) Pursuant to an authorization where the patient authorized the disclosure of health care information about himself or herself;

(e) Of directory information;

(f) To persons involved in the patient's care;

(g) For national security or intelligence purposes if an accounting of disclosures is not permitted by law;

(h) To correctional institutions or law enforcement officials if an accounting of disclosures is not permitted by law; and

(i) Of a limited data set that excludes direct identifiers of the patient or of relatives, employers, or household members of the patient.

Sec. 6. RCW 70.02.050 and 2013 c 200 s 3 are each amended to read as follows:

(1) A health care provider or health care facility may disclose health care information, except for information and records related to sexually transmitted diseases which are addressed in RCW 70.02.220, about a patient without the patient's authorization to the extent a recipient needs to know the information, if the disclosure is:

(a) To a person who the provider or facility reasonably believes is providing health care to the patient;

(b) To any other person who requires health care information for health care education, or to provide planning, quality assurance, peer review, or administrative, legal, financial, actuarial services to, or other health care operations for or on behalf of the health care provider or health care facility; or for assisting the health care provider or health care facility in the delivery of health care and the health care provider or health care facility reasonably believes that the person:

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(i) Will not use or disclose the health care information for any other purpose; and

(ii) Will take appropriate steps to protect the health care information;

(c) To any person if the health care provider or health care facility reasonably believes that disclosure will avoid or minimize an imminent danger to the health or safety of the patient or any other individual, however there is no obligation under this chapter on the part of the provider or facility to so disclose. The fact of admission to a provider for mental health services and all information and records compiled, obtained, or maintained in the course of providing mental health services to either voluntary or involuntary recipients of services at public or private agencies is not subject to disclosure unless disclosure is permitted in RCW 70.02.230; or

(d) ((To an official of a penal or other custodial institution in which the patient is detained; or

(e))) For payment, including information necessary for a recipient to make a claim, or for a claim to be made on behalf of a recipient for aid, insurance, or medical assistance to which he or she may be entitled.

(2) A health care provider shall disclose health care information, except for information and records related to sexually transmitted diseases, unless otherwise authorized in RCW 70.02.220, about a patient without the patient's authorization if the disclosure is:

(a) To federal, state, or local public health authorities, to the extent the health care provider is required by law to report health care information; when needed to determine compliance with state or federal licensure, certification or registration rules or laws, or to investigate unprofessional conduct or ability to practice with reasonable skill and safety under chapter 18.130 RCW. Any health care information obtained under this subsection is exempt from public inspection and copying pursuant to chapter 42.56 RCW; or

(b) When needed to protect the public health.

Sec. 7. RCW 70.02.200 and 2013 c 200 s 4 are each amended to read as follows:

(1) In addition to the disclosures authorized by RCW 70.02.050 and 70.02.210, a health care provider or health care facility may disclose health care information, except for information and records related to sexually transmitted diseases and information related to mental health services which are addressed by RCW 70.02.220 through 70.02.260, about a patient without the patient's authorization, to:

(a) Any other health care provider or health care facility reasonably believed to have previously provided health care to the patient, to the extent necessary to provide health care to the patient, unless the patient has instructed the health care provider or health care facility in writing not to make the disclosure;

(b) Immediate family members of the patient, including a patient's state registered domestic partner, or any other individual with whom the patient is known to have a close personal relationship, if made in accordance with good medical or other professional practice, unless the patient has instructed the health care provider or health care facility in writing not to make the disclosure;

(c) A health care provider or health care facility who is the successor in interest to the health care provider or health care facility maintaining the health care information;

(d) A person who obtains information for purposes of an audit, if that person agrees in writing to:

(i) Remove or destroy, at the earliest opportunity consistent with the purpose of the audit, information that would enable the patient to be identified; and

(ii) Not to disclose the information further, except to accomplish the audit or report unlawful or improper conduct involving fraud in payment for health care by a health care provider or patient, or other unlawful conduct by the health care provider;

(e) Provide directory information, unless the patient has instructed the health care provider or health care facility not to make the disclosure;

(f) Fire, police, sheriff, or other public authority, that brought, or caused to be brought, the patient to the health care facility or health care provider if the disclosure is limited to the patient's name, residence, sex, age, occupation, condition, diagnosis, estimated or actual discharge date, or extent and location of injuries as determined by a physician, and whether the patient was conscious when admitted;

(g) Federal, state, or local law enforcement authorities and the health care provider, health care facility, or third-party payor believes in good faith that the health care information disclosed constitutes evidence of criminal conduct that occurred on the premises of the health care provider, health care facility, or third-party payor; ((and))

(h) Another health care provider, health care facility, or third- party payor for the health care operations of the health care provider, health care facility, or third-party payor that receives the information, if each entity has or had a relationship with the patient who is the subject of the health care information being requested, the health care information pertains to such relationship, and the disclosure is for the purposes described in RCW 70.02.010(17) (a) and (b); and

(i) An official of a penal or other custodial institution in which the patient is detained.

(2) In addition to the disclosures required by RCW 70.02.050 and 70.02.210, a health care provider shall disclose health care information, except for information related to sexually transmitted diseases and information related to mental health services which are addressed by RCW 70.02.220 through 70.02.260, about a patient without the patient's authorization if the disclosure is:

(a) To federal, state, or local law enforcement authorities to the extent the health care provider is required by law;

(b) To federal, state, or local law enforcement authorities, upon receipt of a written or oral request made to a nursing supervisor, administrator, or designated privacy official, in a case in which the patient is being treated or has been treated for a bullet wound, gunshot wound, powder burn, or other injury arising from or caused by the discharge of a firearm, or an injury caused by a knife, an ice pick, or any other sharp or pointed instrument which federal, state, or local law enforcement authorities reasonably believe to have been intentionally inflicted upon a person, or a blunt force injury that federal, state, or local law enforcement authorities reasonably believe resulted from a criminal act, the following information, if known:

(i) The name of the patient;

(ii) The patient's residence;

(iii) The patient's sex;

(iv) The patient's age;

(v) The patient's condition;

(vi) The patient's diagnosis, or extent and location of injuries as determined by a health care provider;

(vii) Whether the patient was conscious when admitted;

(viii) The name of the health care provider making the determination in (b)(v), (vi), and (vii) of this subsection;

(ix) Whether the patient has been transferred to another facility; and

(x) The patient's discharge time and date;

(c) Pursuant to compulsory process in accordance with RCW 70.02.060.

Sec. 8. RCW 70.02.210 and 2013 c 200 s 5 are each amended to read as follows:

(1)(a) A health care provider or health care facility may disclose health care information about a patient without the patient's authorization to the extent a recipient needs to know the information, if the disclosure is for use in a research project that an institutional review board has determined:

(((a))) (i) Is of sufficient importance to outweigh the intrusion into the privacy of the patient that would result from the disclosure;

(((b))) (ii) Is impracticable without the use or disclosure of the health care information in individually identifiable form;

(((c))) (iii) Contains reasonable safeguards to protect the information from redisclosure;

(((d))) (iv) Contains reasonable safeguards to protect against identifying, directly or indirectly, any patient in any report of the research project; and

(((e))) (v) Contains procedures to remove or destroy at the earliest opportunity, consistent with the purposes of the project, information that would enable the patient to be identified, unless an institutional review board authorizes retention of identifying information for purposes of another research project.

(b) Disclosure under (a) of this subsection may include health care information and records of treatment programs related to chemical dependency addressed in chapter 70.96A RCW and as authorized by federal law.

(2) In addition to the disclosures required by RCW 70.02.050 and 70.02.200, a health care provider or health care facility shall disclose health care information about a patient without the patient's authorization if:

(a) The disclosure is to county coroners and medical examiners for the investigations of deaths;

(b) The disclosure is to a procurement organization or person to whom a body part passes for the purpose of examination necessary to assure the medical suitability of the body part; or

(c) The disclosure is to a person subject to the jurisdiction of the federal food and drug administration in regards to a food and drug administration-regulated product or activity for which that person has responsibility for quality, safety, or effectiveness of activities.

Sec. 9. RCW 70.02.230 and 2013 c 200 s 7 are each amended to read as follows:

(1) Except as provided in this section, RCW 70.02.050, 71.05.445, 70.96A.150, 74.09.295, 70.02.210, 70.02.240, 70.02.250, and 70.02.260, or pursuant to a valid authorization under RCW 70.02.030, the fact of admission to a provider for mental health services and all information and records compiled, obtained, or maintained in the course of providing mental health services to either voluntary or involuntary recipients of services at public or private agencies must be confidential.

(2) Information and records related to mental health services, other than those obtained through treatment under chapter 71.34 RCW, may be disclosed only:

(a) In communications between qualified professional persons to meet the requirements of chapter 71.05 RCW, in the provision of services or appropriate referrals, or in the course of guardianship proceedings if provided to a professional person:

(i) Employed by the facility;

(ii) Who has medical responsibility for the patient's care;

(iii) Who is a designated mental health professional;

(iv) Who is providing services under chapter 71.24 RCW;

(v) Who is employed by a state or local correctional facility where the person is confined or supervised; or

(vi) Who is providing evaluation, treatment, or follow-up services under chapter 10.77 RCW;

(b) When the communications regard the special needs of a patient and the necessary circumstances giving rise to such needs and the disclosure is made by a facility providing services to the operator of a facility in which the patient resides or will reside;

(c)(i) When the person receiving services, or his or her guardian, designates persons to whom information or records may be released, or if the person is a minor, when his or her parents make such a designation;

(ii) A public or private agency shall release to a person's next of kin, attorney, personal representative, guardian, or conservator, if any:

(A) The information that the person is presently a patient in the facility or that the person is seriously physically ill;

(B) A statement evaluating the mental and physical condition of the patient, and a statement of the probable duration of the patient's confinement, if such information is requested by the next of kin, attorney, personal representative, guardian, or conservator; and

(iii) Other information requested by the next of kin or attorney as may be necessary to decide whether or not proceedings should be instituted to appoint a guardian or conservator;

(d)(i) To the courts as necessary to the administration of chapter 71.05 RCW or to a court ordering an evaluation or treatment under chapter 10.77 RCW solely for the purpose of preventing the entry of any evaluation or treatment order that is inconsistent with any order entered under chapter 71.05 RCW.

(ii) To a court or its designee in which a motion under chapter 10.77 RCW has been made for involuntary medication of a defendant for the purpose of competency restoration.

(iii) Disclosure under this subsection is mandatory for the purpose of the federal health insurance portability and accountability act;

(e)(i) When a mental health professional is requested by a representative of a law enforcement or corrections agency, including a police officer, sheriff, community corrections officer, a municipal attorney, or prosecuting attorney to undertake an investigation or provide treatment under RCW 71.05.150, 10.31.110, or 71.05.153, the mental health professional shall, if requested to do so, advise the representative in writing of the results of the investigation including a statement of reasons for the decision to detain or release the person investigated. The written report must be submitted within seventy-two hours of the completion of the investigation or the request from the law enforcement or corrections representative, whichever occurs later.

(ii) Disclosure under this subsection is mandatory for the purposes of the federal health insurance portability and accountability act;

(f) To the attorney of the detained person;

(g) To the prosecuting attorney as necessary to carry out the responsibilities of the office under RCW 71.05.330(2), 71.05.340(1)(b), and 71.05.335. The prosecutor must be provided access to records regarding the committed person's treatment and prognosis, medication, behavior problems, and other records relevant to the issue of whether treatment less restrictive than inpatient treatment is in the best interest of the committed person or others. Information must be disclosed only after giving notice to the committed person and the person's counsel;

(h)(i) To appropriate law enforcement agencies and to a person, when the identity of the person is known to the public or private agency, whose health and safety has been threatened, or who is known to have been repeatedly harassed, by the patient. The person may designate a representative to receive the disclosure. The disclosure must be made by the professional person in charge of the public or private agency or his or her

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designee and must include the dates of commitment, admission, discharge, or release, authorized or unauthorized absence from the agency's facility, and only any other information that is pertinent to the threat or harassment. The agency or its employees are not civilly liable for the decision to disclose or not, so long as the decision was reached in good faith and without gross negligence.

(ii) Disclosure under this subsection is mandatory for the purposes of the federal health insurance portability and accountability act;

(i)(i) To appropriate corrections and law enforcement agencies all necessary and relevant information in the event of a crisis or emergent situation that poses a significant and imminent risk to the public. The mental health service agency or its employees are not civilly liable for the decision to disclose or not so long as the decision was reached in good faith and without gross negligence.

(ii) Disclosure under this subsection is mandatory for the purposes of the health insurance portability and accountability act;

(j) To the persons designated in RCW 71.05.425 for the purposes described in those sections;

(k) Upon the death of a person. The person's next of kin, personal representative, guardian, or conservator, if any, must be notified. Next of kin who are of legal age and competent must be notified under this section in the following order: Spouse, parents, children, brothers and sisters, and other relatives according to the degree of relation. Access to all records and information compiled, obtained, or maintained in the course of providing services to a deceased patient are governed by RCW 70.02.140;

(l) To mark headstones or otherwise memorialize patients interred at state hospital cemeteries. The department of social and health services shall make available the name, date of birth, and date of death of patients buried in state hospital cemeteries fifty years after the death of a patient;

(m) To law enforcement officers and to prosecuting attorneys as are necessary to enforce RCW 9.41.040(2)(a)(ii). The extent of information that may be released is limited as follows:

(i) Only the fact, place, and date of involuntary commitment, an official copy of any order or orders of commitment, and an official copy of any written or oral notice of ineligibility to possess a firearm that was provided to the person pursuant to RCW 9.41.047(1), must be disclosed upon request;

(ii) The law enforcement and prosecuting attorneys may only release the information obtained to the person's attorney as required by court rule and to a jury or judge, if a jury is waived, that presides over any trial at which the person is charged with violating RCW 9.41.040(2)(a)(ii);

(iii) Disclosure under this subsection is mandatory for the purposes of the federal health insurance portability and accountability act;

(n) When a patient would otherwise be subject to the provisions of this section and disclosure is necessary for the protection of the patient or others due to his or her unauthorized disappearance from the facility, and his or her whereabouts is unknown, notice of the disappearance, along with relevant information, may be made to relatives, the department of corrections when the person is under the supervision of the department, and governmental law enforcement agencies designated by the physician or psychiatric advanced registered nurse practitioner in charge of the patient or the professional person in charge of the facility, or his or her professional designee;

(o) Pursuant to lawful order of a court;

(p) To qualified staff members of the department, to the director of regional support networks, to resource management services responsible for serving a patient, or to service providers designated by resource management services as necessary to determine the progress and adequacy of treatment and to determine whether the person should be transferred to a less restrictive or more appropriate treatment modality or facility;

(q) Within the ((treatment facility)) <u>mental health service agency</u> where the patient is receiving treatment, confidential information may be disclosed to persons employed, serving in bona fide training programs, or participating in supervised volunteer programs, at the facility when it is necessary to perform their duties;

(r) Within the department as necessary to coordinate treatment for mental illness, developmental disabilities, alcoholism, or drug abuse of persons who are under the supervision of the department;

(s) To a licensed physician or psychiatric advanced registered nurse practitioner who has determined that the life or health of the person is in danger and that treatment without the information <u>and records related to mental health services</u> ((contained in the mental health treatment records)) could be injurious to the patient's health. Disclosure must be limited to the portions of the records necessary to meet the medical emergency;

(t) Consistent with the requirements of the federal health information portability and accountability act, to a licensed mental health professional or a health care professional licensed under chapter 18.71, 18.71A, 18.57, 18.57A, 18.79, or 18.36A RCW who is providing care to a person, or to whom a person has been referred for evaluation or treatment, to assure coordinated care and treatment of that person. Psychotherapy notes((, as defined in 45 C.F.R. Sec. 164.501,)) may not be released without authorization of the person who is the subject of the request for release of information;

(u) To administrative and office support staff designated to obtain medical records for those licensed professionals listed in (t) of this subsection;

(v) To a facility that is to receive a person who is involuntarily committed under chapter 71.05 RCW, or upon transfer of the person from one <u>evaluation and</u> treatment facility to another. The release of records under this subsection is limited to the ((mental health treatment records)) <u>information and records related to mental health services</u> required by law, a record or summary of all somatic treatments, and a discharge summary. The discharge summary may include a statement of the patient's problem, the treatment goals, the type of treatment which has been provided, and recommendation for future treatment, but may not include the patient's complete treatment record;

(w) To the person's counsel or guardian ad litem, without modification, at any time in order to prepare for involuntary commitment or recommitment proceedings, reexaminations, appeals, or other actions relating to detention, admission, commitment, or patient's rights under chapter 71.05 RCW;

(x) To staff members of the protection and advocacy agency or to staff members of a private, nonprofit corporation for the purpose of protecting and advocating the rights of persons with mental disorders or developmental disabilities. Resource management services may limit the release of information to the name, birthdate, and county of residence of the patient, information regarding whether the patient was voluntarily admitted, or involuntarily committed, the date and place of admission, placement, or commitment, the name and address of a guardian of the patient, and the date and place of the guardian's appointment. Any staff member who wishes to obtain additional information must notify the patient's resource management services in writing of the request and of the resource management services' right to object. The staff member shall send the notice by mail to the guardian's address. If the guardian does not object in writing within fifteen days after the notice is mailed, the staff member may obtain the additional information. If the guardian objects in

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writing within fifteen days after the notice is mailed, the staff member may not obtain the additional information;

(y) To all current treating providers of the patient with prescriptive authority who have written a prescription for the patient within the last twelve months. For purposes of coordinating health care, the department may release without written authorization of the patient, information acquired for billing and collection purposes as described in RCW 70.02.050(1)(((e))) (d). The department shall notify the patient that billing and collection information has been released to named providers, and provide the substance of the information released and the dates of such release. The department may not release counseling, inpatient psychiatric hospitalization, or drug and alcohol treatment information without a signed written release from the client;

(z)(i) To the secretary of social and health services for either program evaluation or research, or both so long as the secretary adopts rules for the conduct of the evaluation or research, or both. Such rules must include, but need not be limited to, the requirement that all evaluators and researchers sign an oath of confidentiality substantially as follows:

"As a condition of conducting evaluation or research concerning persons who have received services from (fill in the facility, agency, or person) I, ..., agree not to divulge, publish, or otherwise make known to unauthorized persons or the public any information obtained in the course of such evaluation or research regarding persons who have received services such that the person who received such services is identifiable.

I recognize that unauthorized release of confidential information may subject me to civil liability under the provisions of state law.

(ii) Nothing in this chapter may be construed to prohibit the compilation and publication of statistical data for use by government or researchers under standards, including standards to assure maintenance of confidentiality, set forth by the secretary.

(3) Whenever federal law or federal regulations restrict the release of information contained in the ((treatment records)) information and records related to mental health services of any patient who receives treatment for chemical dependency, the department may restrict the release of the information as necessary to comply with federal law and regulations.

(4) Civil liability and immunity for the release of information about a particular person who is committed to the department of social and health services under RCW 71.05.280(3) and 71.05.320(3)(c) after dismissal of a sex offense as defined in RCW 9.94A.030, is governed by RCW 4.24.550.

(5) The fact of admission to a provider of mental health services, as well as all records, files, evidence, findings, or orders made, prepared, collected, or maintained pursuant to chapter 71.05 RCW are not admissible as evidence in any legal proceeding outside that chapter without the written authorization of the person who was the subject of the proceeding except as provided in RCW 70.02.260, in a subsequent criminal prosecution of a person committed pursuant to RCW 71.05.280(3) or 71.05.320(3)(c) on charges that were dismissed pursuant to chapter 10.77 RCW due to incompetency to stand trial, in a civil commitment proceeding pursuant to chapter 71.09 RCW, or, in the case of a minor, a guardianship or dependency proceeding. The records and files maintained in any court proceeding pursuant to chapter 71.05 RCW must be confidential and available subsequent to such proceedings only to the person who was the subject of the proceeding or his or her attorney. In addition, the court may order the subsequent release or use of such records or files only upon good cause shown if the court finds that appropriate safeguards for strict confidentiality are and will be maintained.

(6)(a) Except as provided in RCW 4.24.550, any person may bring an action against an individual who has willfully released confidential information or records concerning him or her in violation of the provisions of this section, for the greater of the following amounts:

(i) One thousand dollars; or

(ii) Three times the amount of actual damages sustained, if any.

(b) It is not a prerequisite to recovery under this subsection that the plaintiff suffered or was threatened with special, as contrasted with general, damages.

(c) Any person may bring an action to enjoin the release of confidential information or records concerning him or her or his or her ward, in violation of the provisions of this section, and may in the same action seek damages as provided in this subsection.

(d) The court may award to the plaintiff, should he or she prevail in any action authorized by this subsection, reasonable attorney fees in addition to those otherwise provided by law.

(e) If an action is brought under this subsection, no action may be brought under RCW 70.02.170.

Sec. 10. RCW 70.02.270 and 2013 c 200 s 11 are each amended to read as follows:

(1) No person who receives health care information for health care education, or to provide planning, quality assurance, peer review, or administrative, legal, financial, or actuarial services, or other health care operations for or on behalf of a health care provider or health care facility, may use or disclose any health care information received from the health care provider or health care facility in any manner that ((is inconsistent with the duties of the health care provider or health care facility under this chapter)) would violate the requirements of this chapter if performed by the health care provider or health care facility.

(2) A health care provider or health care facility that has a contractual relationship with a person to provide services described under subsection (1) of this section ((must)) may terminate the contractual relationship with the person if the health care provider or health care facility learns that the person has engaged in a pattern of activity that violates the person's duties under subsection (1) of this section, unless the person took reasonable steps to correct the breach of confidentiality or has discontinued the violating activity.

Sec. 11. RCW 70.02.280 and 2013 c 200 s 12 are each amended to read as follows:

A health care provider, health care facility, and their assistants, employees, agents, and contractors may not:

(1) Use or disclose health care information for marketing or fund- raising purposes, unless permitted by federal law; or

(2) ((Sell health care information to a third party, except in a form that is deidentified and aggregated; or

(3))) Sell health care information to a third party, except ((for the following purposes)):

(a) For purposes of treatment or payment;

(b) For purposes of sale, transfer, merger, or consolidation of a business;

(c) For purposes of remuneration to a third party for services;

(d) As disclosures are required by law;

(e) For purposes of providing access to or accounting of disclosures to an individual;

(f) For public health purposes;

(g) For research;

(h) With an individual's authorization;

(i) Where a reasonable cost-based fee is paid to prepare and transmit health information, where authority to disclose the

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information is provided in this chapter; or

(j) In a format that is deidentified and aggregated.

Sec. 12. RCW 70.02.310 and 2013 c 200 s 15 are each amended to read as follows:

(1) Resource management services shall establish procedures to provide reasonable and timely access to information and records related to mental health services for an individual ((mental health treatment records)). However, access may not be denied at any time to records of all medications and somatic treatments received by the person.

(2) Following discharge, a person who has received mental health services has a right to a complete record of all medications and somatic treatments prescribed during evaluation, admission, or commitment and to a copy of the discharge summary prepared at the time of his or her discharge. A reasonable and uniform charge for reproduction may be assessed.

(3) ((Mental health treatment records)) Information and records related to mental health services may be modified prior to inspection to protect the confidentiality of other patients or the names of any other persons referred to in the record who gave information on the condition that his or her identity remain confidential. Entire documents may not be withheld to protect such confidentiality.

(4) At the time of discharge resource management services shall inform all persons who have received mental health services of their rights as provided in this chapter and RCW 71.05.620.

Sec. 13. RCW 70.02.340 and 2013 c 200 s 18 are each amended to read as follows:

The department of social and health services shall adopt rules related to the disclosure of ((mental health treatment records)) information and records related to mental health services in this chapter.

Sec. 14. RCW 71.05.445 and 2013 c 200 s 31 are each amended to read as follows:

(1)(a) When a mental health service provider conducts its initial assessment for a person receiving court-ordered treatment, the service provider shall inquire and shall be told by the offender whether he or she is subject to supervision by the department of corrections.

(b) When a person receiving court-ordered treatment or treatment ordered by the department of corrections discloses to his or her mental health service provider that he or she is subject to supervision by the department of corrections, the mental health service provider shall notify the department of corrections that he or she is treating the offender and shall notify the offender that his or her community corrections officer will be notified of the treatment, provided that if the offender has received relief from disclosure pursuant to RCW 9.94A.562, 70.96A.155, or 71.05.132 and the offender has provided the mental health service provider with a copy of the order granting relief from disclosure pursuant to RCW 9.94A.562, 70.96A.155, or 71.05.132, the mental health service provider is not required to notify the department of corrections that the mental health service provider is treating the offender. The notification may be written or oral and shall not require the consent of the offender. If an oral notification is made, it must be confirmed by a written notification. For purposes of this section, a written notification includes notification by e-mail or facsimile, so long as the notifying mental health service provider is clearly identified.

(2) The information to be released to the department of corrections shall include all relevant records and reports, as defined by rule, necessary for the department of corrections to carry out its duties.

(3) The department and the department of corrections, in consultation with regional support networks, mental health service providers as defined in RCW 71.05.020, mental health consumers, and advocates for persons with mental illness, shall adopt rules to implement the provisions of this section related to the type and scope of information to be released. These rules shall:

(a) Enhance and facilitate the ability of the department of corrections to carry out its responsibility of planning and ensuring community protection with respect to persons subject to sentencing under chapter 9.94A or 9.95 RCW, including accessing and releasing or disclosing information of persons who received mental health services as a minor; and

(b) Establish requirements for the notification of persons under the supervision of the department of corrections regarding the provisions of this section.

(4) The information received by the department of corrections under this section shall remain confidential and subject to the limitations on disclosure outlined in chapter 71.05 RCW, except as provided in RCW 72.09.585.

(5) No mental health service provider or individual employed by a mental health service provider shall be held responsible for information released to or used by the department of corrections under the provisions of this section or rules adopted under this section.

(6) Whenever federal law or federal regulations restrict the release of information ((contained in the treatment records of)) and records related to mental health services for any patient who receives treatment for alcoholism or drug dependency, the release of the information may be restricted as necessary to comply with federal law and regulations.

(7) This section does not modify the terms and conditions of disclosure of information related to sexually transmitted diseases under chapter 70.24 RCW.

(8) The department shall, subject to available resources, electronically, or by the most cost-effective means available, provide the department of corrections with the names, last dates of services, and addresses of specific regional support networks and mental health service providers that delivered mental health services to a person subject to chapter 9.94A or 9.95 RCW pursuant to an agreement between the departments.

Sec. 15. RCW 70.02.030 and 2005 c 468 s 3 are each amended to read as follows:

(1) A patient may authorize a health care provider or health care facility to disclose the patient's health care information. A health care provider or health care facility shall honor an authorization and, if requested, provide a copy of the recorded health care information unless the health care provider or health care facility denies the patient access to health care information under RCW 70.02.090.

(2) A health care provider or health care facility may charge a reasonable fee for providing the health care information and is not required to honor an authorization until the fee is paid.

(3) To be valid, a disclosure authorization to a health care provider or health care facility shall:

(a) Be in writing, dated, and signed by the patient;

(b) Identify the nature of the information to be disclosed;

(c) Identify the name and institutional affiliation of the person or class of persons to whom the information is to be disclosed;

(d) Identify the provider or class of providers who are to make the disclosure;

(e) Identify the patient; and

(f) Contain an expiration date or an expiration event that relates to the patient or the purpose of the use or disclosure.

(4) Unless disclosure without authorization is otherwise permitted under RCW 70.02.050 or the federal health insurance portability and accountability act of 1996 and its implementing

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regulations, an authorization may permit the disclosure of health care information to a class of persons that includes:

(a) Researchers if the health care provider or health care facility obtains the informed consent for the use of the patient's health care information for research purposes; or

(b) Third-party payors if the information is only disclosed for payment purposes.

(5) Except as provided by this chapter, the signing of an authorization by a patient is not a waiver of any rights a patient has under other statutes, the rules of evidence, or common law.

(6) When an authorization permits the disclosure of health care information to a financial institution or an employer of the patient for purposes other than payment, the authorization as it pertains to those disclosures shall expire ((ninety days)) one year after the signing of the authorization, unless the authorization is renewed by the patient.

(7) A health care provider or health care facility shall retain the original or a copy of each authorization or revocation in conjunction with any health care information from which disclosures are made.

(8) Where the patient is under the supervision of the department of corrections, an authorization signed pursuant to this section for health care information related to mental health or drug or alcohol treatment expires at the end of the term of supervision, unless the patient is part of a treatment program that requires the continued exchange of information until the end of the period of treatment.

Sec. 16. RCW 70.02.045 and 2000 c 5 s 2 are each amended to read as follows:

Third-party payors shall not release health care information disclosed under this chapter, except ((to the extent that health care providers are authorized to do so under RCW 70.02.050)) as permitted under this chapter.

NEW SECTION. **Sec. 17.** Sections 1 through 7 and 9 through 16 of this act take effect July 1, 2014.

NEW SECTION. **Sec. 18.** Section 8 of this act is necessary for the immediate preservation of the public peace, health, or safety, or support of the state government and its existing public institutions, and takes effect immediately."

Correct the title.

Representatives Cody and Schmick spoke in favor of the adoption of the amendment.

Amendment (958) was adopted.

There being no objection, the rules were suspended, the second reading considered the third and the bill, as amended by the House, was placed on final passage.

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

The Speaker (Representative Moeller presiding) stated the question before the House to be the final passage of Engrossed Substitute Senate Bill No. 6265, as amended by the House.

ROLL CALL

The Clerk called the roll on the final passage of Engrossed Substitute Senate Bill No. 6265, as amended by the House, and the bill passed the House by the following vote: Yeas, 65; Nays, 33; Absent, 0; Excused, 0.

Voting yea: Representatives Appleton, Bergquist, Blake, Carlyle, Clibborn, Cody, Dahlquist, Dunshee, Fagan, Farrell, Fey, Fitzgibbon, Freeman, Goodman, Green, Gregerson, Habib, Haigh, Hansen, Hudgins, Hunter, Hurst, Jinkins, Johnson, Kagi, Kirby, Kochmar, Lytton, Magendanz, Manweller, Moeller, Morrell, Morris, Moscoso, Ormsby, Ortiz-Self, Orwall, Pettigrew, Pollet, Reykdal, Riccelli, Roberts, Robinson, Rodne, Ryu, S. Hunt, Santos, Sawyer, Schmick, Seaquist, Sells, Senn, Springer, Stanford, Stonier, Sullivan, Takko, Tarleton, Tharinger, Van De Wege, Walkinshaw, Walsh, Warnick, Wylie and Mr. Speaker.

Voting nay: Representatives Buys, Chandler, Christian, Condotta, DeBolt, G. Hunt, Haler, Hargrove, Harris, Hawkins, Hayes, Holy, Hope, Klippert, Kretz, Kristiansen, MacEwen, Muri, Nealey, Orcutt, Overstreet, Parker, Pike, Ross, Scott, Shea, Short, Smith, Taylor, Vick, Wilcox, Young and Zeiger.

ENGROSSED SUBSTITUTE SENATE BILL NO. 6265, as amended by the House, having received the necessary constitutional majority, was declared passed.

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

THIRD READING

MESSAGE FROM THE SENATE

March 7, 2014

Mr. Speaker:

The Senate has passed ENGROSSED SUBSTITUTE HOUSE BILL NO. 2023 with the following amendment:

Strike everything after the enacting clause and insert the following:

"NEW SECTION. **Sec. 1.** This act may be known and cited as the Washington jobs act of 2014.

NEW SECTION. **Sec. 2.** The legislature finds that start-up companies play a critical role in creating new jobs and revenues. Crowdfunding, or raising money through small contributions from a large number of investors, allows smaller enterprises to access the capital they need to get new businesses off the ground. The legislature further finds that the costs of state securities registration often outweigh the benefits to Washington start-ups seeking to make small securities offerings and that the use of crowdfunding for business financing in Washington is significantly restricted by state securities laws. Helping new businesses access equity crowdfunding within certain boundaries will democratize venture capital and facilitate investment by Washington residents in Washington start-ups while protecting consumers and investors. For these reasons, the legislature intends to provide Washington businesses and investors the opportunity to benefit from equity crowdfunding.

NEW SECTION. **Sec. 3.** A new section is added to chapter 21.20 RCW to read as follows:

(1) Any offer or sale of a security is exempt from RCW 21.20.040 through 21.20.300 and 21.20.327, except as expressly provided, if:

(a) The offering is first declared exempt by the director after:

(i) The issuer files the offering with the director; or

(ii) A portal working in collaboration with the director files the offering with the director on behalf of the issuer under section 4 of this act;

(b) The offering is conducted in accordance with the requirements of section 3(a)(11) of the securities act of 1933 and securities and exchange commission rule 147, 17 C.F.R. Sec. 230.147;

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(c) The issuer is an entity organized and doing business in the state of Washington;

(d) Each investor provides evidence or certification of residency in the state of Washington at the time of purchase;

(e) The issuer files with the director an escrow agreement either directly or through a portal providing that all offering proceeds will be released to the issuer only when the aggregate capital raised from all investors equals or exceeds the minimum target offering, as determined by the director;

(f) The aggregate purchase price of all securities sold by an issuer pursuant to the exemption provided by this section does not exceed one million dollars during any twelve-month period;

(g) The aggregate amount sold to any investor by one or more issuers during the twelve-month period preceding the date of the sale does not exceed:

(i) The greater of two thousand dollars or five percent of the annual income or net worth of the investor, as applicable, if either the annual income or the net worth of the investor is less than one hundred thousand dollars; or

(ii) Ten percent of the annual income or net worth of the investor, as applicable, up to one hundred thousand dollars, if either the annual income or net worth of the investor is one hundred thousand dollars or more;

(h) The investor acknowledges by manual or electronic signature the following statement conspicuously presented at the time of sale on a page separate from other information relating to the offering: "I acknowledge that I am investing in a high-risk, speculative business venture, that I may lose all of my investment, and that I can afford the loss of my investment";

(i) The issuer reasonably believes that all purchasers are purchasing for investment and not for sale in connection with a distribution of the security; and

(j) The issuer and investor provide any other information reasonably requested by the director.

(2) Attempted compliance with the exemption provided by this section does not act as an exclusive election. The issuer may claim any other applicable exemption.

(3) For as long as securities issued under the exemption provided by this section are outstanding, the issuer shall provide a quarterly report to the issuer's shareholders and the director by making such report publicly accessible, free of charge, at the issuer's internet web site address within forty-five days of the end of each fiscal quarter. The report must contain the following information:

(a) Executive officer and director compensation, including specifically the cash compensation earned by the executive officers and directors since the previous report and on an annual basis, and any bonuses or other compensation, including stock options or other rights to receive equity securities of the issuer or any affiliate of the issuer, received by them; and

(b) A brief analysis by management of the issuer of the business operations and financial condition of the issuer.

(4) Securities issued under the exemption provided by this section may not be transferred by the purchaser during a one-year period beginning on the date of purchase, unless the securities are transferred:

(a) To the issuer of the securities;

(b) To an accredited investor;

(c) As part of a registered offering; or

(d) To a member of the family of the purchaser or the equivalent, or in connection with the death or divorce or other similar circumstances, in the discretion of the director.

(5) The director shall adopt disqualification provisions under which this exemption shall not be available to any person or its predecessors, affiliates, officers, directors, underwriters, or other related persons. The provisions shall be substantially similar to the disqualification provisions adopted by the securities and exchange commission pursuant to the requirements of section 401(b)(2) of the Jobs act of 2012 or, if none, as adopted in Rule 506 of Regulation D. Notwithstanding the foregoing, this exemption shall become available on the effective date of this section.

NEW SECTION. **Sec. 4.** A new section is added to chapter 21.20 RCW to read as follows:

(1) Only a local associate development organization, as defined in RCW 43.330.010, a port district, or an organization that qualifies as a portal pursuant to regulations promulgated by the director, may work in collaboration with the director to act as a portal under this chapter.

(2) A portal shall require, at a minimum, the following information from an applicant for exemption prior to offering services to the applicant or forwarding the applicant's materials to the director:

(a) A description of the issuer, including type of entity, location, and business plan, if any;

(b) The applicant's intended use of proceeds from an offering under this act;

(c) Identities of officers, directors, managing members, and ten percent beneficial owners, as applicable;

(d) A description of any outstanding securities; and

(e) A description of any litigation or legal proceedings involving the applicant, its officers, directors, managing members, or ten percent beneficial owners, as applicable.

(3) Upon receipt of the information described in subsection (2) of this section, the portal may offer services to the applicant that the portal deems appropriate or necessary to meet the criteria for exemption under sections 3 and 5 of this act. Such services may include assistance with development of a business plan, referral to legal services, and other technical assistance in preparation for a public securities offering.

(4) The portal shall forward the materials necessary for the applicant to qualify for exemption to the director for filing when the portal is satisfied that the applicant has assembled the necessary information and materials to meet the criteria for exemption under sections 3 and 5 of this act.

(5) The portal shall work in collaboration with the director for the purposes of executing the offering upon filing with the director.

NEW SECTION. **Sec. 5.** A new section is added to chapter 21.20 RCW to read as follows:

The director must adopt rules to implement sections 2 and 3 of this act subject to RCW 21.20.450 including, but not limited to:

(1) Adopting rules for filing with the director under sections 3 and 4 of this act by October 1, 2014;

(2) Establishing filing and transaction fees sufficient to cover the costs of administering this section and sections 2 through 4 of this act by January 1, 2015; and

(3) Adopting any other rules to implement sections 3 and 4 of this act by April 1, 2015.

The director shall take steps and adopt rules to implement this section by the dates specified in this section.

Sec. 6. RCW 42.56.270 and 2013 c 305 s 14 are each amended to read as follows:

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

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

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

(3) Financial and commercial information and records supplied by private persons pertaining to export services provided under

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chapters 43.163 and 53.31 RCW, and by persons pertaining to export projects under RCW 43.23.035;

(4) Financial and commercial information and records supplied by businesses or individuals during application for loans or program services provided by chapters 43.325, 43.163, 43.160, 43.330, and 43.168 RCW, or during application for economic development loans or program services provided by any local agency;

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

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

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

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

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

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

(b) Internal control documents, independent auditors' reports and financial statements, and supporting documents: (i) Of house-banked social card game licensees required by the gambling commission pursuant to rules adopted under chapter 9.46 RCW; or (ii) submitted by tribes with an approved tribal/state compact for class III gaming;

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

(12)(a) When supplied to and in the records of the department of commerce:

(i) Financial and proprietary information collected from any person and provided to the department of commerce pursuant to RCW 43.330.050(8); and

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

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

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

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

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

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

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

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

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

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

(18) Financial, commercial, operations, and technical and research information and data submitted to or obtained by a health sciences and services authority in applications for, or delivery of, grants under RCW 35.104.010 through 35.104.060, to the extent that such information, if revealed, would reasonably be expected to result in private loss to providers of this information;

(19) Information gathered under chapter 19.85 RCW or RCW 34.05.328 that can be identified to a particular business;

(20) Financial and commercial information submitted to or obtained by the University of Washington, other than information the university is required to disclose under RCW 28B.20.150, when the information relates to investments in private funds, to the extent that such information, if revealed, would reasonably be expected to result in loss to the University of Washington consolidated endowment fund or to result in private loss to the providers of this information;

(21) Financial, commercial, operations, and technical and research information and data submitted to or obtained by innovate Washington in applications for, or delivery of, grants and loans under chapter 43.333 RCW, to the extent that such information, if revealed, would reasonably be expected to result in private loss to the providers of this information; ((~~and~~))

(22) Market share data submitted by a manufacturer under RCW 70.95N.190(4); and

(23) Financial information supplied to the department of financial institutions or to a portal under section 4 of this act, when filed by or on behalf of an issuer of securities for the purpose of obtaining the exemption from state securities registration for small securities offerings provided under section 3 of this act or when filed by or on behalf of an investor for the purpose of purchasing such securities."

On page 1, line 2 of the title, after "offerings;" strike the remainder of the title and insert "amending RCW 42.56.270; adding new sections to chapter 21.20 RCW; and creating new sections."

and the same is herewith transmitted.

Brad Hendrickson, Deputy, Secretary

SENATE AMENDMENT TO HOUSE BILL

There being no objection, the House concurred in the Senate amendment to ENGROSSED SUBSTITUTE HOUSE BILL NO. 2023 and advanced the bill as amended by the Senate to final passage.

FINAL PASSAGE OF HOUSE BILL AS SENATE AMENDED

Representatives Habib, Parker and Hudgins spoke in favor of the passage of the bill.

The Speaker (Representative Moeller presiding) stated the question before the House to be the final passage of Engrossed Substitute House Bill No. 2023, as amended by the Senate.

ROLL CALL

The Clerk called the roll on the final passage of Engrossed Substitute House Bill No. 2023, as amended by the Senate, and the bill passed the House by the following vote: Yeas, 98; Nays, 0; Absent, 0; Excused, 0.

Voting yea: Representatives Appleton, Bergquist, Blake, Buys, Carlyle, Chandler, Christian, Clibborn, Cody, Condotta, Dahlquist, DeBolt, Dunshee, Fagan, Farrell, Fey, Fitzgibbon, Freeman, G. Hunt, Goodman, Green, Gregerson, Habib, Haigh, Haler, Hansen, Hargrove, Harris, Hawkins, Hayes, Holy, Hope, Hudgins, Hunter, Hurst, Jinkins, Johnson, Kagi, Kirby, Klippert, Kochmar, Kretz, Kristiansen, Lytton, MacEwen, Magendanz, Manweller, Moeller, Morrell, Morris, Moscoso, Muri, Nealey, Orcutt, Ormsby, Ortiz-Self, Orwall, Overstreet, Parker, Pettigrew, Pike, Pollet, Reykdal, Riccelli, Roberts, Robinson, Rodne, Ross, Ryu, S. Hunt, Santos, Sawyer, Schmick, Scott, Seaquist, Sells, Senn, Shea, Short, Smith, Springer, Stanford, Stonier, Sullivan, Takko, Tarleton, Taylor, Tharinger, Van De Wege, Vick, Walkinshaw, Walsh, Warnick, Wilcox, Wylie, Young, Zeiger and Mr. Speaker.

ENGROSSED SUBSTITUTE HOUSE BILL NO. 2023, as amended by the Senate, having received the necessary constitutional majority, was declared passed.

MESSAGE FROM THE SENATE

March 7, 2014

Mr. Speaker:

The Senate has passed ENGROSSED SECOND SUBSTITUTE HOUSE BILL NO. 2493 with the following amendment:

Strike everything after the enacting clause and insert the following:

"NEW SECTION. **Sec. 1.** The legislature intends to clarify and update the description of farm and agricultural land as it is used under the property tax open space program. Modern technology and water quality and labor regulations have all caused nurseries to increasingly grow plants in containers rather than in the ground. Growing plants in containers preserves topsoil, allows more plants to be grown per acre, allows soil and nutrients to be customized for each type of plant, allows more efficient use of water and fertilizer, allows year round harvest and sales, and reduces labor cost and injuries.

Sec. 2. RCW 84.34.020 and 2011 c 101 s 1 are each amended to read as follows:

((~~As used in this chapter, unless a different meaning is required by the context:~~)) The definitions in this section apply throughout this chapter unless the context clearly requires otherwise.

(1) "Open space land" means (a) any land area so designated by an official comprehensive land use plan adopted by any city or county and zoned accordingly, or (b) any land area, the preservation of which in its present use would (i) conserve and enhance natural or scenic resources, or (ii) protect streams or water supply, or (iii) promote conservation of soils, wetlands, beaches or tidal marshes, or (iv) enhance the value to the public of abutting or neighboring parks, forests, wildlife preserves, nature reservations or sanctuaries or other open space, or (v) enhance recreation opportunities, or (vi) preserve historic sites, or (vii) preserve visual quality along highway, road, and street corridors or scenic vistas, or (viii) retain in its natural state tracts of land not less than one acre situated in an urban area and open to public use on such conditions as may be reasonably required by the legislative body granting the open space classification, or (c) any land meeting the definition of farm and agricultural conservation land under subsection (8) of this section. As a condition of granting open space classification, the legislative body may not require public access on land classified under (b)(iii) of this subsection for the purpose of promoting conservation of wetlands.

(2) "Farm and agricultural land" means:

(a) Any parcel of land that is twenty or more acres or multiple parcels of land that are contiguous and total twenty or more acres:

(i) Devoted primarily to the production of livestock or agricultural commodities for commercial purposes;

(ii) Enrolled in the federal conservation reserve program or its successor administered by the United States department of agriculture; or

(iii) Other similar commercial activities as may be established by rule;

(b)(i) Any parcel of land that is five acres or more but less than twenty acres devoted primarily to agricultural uses, which has produced a gross income from agricultural uses equivalent to, as of January 1, 1993:

(A) One hundred dollars or more per acre per year for three of the five calendar years preceding the date of application for classification under this chapter for all parcels of land that are classified under this subsection or all parcels of land for which an application for classification under this subsection is made with the granting authority prior to January 1, 1993; and

(B) On or after January 1, 1993, two hundred dollars or more per acre per year for three of the five calendar years preceding the date of application for classification under this chapter;

(ii) For the purposes of (b)(i) of this subsection, "gross income from agricultural uses" includes, but is not limited to, the wholesale value of agricultural products donated to nonprofit food banks or feeding programs;

(c) Any parcel of land of less than five acres devoted primarily to agricultural uses which has produced a gross income as of January 1, 1993, of:

(i) One thousand dollars or more per year for three of the five calendar years preceding the date of application for classification under this chapter for all parcels of land that are classified under this subsection or all parcels of land for which an application for classification under this subsection is made with the granting authority prior to January 1, 1993; and

(ii) On or after January 1, 1993, fifteen hundred dollars or more per year for three of the five calendar years preceding the date of application for classification under this chapter. Parcels of land described in (b)(i)(A) and (c)(i) of this subsection will, upon any transfer of the property excluding a transfer to a surviving spouse or surviving state registered domestic partner, be subject to the limits of (b)(i)(B) and (c)(ii) of this subsection;

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(d) Any parcel of land that is five acres or more but less than twenty acres devoted primarily to agricultural uses, which meet one of the following criteria:

(i) Has produced a gross income from agricultural uses equivalent to two hundred dollars or more per acre per year for three of the five calendar years preceding the date of application for classification under this chapter;

(ii) Has standing crops with an expectation of harvest within seven years, except as provided in (d)(iii) of this subsection, and a demonstrable investment in the production of those crops equivalent to one hundred dollars or more per acre in the current or previous calendar year. For the purposes of this subsection (2)(d)(ii), "standing crop" means Christmas trees, vineyards, fruit trees, or other perennial crops that: (A) Are planted using agricultural methods normally used in the commercial production of that particular crop; and (B) typically do not produce harvestable quantities in the initial years after planting; or

(iii) Has a standing crop of short rotation hardwoods with an expectation of harvest within fifteen years and a demonstrable investment in the production of those crops equivalent to one hundred dollars or more per acre in the current or previous calendar year;

(e) Any lands including incidental uses as are compatible with agricultural purposes, including wetlands preservation, provided such incidental use does not exceed twenty percent of the classified land and the land on which appurtenances necessary to the production, preparation, or sale of the agricultural products exist in conjunction with the lands producing such products. Agricultural lands also include any parcel of land of one to five acres, which is not contiguous, but which otherwise constitutes an integral part of farming operations being conducted on land qualifying under this section as "farm and agricultural lands";

(f) The land on which housing for employees and the principal place of residence of the farm operator or owner of land classified pursuant to (a) of this subsection is sited if: The housing or residence is on or contiguous to the classified parcel; and the use of the housing or the residence is integral to the use of the classified land for agricultural purposes; ((~~or~~))

(g) Any land that is used primarily for equestrian related activities for which a charge is made, including, but not limited to, stabling, training, riding, clinics, schooling, shows, or grazing for feed and that otherwise meet the requirements of (a), (b), or (c) of this subsection; or

(h) Any land primarily used for commercial horticultural purposes, including growing seedlings, trees, shrubs, vines, fruits, vegetables, flowers, herbs, and other plants in containers, whether under a structure or not, subject to the following:

(i) The land is not primarily used for the storage, care, or selling of plants purchased from other growers for retail sale;

(ii) If the land is less than five acres and used primarily to grow plants in containers, such land does not qualify as "farm and agricultural land" if more than twenty-five percent of the land used primarily to grow plants in containers is open to the general public for on-site retail sales;

(iii) If more than twenty percent of the land used for growing plants in containers qualifying under this subsection (2)(h) is covered by pavement, none of the paved area is eligible for classification as "farm and agricultural land" under this subsection (2)(h). The eligibility limitations described in this subsection (2)(h)(i
affect the land's eligibility to qualify under (e) of this subse

(iv) If the land classified under this subsection (2)(h), in addition to any contiguous land classified under this subsection, is less than twenty acres, it must meet the applicable income or investment requirements in (b), (c), or (d) of this subsection.

(3) "Timber land" means any parcel of land that is fiv
acres or multiple parcels of land that are contiguous and total five or more acres which is or are devoted primarily to the growth and harvest of timber for commercial purposes. Timber land means the land only and does not include a residential homesite. The term includes land used for incidental uses that are compatible with the growing and harvesting of timber but no more than ten percent of the land may be used for such incidental uses. It also includes the land on which appurtenances necessary for the production, preparation, or sale of the timber products exist in conjunction with land producing these products.

(4) "Current" or "currently" means as of the date on which property is to be listed and valued by the assessor.

(5) "Owner" means the party or parties having the fee interest in land, except that where land is subject to real estate contract "owner" means the contract vendee.

(6)(a) "Contiguous" means land adjoining and touching other property held by the same ownership. Land divided by a public road, but otherwise an integral part of a farming operation, is considered contiguous.

(b) For purposes of this subsection (6):

(i) "Same ownership" means owned by the same person or persons, except that parcels owned by different persons are deemed held by the same ownership if the parcels are:

(A) Managed as part of a single operation; and

(B) Owned by:

(I) Members of the same family;

(II) Legal entities that are wholly owned by members of the same family; or

(III) An individual who owns at least one of the parcels and a legal entity or entities that own the other parcel or parcels if the entity or entities are wholly owned by that individual, members of his or her family, or that individual and members of his or her family.

(ii) "Family" includes only:

(A) An individual and his or her spouse or domestic partner, child, stepchild, adopted child, grandchild, parent, stepparent, grandparent, cousin, or sibling;

(B) The spouse or domestic partner of an individual's child, stepchild, adopted child, grandchild, parent, stepparent, grandparent, cousin, or sibling;

(C) A child, stepchild, adopted child, grandchild, parent, stepparent, grandparent, cousin, or sibling of the individual's spouse or the individual's domestic partner; and

(D) The spouse or domestic partner of any individual described in (b)(ii)(C) of this subsection (6).

(7) "Granting authority" means the appropriate agency or official who acts on an application for classification of land pursuant to this chapter.

(8) "Farm and agricultural conservation land" means either:

(a) Land that was previously classified under subsection (2) of this section, that no longer meets the criteria of subsection (2) of this section, and that is reclassified under subsection (1) of this section; or

(b) Land that is traditional farmland that is not classified under chapter 84.33 or 84.34 RCW, that has not been irrevocably devoted to a use inconsistent with agricultural uses, and that has a high potential for returning to commercial agriculture.

NEW SECTION. **Sec. 3.** The amendments to RCW 84.34.020, as provided in section 2 of this act, are intended to clarify an ambiguity in an existing tax preference, and are therefore exempt from the requirements of RCW 82.32.805 and 82.32.808."

On page 1, line 2 of the title, after "purposes;" strike the remainder of the title and insert "amending RCW 84.34.020; and creating new sections."

and the same is herewith transmitted.

Brad Hendrickson, Deputy, Secretary

SENATE AMENDMENT TO HOUSE BILL

There being no objection, the House concurred in the Senate amendment to ENGROSSED SECOND SUBSTITUTE HOUSE BILL NO. 2493 and advanced the bill as amended by the Senate to final passage.

FINAL PASSAGE OF HOUSE BILL AS SENATE AMENDED

Representatives Wilcox and Carlyle spoke in favor of the passage of the bill.

The Speaker (Representative Moeller presiding) stated the question before the House to be the final passage of Engrossed Second Substitute House Bill No. 2493, as amended by the Senate.

ROLL CALL

The Clerk called the roll on the final passage of Engrossed Second Substitute House Bill No. 2493, as amended by the Senate, and the bill passed the House by the following vote: Yeas, 98; Nays, 0; Absent, 0; Excused, 0.

Voting yea: Representatives Appleton, Bergquist, Blake, Buys, Carlyle, Chandler, Christian, Clibborn, Cody, Condotta, Dahlquist, DeBolt, Dunshee, Fagan, Farrell, Fey, Fitzgibbon, Freeman, G. Hunt, Goodman, Green, Gregerson, Habib, Haigh, Haler, Hansen, Hargrove, Harris, Hawkins, Hayes, Holy, Hope, Hudgins, Hunter, Hurst, Jinkins, Johnson, Kagi, Kirby, Klippert, Kochmar, Kretz, Kristiansen, Lytton, MacEwen, Magendanz, Manweller, Moeller, Morrell, Morris, Moscoso, Muri, Nealey, Orcutt, Ormsby, Ortiz-Self, Orwall, Overstreet, Parker, Pettigrew, Pike, Pollet, Reykdal, Riccelli, Roberts, Robinson, Rodne, Ross, Ryu, S. Hunt, Santos, Sawyer, Schmick, Scott, Seaquist, Sells, Senn, Shea, Short, Smith, Springer, Stanford, Stonier, Sullivan, Takko, Tarleton, Taylor, Tharinger, Van De Wege, Vick, Walkinshaw, Walsh, Warnick, Wilcox, Wylie, Young, Zeiger and Mr. Speaker.

ENGROSSED SECOND SUBSTITUTE HOUSE BILL NO. 2493, as amended by the Senate, having received the necessary constitutional majority, was declared passed.

MESSAGE FROM THE SENATE

March 7, 2014

Mr. Speaker:

The Senate has passed SECOND SUBSTITUTE HOUSE BILL NO. 2616 with the following amendment:

Strike everything after the enacting clause and insert the following:

"NEW SECTION. **Sec. 1.** The legislature intends to assure that for parents with developmental disabilities, the department of social and health services takes into consideration the parent's disability when offering services to correct parental deficiencies. To do so, the legislature finds that the department must contact the developmental disabilities administration.

Sec. 2. RCW 13.34.136 and 2013 c 316 s 2, 2013 c 254 s 2, and 2013 c 173 s 2 are each reenacted and amended to read as follows:

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

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

The permanency plan shall include:

(a) A permanency plan of care that shall identify one of the following outcomes as a primary goal and may identify additional outcomes as alternative goals: Return of the child to the home of the child's parent, guardian, or legal custodian; adoption, including a tribal customary adoption as defined in RCW 13.38.040; guardianship; permanent legal custody; long-term relative or foster care, until the child is age eighteen, with a written agreement between the parties and the care provider; successful completion of a responsible living skills program; or independent living, if appropriate and if the child is age sixteen or older. The department or supervising agency shall not discharge a child to an independent living situation before the child is eighteen years of age unless the child becomes emancipated pursuant to chapter 13.64 RCW;

(b) Unless the court has ordered, pursuant to RCW 13.34.130(8), that a termination petition be filed, a specific plan as to where the child will be placed, what steps will be taken to return the child home, what steps the supervising agency or the department will take to promote existing appropriate sibling relationships and/or facilitate placement together or contact in accordance with the best interests of each child, and what actions the department or supervising agency will take to maintain parent-child ties. All aspects of the plan shall include the goal of achieving permanence for the child.

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

(A) If the parent is incarcerated, the plan must address how the parent will participate in the case conference and permanency planning meetings and, where possible, must include treatment that reflects the resources available at the facility where the parent is confined. The plan must provide for visitation opportunities, unless visitation is not in the best interests of the child.

(B) If a parent has a developmental disability according to the definition provided in RCW 71A.10.020, and that individual is eligible for services provided by the developmental disabilities administration, the department shall make reasonable efforts to consult with the developmental disabilities administration to create an appropriate plan for services. For individuals who meet the definition of developmental disability provided in RCW 71A.10.020 and who are eligible for services through the developmental disabilities administration, the plan for services must be tailored to correct the parental deficiency taking into consideration the parent's disability and the department shall also determine an appropriate method to offer those services based on the parent's disability.

(ii)(A) Visitation is the right of the family, including the child and the parent, in cases in which visitation is in the best interest of the child. Early, consistent, and frequent visitation is crucial for maintaining parent-child relationships and making it possible for parents and children to safely reunify. The supervising agency or department shall encourage the maximum parent and child and sibling contact possible, when it is in the best interest of the child,

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including regular visitation and participation by the parents in the care of the child while the child is in placement.

(B) Visitation shall not be limited as a sanction for a parent's failure to comply with court orders or services where the health, safety, or welfare of the child is not at risk as a result of the visitation.

(C) Visitation may be limited or denied only if the court determines that such limitation or denial is necessary to protect the child's health, safety, or welfare. When a parent or sibling has been identified as a suspect in an active criminal investigation for a violent crime that, if the allegations are true, would impact the safety of the child, the department shall make a concerted effort to consult with the assigned law enforcement officer in the criminal case before recommending any changes in parent/child or child/sibling contact. In the event that the law enforcement officer has information pertaining to the criminal case that may have serious implications for child safety or well-being, the law enforcement officer shall provide this information to the department during the consultation. The department may only use the information provided by law enforcement during the consultation to inform family visitation plans and may not share or otherwise distribute the information to any person or entity. Any information provided to the department by law enforcement during the consultation is considered investigative information and is exempt from public inspection pursuant to RCW 42.56.240. The results of the consultation shall be communicated to the court.

(D) The court and the department or supervising agency should rely upon community resources, relatives, foster parents, and other appropriate persons to provide transportation and supervision for visitation to the extent that such resources are available, and appropriate, and the child's safety would not be compromised.

(iii)(A) The department, court, or caregiver in the out-of-home placement may not limit visitation or contact between a child and sibling as a sanction for a child's behavior or as an incentive to the child to change his or her behavior.

(B) Any exceptions, limitation, or denial of contacts or visitation must be approved by the supervisor of the department caseworker and documented. The child, parent, department, guardian ad litem, or court-appointed special advocate may challenge the denial of visits in court.

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

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

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

(vii) The supervising agency or department shall provide all reasonable services that are available within the department or supervising agency, or within the community, or those servi
the department has existing contracts to purchase. It shall
the court if it is unable to provide such services; and

(c) If the court has ordered, pursuant to RCW 13.34.130(8), that a termination petition be filed, a specific plan as to where the child will be placed, what steps will be taken to achieve permanency for the child, services to be offered or provided to the child, and, if
would be in the best interests of the child, a recommendat
court regarding visitation between parent and child pending a fact-finding hearing on the termination petition. The department or supervising agency shall not be required to develop a plan of services for the parents or provide services to the parents if the court orders a termination petition be filed. However, reasonable efforts to ensure visitation and contact between siblings shall be made unless there is reasonable cause to believe the best interests of the child or siblings would be jeopardized.

(3) Permanency planning goals should be achieved at the earliest possible date. If the child has been in out-of-home care for fifteen of the most recent twenty-two months, and the court has not made a good cause exception, the court shall require the department or supervising agency to file a petition seeking termination of parental rights in accordance with RCW 13.34.145((~~(3)~~))(4)(b)(vi). In cases where parental rights have been terminated, the child is legally free for adoption, and adoption has been identified as the primary permanency planning goal, it shall be a goal to complete the adoption within six months following entry of the termination order.

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

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

(6) The court shall consider the child's relationships with the child's siblings in accordance with RCW 13.34.130(6). Whenever the permanency plan for a child is adoption, the court shall encourage the prospective adoptive parents, birth parents, foster parents, kinship caregivers, and the department or other supervising agency to seriously consider the long-term benefits to the child adoptee and his or her siblings of providing for and facilitating continuing postadoption contact between the siblings. To the extent that it is feasible, and when it is in the best interests of the child adoptee and his or her siblings, contact between the siblings should be frequent and of a similar nature as that which existed prior to the adoption. If the child adoptee or his or her siblings are represented by an attorney or guardian ad litem in a proceeding under this chapter or in any other child custody proceeding, the court shall inquire of each attorney and guardian ad litem regarding the potential benefits of continuing contact between the siblings and the potential detriments of severing contact. This section does not require the department of social and health services or other supervising agency to agree to any specific provisions in an open adoption agreement and does not create a new obligation for the department to provide supervision or transportation for visits between siblings separated by adoption from foster care.

(7) For purposes related to permanency planning:

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

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

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

On page 1, line 2 of the title, after "with" strike "intellectual or" and after "proceedings;" strike the remainder of the title and insert "reenacting and amending RCW 13.34.136; and creating a new section."

and the same is herewith transmitted.

Brad Hendrickson, Deputy, Secretary

SENATE AMENDMENT TO HOUSE BILL

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There being no objection, the House concurred in the Senate amendment to SECOND SUBSTITUTE HOUSE BILL NO. 2616 and advanced the bill as amended by the Senate to final passage.

FINAL PASSAGE OF HOUSE BILL AS SENATE AMENDED

Representatives Freeman and Walsh spoke in favor of the passage of the bill.

The Speaker (Representative Moeller presiding) stated the question before the House to be the final passage of Second Substitute House Bill No. 2616, as amended by the Senate.

ROLL CALL

The Clerk called the roll on the final passage of Second Substitute House Bill No. 2616, as amended by the Senate, and the bill passed the House by the following vote: Yeas, 98; Nays, 0; Absent, 0; Excused, 0.

Voting yea: Representatives Appleton, Bergquist, Blake, Buys, Carlyle, Chandler, Christian, Clibborn, Cody, Condotta, Dahlquist, DeBolt, Dunshee, Fagan, Farrell, Fey, Fitzgibbon, Freeman, G. Hunt, Goodman, Green, Gregerson, Habib, Haigh, Haler, Hansen, Hargrove, Harris, Hawkins, Hayes, Holy, Hope, Hudgins, Hunter, Hurst, Jinkins, Johnson, Kagi, Kirby, Klippert, Kochmar, Kretz, Kristiansen, Lytton, MacEwen, Magendanz, Manweller, Moeller, Morrell, Morris, Moscoso, Muri, Nealey, Orcutt, Ormsby, Ortiz-Self, Orwall, Overstreet, Parker, Pettigrew, Pike, Pollet, Reykdal, Riccelli, Roberts, Robinson, Rodne, Ross, Ryu, S. Hunt, Santos, Sawyer, Schmick, Scott, Seaquist, Sells, Senn, Shea, Short, Smith, Springer, Stanford, Stonier, Sullivan, Takko, Tarleton, Taylor, Tharinger, Van De Wege, Vick, Walkinshaw, Walsh, Warnick, Wilcox, Wylie, Young, Zeiger and Mr. Speaker.

SECOND SUBSTITUTE HOUSE BILL NO. 2616, as amended by the Senate, having received the necessary constitutional majority, was declared passed.

MESSAGE FROM THE SENATE

March 7, 2014

Mr. Speaker:

The Senate has passed ENGROSSED HOUSE BILL NO. 2789 with the following amendment:

Strike everything after the enacting clause and insert the following:

"NEW SECTION. **Sec. 1.** The legislature finds that technological advances have provided new, unique equipment that may be utilized for surveillance purposes. These technological advances often outpace statutory protections and can lead to inconsistent or contradictory interpretations between jurisdictions. The legislature finds that regardless of application or size, the use of these extraordinary surveillance technologies, without public debate or clear legal authority, creates uncertainty for citizens and agencies throughout Washington state. The legislature finds that extraordinary surveillance technologies do present a substantial privacy risk potentially contrary to the strong privacy protections enshrined in Article I, section 7 of the Washington state Constitution that reads "No person shall be disturbed in his private affairs, or his home invaded, without authority of law." The legislature further finds that the lack of clear statutory authority for the use of extraordinary surveillance technologies may increase liability to state and local jurisdictions. It is the intent of the legislature to provide clear standards for the lawful use of extraordinary surveillance technologies by state and local jurisdictions.

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

(1)(a) "Agency" means the state of Washington, its agencies, and political subdivisions, except the Washington national guard in Title 32 U.S.C. status.

(b) "Agency" also includes any entity or individual, whether public or private, with which any of the entities identified in (a) of this subsection has entered into a contractual relationship or any other type of relationship, with or without consideration, for the operation of an extraordinary sensing device that acquires, collects, or indexes personal information to accomplish an agency function.

(2) "Court of competent jurisdiction" means any district court of the United States, or a court of general jurisdiction authorized by the state of Washington to issue search warrants.

(3) "Extraordinary sensing device" means a sensing device attached to an unmanned aircraft system.

(4) "Governing body" means the council, commission, board, or other controlling body of an agency in which legislative powers are vested, except that for a state agency for which there is no governing body other than the state legislature, "governing body" means the chief executive officer responsible for the governance of the agency.

(5) "Personal information" means all information that:

(a) Describes, locates, or indexes anything about a person including, but not limited to:

(i) His or her social security number, driver's license number, agency-issued identification number, student identification number, real or personal property holdings derived from tax returns, and the person's education, financial transactions, medical history, ancestry, religion, political ideology, or criminal or employment record; or

(ii) Intellectual property, trade secrets, proprietary information, or operational information;

(b) Affords a basis for inferring personal characteristics, such as finger and voice prints, photographs, or things done by or to such person; and the record of the person's presence, registration, or membership in an organization or activity, or admission to an institution; or

(c) Indexes anything about a person including, but not limited to, his or her activities, behaviors, pursuits, conduct, interests, movements, occupations, or associations.

(6)(a) "Sensing device" means a device capable of remotely acquiring personal information from its surroundings, using any frequency of the electromagnetic spectrum, or a sound detecting system.

(b) "Sensing device" does not include equipment whose sole function is to provide information directly necessary for safe air navigation or operation of a vehicle.

(7) "Unmanned aircraft system" means an aircraft that is operated without the possibility of human intervention from within or on the aircraft, together with associated elements, including communication links and components that control the unmanned aircraft that are required for the pilot in command to operate safely and efficiently in the national airspace system.

NEW SECTION. **Sec. 3.** Except as otherwise specifically authorized in this subchapter, it is unlawful for an agency to operate an extraordinary sensing device or disclose personal information about any person acquired through the operation of an extraordinary sensing device.

NEW SECTION. **Sec. 4.** (1) No state agency or state organization having jurisdiction over criminal law enforcement or regulatory violations including, but not limited to, the Washington state patrol and the department of natural resources, shall purchase an

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extraordinary sensing device unless moneys are expressly appropriated by the legislature for this specific purpose.

(2) No local agency having jurisdiction over criminal law enforcement or regulatory violations shall procure an extraordinary sensing device without the explicit approval of the governing body of such locality, given for that specific extraordinary sensing device to be used for a specific purpose.

NEW SECTION. **Sec. 5.** The governing body for each agency must develop and make publicly available, including on the agency web site, written policies and procedures for the use of any extraordinary sensing device procured, and provide notice and opportunity for public comment prior to adoption of the written policies and procedures.

NEW SECTION. **Sec. 6.** All operations of an extraordinary sensing device, by an agency, or disclosure of personal information about any person acquired through the operation of an extraordinary sensing device, by an agency, must be conducted in such a way as to minimize the collection and disclosure of personal information not authorized under this subchapter.

NEW SECTION. **Sec. 7.** An extraordinary sensing device may be operated and personal information from such operation disclosed, if the operation and collection of personal information is pursuant to a search warrant issued by a court of competent jurisdiction.

NEW SECTION. **Sec. 8.** (1) A governmental entity acting under this section may, when a warrant is sought, include in the petition a request, which the court shall grant, for an order delaying the notification for a period not to exceed ninety days if the court determines that there is a reason to believe that notification of the existence of the warrant may have an adverse result.

(2) An adverse result for the purposes of this section is:

(a) Placing the life or physical safety of an individual in danger;

(b) Causing a person to flee from prosecution;

(c) Causing the destruction of or tampering with evidence;

(d) Causing the intimidation of potential witnesses; or

(e) Jeopardizing an investigation or unduly delaying a trial.

(3) The governmental entity shall maintain a copy of certification.

(4) Extension of the delay of notification of up to ninety days each may be granted by the court upon application or by certification by a governmental entity.

(5) Upon expiration of the period of delay of notification under subsection (2) or (4) of this section, the governmental entity shall serve a copy of the warrant upon, or deliver it by registered or first-class mail to, the target of the warrant, together with notice that:

(a) States with reasonable specificity the nature of the law enforcement inquiry; and

(b) Informs the target of the warrant: (i) That notification was delayed; (ii) what governmental entity or court made the certification or determination pursuant to which that delay was made; and (iii) which provision of this section allowed such delay.

NEW SECTION. **Sec. 9.** (1) It is lawful for a law enforcement officer, agency employee, or authorized agent to operate an extraordinary sensing device and disclose personal information from such operation if the officer, employee, or agent reasonably determines that an emergency situation exists that:

(a) Does not involve criminal activity, unless exigent circumstances exist;

(b) Presents immediate danger of death or serious physical injury to any person; and

(c) Has characteristics such that operation of an extraordinary sensing device can reasonably reduce the danger of death or serious physical injury.

(2) It is lawful for an officer, employee, or agent to operate an extraordinary sensing device if the officer, employee, or agent does not intend to collect personal information, the operation is unlikely to accidentally collect personal information, and the operation is not for purposes of regulatory enforcement. Allowable uses under this subsection are limited to:

(a) Monitoring to discover, locate, observe, and prevent forest fires;

(b) Monitoring an environmental or weather-related catastrophe or damage from such an event;

(c) Surveying for wildlife management, habitat preservation, or environmental damage; and

(d) Surveying for the assessment and evaluation of environmental or weather-related damage, erosion, flood, or contamination.

(3) It is lawful for an officer, employee, or agent to operate an extraordinary sensing device as part of a training exercise conducted on a military base if the extraordinary sensing device does not collect personal information on persons located outside the military base.

(4) It is lawful for an officer, employee, or agent to operate an extraordinary sensing device if the operation is for training, testing, or research purposes by an agency and does not collect personal information without the specific written consent of any individual whose personal information is collected.

(5) It is lawful for an officer, employee, or agent to operate an extraordinary sensing device if the operation is part of the response to an emergency or disaster for which the governor has proclaimed a state of emergency under RCW 43.06.010(12).

(6) Upon completion of the operation of an extraordinary sensing device pursuant to this section, any personal information obtained must be treated as information collected on an individual other than a target for purposes of section 14 of this act.

NEW SECTION. **Sec. 10.** The department of enterprise services shall convene a work group comprised of four legislators and a representative of the governor. The work group will submit a report to the legislature by December 1, 2014, proposing standards for the use of extraordinary sensing devices for regulatory enforcement purposes. No state agency or state organization having jurisdiction over regulatory violations shall operate extraordinary sensing devices for regulatory enforcement purposes until the legislature has approved of standards for this purpose.

NEW SECTION. **Sec. 11.** Operation of an extraordinary sensing device by an agency is prohibited unless the agency has affixed a unique identifier registration number assigned by the agency.

NEW SECTION. **Sec. 12.** Whenever any personal information from an extraordinary sensing device has been acquired, no part of such personal information and no evidence derived therefrom may be received in evidence in any trial, hearing, or other proceeding in or before any court, grand jury, department, officer, agency, regulatory body, legislative committee, or other authority of the state or a political subdivision thereof if the collection or disclosure of that personal information would be in violation of this subchapter.

NEW SECTION. **Sec. 13.** (1) Personal information collected during the operation of an extraordinary sensing device authorized by and consistent with this subchapter may not be used, copied, or disclosed for any purpose after the conclusion of the operation, unless there is probable cause that the personal information is evidence of criminal activity. Nothing in this act is intended to expand or contract the obligations of an agency to disclose public records as provided in chapter 42.56 RCW. The personal information of the person who is the target of a warrant must be destroyed within thirty days after the applicable period of limitations for the criminal activity, as provided in RCW 9A.04.080, if the person has not been charged.

(2) The personal information of a person who is not the target of a warrant that is collected incidentally during the operation of an extraordinary sensing device must be destroyed within ten days after it is collected if it can be destroyed without destroying evidence that may be relevant to a pending criminal investigation or case.

(3) There is a presumption that personal information is not evidence of criminal activity if that personal information is not used in a criminal prosecution within one year of collection.

NEW SECTION. **Sec. 14.** Any person who knowingly violates this subchapter is subject to legal action for damages, to be brought by any other person claiming that a violation of this subchapter has injured his or her business, his or her person, or his or her reputation. A person so injured is entitled to actual damages. In addition, the individual is entitled to reasonable attorneys' fees and other costs of litigation.

NEW SECTION. **Sec. 15.** Any use of an extraordinary sensing device must fully comply with all federal aviation administration requirements and guidelines. Compliance with the terms of this subchapter is mandatory and supplemental to compliance with federal aviation administration requirements and guidelines. Nothing in this chapter shall be construed to limit the state's ability to establish and operate a test range for the integration of unmanned aviation vehicles into the national airspace.

NEW SECTION. **Sec. 16.** (1) For a state agency having jurisdiction over criminal law enforcement including, but not limited to, the Washington state patrol, the agency must maintain records of each use of an extraordinary sensing device and, for any calendar year in which an agency has used an extraordinary sensing device, prepare an annual report including, at a minimum, the following:

(a) The number of uses of an extraordinary sensing device organized by types of incidents and types of justification for use;

(b) The number of crime investigations aided by the use the use was helpful to the investigation;

(c) The number of uses of an extraordinary sensing device for reasons other than criminal investigations and how the use was helpful;

(d) The frequency and type of data collected for individuals or areas other than targets;

(e) The total cost of the extraordinary sensing device;

(f) The dates when personal information and other data was deleted or destroyed in compliance with the act;

(g) The number of warrants requested, issued, and extended; and

(h) Additional information and analysis the governing body deems useful.

(2) For a state agency other than that in subsection (1) of this section, the agency must maintain records of each use of an extraordinary sensing device and, for any calendar year in which an agency has used an extraordinary sensing device, prepare an annual report including, at a minimum, the following:

(a) The types of extraordinary sensing devices used, the purposes for which each type of extraordinary sensing device was used, the circumstances under which use was authorized, and the name of the officer or official who authorized the use;

(b) Whether deployment of the device was imperceptible to the public;

(c) The specific kinds of personal information that the extraordinary sensing device collected about individuals;

(d) The length of time for which any personal information collected by the extraordinary sensing device was retained;

(e) The specific steps taken to mitigate the impact on an individual's privacy, including protections against unauthorized use and disclosure and a data minimization protocol; and

(f) An individual point of contact for citizen complaints and concerns.

(3) For a local agency having jurisdiction over criminal law enforcement or regulatory violations, the agency must maintain records of each use of an extraordinary sensing device including, at a minimum, the following:

(a) The number of uses of an extraordinary sensing device organized by types of incidents and types of justification for use;

(b) The number of investigations aided by the use and how the use was helpful to the investigation;

(c) The number of uses of an extraordinary sensing device for reasons other than criminal investigations and how the use was helpful;

(d) The frequency and type of data collected for individuals or areas other than targets;

(e) The total cost of the extraordinary sensing device;

(f) The dates when personal information and other data was deleted or destroyed in compliance with the act;

(g) The number of warrants requested, issued, and extended; and

(h) Additional information and analysis the governing body deems useful.

(4) The annual reports required pursuant to subsections (1) and (2) of this section must be filed electronically to the office of financial management, who must compile the results and submit them electronically to the relevant committees of the legislature by September 1st of each year, beginning in 2015.

NEW SECTION. **Sec. 17.** Sections 2 through 16 of this act are each added to chapter 9.73 RCW and codified with the subchapter heading of "extraordinary sensing devices."

NEW SECTION. **Sec. 18.** If any provision of this act or its application to any person or circumstance is held invalid, the remainder of the act or the application of the provision to other persons or circumstances is not affected."

On page 1, line 1 of the title, after "surveillance;" strike the remainder of the title and insert "adding new sections to chapter 9.73 RCW; creating a new section; and prescribing penalties."

and the same is herewith transmitted.

Brad Hendrickson, Deputy, Secretary

SENATE AMENDMENT TO HOUSE BILL

There being no objection, the House concurred in the Senate amendment to ENGROSSED HOUSE BILL NO. 2789 and advanced the bill as amended by the Senate to final passage.

FINAL PASSAGE OF HOUSE BILL AS SENATE AMENDED

Representatives Taylor, Morris, Goodman and Shea spoke in favor of the passage of the bill.

Representatives Hurst and Hansen spoke against the passage of the bill.

The Speaker (Representative Moeller presiding) stated the question before the House to be the final passage of Engrossed House Bill No. 2789, as amended by the Senate.

ROLL CALL

The Clerk called the roll on the final passage of Engrossed House Bill No. 2789, as amended by the Senate, and the bill passed the House by the following vote: Yeas, 77; Nays, 21; Absent, 0; Excused, 0.

Voting yea: Representatives Blake, Buys, Carlyle, Chandler, Christian, Clibborn, Condotta, Dahlquist, DeBolt, Fagan, Farrell, Freeman, G. Hunt, Goodman, Gregerson, Habib, Haigh, Haler, Hargrove, Harris, Hawkins, Hayes, Holy, Hope, Johnson, Kagi, Kirby, Klippert, Kochmar, Kretz, Kristiansen, Lytton, MacEwen, Magendanz, Manweller, Moeller, Morris, Moscoso, Muri, Nealey, Orcutt, Ormsby, Orwall, Overstreet, Parker, Pike, Riccelli, Roberts, Robinson, Rodne, Ross, Ryu, Santos, Sawyer, Schmick, Scott, Sells, Senn, Shea, Short, Smith, Springer, Stanford, Stonier,

Takko, Tarleton, Taylor, Tharinger, Van De Wege, Vick, Walkinshaw, Walsh, Warnick, Wilcox, Young, Zeiger and Mr. Speaker.

Voting nay: Representatives Appleton, Bergquist, Cody, Dunshee, Fey, Fitzgibbon, Green, Hansen, Hudgins, Hunter, Hurst, Jinkins, Morrell, Ortiz-Self, Pettigrew, Pollet, Reykdal, S. Hunt, Seaquist, Sullivan and Wylie.

ENGROSSED HOUSE BILL NO. 2789, as amended by the Senate, having received the necessary constitutional majority, was declared passed.

MESSAGE FROM THE SENATE

March 8, 2014

Mr. Speaker:

The Senate refuses to concur in the House amendment to SUBSTITUTE SENATE BILL NO. 6129 and asks the House to recede therefrom, and the same is herewith transmitted.

Brad Hendrickson, Deputy Secretary

HOUSE AMENDMENT TO SENATE BILL

There being no objection, the House receded from its amendment to SUBSTITUTE SENATE BILL NO. 6129.

SUBSTITUTE SENATE BILL NO. 6129, by Senate Committee on Early Learning & K-12 Education (originally sponsored by Senators Hill, McAuliffe, Tom, Dammeier, Hobbs, Litzow, Baumgartner and Mullet).

Concerning paraeducator development.

The bill was read the third time.

Representatives Santos and Dahlquist spoke in favor of the passage of the bill.

The Speaker (Representative Moeller presiding) stated the question before the House to be the final passage of Substitute Senate Bill No. 6129.

ROLL CALL

The Clerk called the roll on the final passage of Substitute Senate Bill No. 6129, and the bill passed the House by the following vote: Yeas, 92; Nays, 6; Absent, 0; Excused, 0.

Voting yea: Representatives Appleton, Bergquist, Blake, Buys, Carlyle, Chandler, Christian, Clibborn, Cody, Dahlquist, DeBolt, Dunshee, Fagan, Farrell, Fey, Fitzgibbon, Freeman, Goodman, Green, Gregerson, Habib, Haigh, Haler, Hansen, Hargrove, Harris, Hawkins, Hayes, Holy, Hope, Hudgins, Hunter, Hurst, Jinkins, Johnson, Kagi, Kirby, Klippert, Kochmar, Kretz, Kristiansen, Lytton, MacEwen, Magendanz, Manweller, Moeller, Morrell, Morris, Moscoso, Muri, Nealey, Orcutt, Ormsby, Ortiz-Self, Orwall, Parker, Pettigrew, Pike, Pollet, Reykdal, Riccelli, Roberts, Robinson, Rodne, Ross, Ryu, S. Hunt, Santos, Sawyer, Schmick, Seaquist, Sells, Senn, Short, Smith, Springer, Stanford, Stonier, Sullivan, Takko, Tarleton, Tharinger, Van De Wege, Vick, Walkinshaw, Walsh, Warnick, Wilcox, Wylie, Young, Zeiger and Mr. Speaker.

Voting nay: Representatives Condotta, G. Hunt, Overstreet, Scott, Shea and Taylor.

SUBSTITUTE SENATE BILL NO. 6129, having received the necessary constitutional majority, was declared passed.

There being no objection, the House immediately reconsidered the vote by which ENGROSSED SUBSTITUTE HOUSE BILL NO. 2519 passed the House.

The Speaker (Representative Moeller presiding) stated the question before the House to be the final passage of Engrossed Substitute House Bill No. 2519.

ROLL CALL

The Clerk called the roll on the final passage of Engrossed Substitute House Bill No. 2519, and the bill passed the House by the following vote: Yeas, 81; Nays, 17; Absent, 0; Excused, 0.

Voting yea: Representatives Appleton, Bergquist, Blake, Buys, Carlyle, Clibborn, Cody, Dahlquist, DeBolt, Dunshee, Fagan, Farrell, Fey, Fitzgibbon, Freeman, Goodman, Green, Gregerson, Habib, Haigh, Haler, Hansen, Hargrove, Harris, Hawkins, Hayes, Hope, Hudgins, Hunter, Hurst, Jinkins, Johnson, Kagi, Kirby, Kochmar, Lytton, MacEwen, Magendanz, Manweller, Moeller, Morrell, Morris, Moscoso, Muri, Nealey, Orcutt, Ormsby, Ortiz-Self, Orwall, Pettigrew, Pike, Pollet, Reykdal, Riccelli, Roberts, Robinson, Rodne, Ross, Ryu, S. Hunt, Santos, Sawyer, Seaquist, Sells, Senn, Smith, Springer, Stanford, Stonier, Sullivan, Takko, Tarleton, Tharinger, Van De Wege, Walkinshaw, Walsh, Warnick, Wilcox, Wylie, Zeiger and Mr. Speaker.

Voting nay: Representatives Chandler, Christian, Condotta, G. Hunt, Holy, Klippert, Kretz, Kristiansen, Overstreet, Parker, Schmick, Scott, Shea, Short, Taylor, Vick and Young.

ENGROSSED SUBSTITUTE HOUSE BILL NO. 2519, having received the necessary constitutional majority, was declared passed.

MESSAGE FROM THE SENATE

March 7, 2014

Mr. Speaker:

The Senate has passed ENGROSSED SUBSTITUTE HOUSE BILL NO. 1287 with the following amendment:

Strike everything after the enacting clause and insert the following:

"NEW SECTION. **Sec. 1.** This section is the tax preference performance statement for the tax preference contained in section 5 of this act. This performance statement is only intended to be used for subsequent evaluation of the tax preference. It is not intended to create a private right of action by any party or be used to determine eligibility for preferential tax treatment.

(1) The legislature categorizes this tax preference as one intended to create jobs and improve the economic health of tribal communities as indicated in RCW 82.32.808(2) (c) and (f).

(2) It is the legislature's specific public policy objective to create jobs and improve the economic health of tribal communities. It is the legislature's intent to exempt property used by federally recognized Indian tribes for economic development purposes, in order to achieve these policy objectives.

(3) The joint legislative audit and review committee must perform an economic impact report to the legislature as required in section 10 of this act to provide the information necessary to measure the effectiveness of this act.

Sec. 2. RCW 82.29A.010 and 2010 c 281 s 2 are each amended to read as follows:

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(1)(a) The legislature hereby recognizes that properties of the state of Washington, counties, school districts, and other municipal corporations are exempted by Article 7, section 1 of the state Constitution from property tax obligations, but that private lessees of such public properties receive substantial benefits from governmental services provided by units of government.

(b) The legislature further recognizes that a uniform method of taxation should apply to such leasehold interests in publicly owned property.

(c) The legislature finds that lessees of publicly owned property or community centers are entitled to those same governmental services and does hereby provide for a leasehold excise tax to fairly compensate governmental units for services rendered to such lessees of publicly owned property or community centers. For the purposes of this subsection, "community center" has the same meaning as provided in RCW 84.36.010.

(d) The legislature also finds that eliminating the property tax on property owned exclusively by federally recognized Indian tribes within the state requires that the leasehold excise tax also be applied to leasehold interests on tribally owned property.

(2) The legislature further finds that experience gained by lessors, lessees, and the department of revenue since enactment of the leasehold excise tax under this chapter has shed light on areas in the leasehold excise statutes that need explanation and clarification. The purpose of chapter 220, Laws of 1999 is to make those changes.

Sec. 3. RCW 82.29A.020 and 2012 2nd sp.s. c 6 s 501 are each amended to read as follows:

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

(1)(a) "Leasehold interest" means an interest in publicly owned real or personal property which exists by virtue of any lease, permit, license, or any other agreement, written or verbal, between the public owner of the property and a person who would not be exempt from property taxes if that person owned the property in fee, granting possession and use, to a degree less than fee simple ownership. However, no interest in personal property (excluding land or buildings) which is owned by the United States, whether or not as trustee, or by any foreign government may constitute a leasehold interest hereunder when the right to use such property is granted pursuant to a contract solely for the manufacture or production of articles for sale to the United States or any foreign government. The term "leasehold interest" includes the rights of use or occupancy by others of property which is owned in fee or held in trust by a public corporation, commission, or authority created under RCW 35.21.730 or 35.21.660 if the property is listed on or is within a district listed on any federal or state register of historical sites.

(b) The term "leasehold interest" does not include:

(i) Road or utility easements, rights of access, occupancy, or use granted solely for the purpose of removing materials or products purchased from a public owner or the lessee of a public owner, or rights of access, occupancy, or use granted solely for the purpose of natural energy resource exploration((. "Leasehold interest" does not include)); or

(ii) The preferential use of publicly owned cargo cranes and docks and associated areas used in the loading and discharging of cargo located at a port district marine facility. "Preferential use" means that publicly owned real or personal property is used by a private party under a written agreement with the public owner, but the public owner or any third party maintains a right to use the property when not being used by the private party.

(c) "Publicly owned real or personal property" includes real or personal property owned by a federally recognized Indian tribe in the state and exempt from tax under RCW 84.36.010.

(2)(a) "Taxable rent" means contract rent as defined in (c) of this subsection in all cases where the lease or agreement has been established or renegotiated through competitive bidding, or negotiated or renegotiated in accordance with statutory requirements regarding the rent payable, or negotiated or renegotiated under circumstances, established by public record, clearly showing that the contract rent was the maximum attainable by the lessor. However, after January 1, 1986, with respect to any lease which has been in effect for ten years or more without renegotiation, taxable rent may be established by procedures set forth in (g) of this subsection. All other leasehold interests are subject to the determination of taxable rent under the terms of (g) of this subsection.

(b) For purposes of determining leasehold excise tax on any lands on the Hanford reservation subleased to a private or public entity by the department of ecology, taxable rent includes only the annual cash rental payment made by such entity to the department of ecology as specifically referred to as rent in the sublease agreement between the parties and does not include any other fees, assessments, or charges imposed on or collected by such entity irrespective of whether the private or public entity pays or collects such other fees, assessments, or charges as specified in the sublease agreement.

(c) "Contract rent" means the amount of consideration due as payment for a leasehold interest, including: The total of cash payments made to the lessor or to another party for the benefit of the lessor according to the requirements of the lease or agreement, including any rents paid by a sublessee; expenditures for the protection of the lessor's interest when required by the terms of the lease or agreement; and expenditures for improvements to the property to the extent that such improvements become the property of the lessor. Where the consideration conveyed for the leasehold interest is made in combination with payment for concession or other rights granted by the lessor, only that portion of such payment which represents consideration for the leasehold interest is part of contract rent.

(d) "Contract rent" does not include: (i) Expenditures made by the lessee, which under the terms of the lease or agreement, are to be reimbursed by the lessor to the lessee or expenditures for improvements and protection made pursuant to a lease or an agreement which requires that the use of the improved property be open to the general public and that no profit will inure to the lessee from the lease; (ii) expenditures made by the lessee for the replacement or repair of facilities due to fire or other casualty including payments for insurance to provide reimbursement for losses or payments to a public or private entity for protection of such property from damage or loss or for alterations or additions made necessary by an action of government taken after the date of the execution of the lease or agreement; (iii) improvements added to publicly owned property by a sublessee under an agreement executed prior to January 1, 1976, which have been taxed as personal property of the sublessee prior to January 1, 1976, or improvements made by a sublessee of the same lessee under a similar agreement executed prior to January 1, 1976, and such improvements are taxable to the sublessee as personal property; (iv) improvements added to publicly owned property if such improvements are being taxed as personal property to any person.

(e) Any prepaid contract rent is considered to have been paid in the year due and not in the year actually paid with respect to prepayment for a period of more than one year. Expenditures for improvements with a useful life of more than one year which are included as part of contract rent must be treated as prepaid contract rent and prorated over the useful life of the improvement or the remaining term of the lease or agreement if the useful life is in excess of the remaining term of the lease or agreement. Rent prepaid prior to January 1, 1976, must be prorated from the date of prepayment.

(f) With respect to a "product lease", the value is that value determined at the time of sale under terms of the lease.

(g) If it is determined by the department of revenue, upon examination of a lessee's accounts or those of a lessor of publicly owned property, that a lessee is occupying or using publicly owned

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property in such a manner as to create a leasehold interest and that such leasehold interest has not been established through competitive bidding, or negotiated in accordance with statutory requirements regarding the rent payable, or negotiated under circumstances, established by public record, clearly showing that the contract rent was the maximum attainable by the lessor, the department may establish a taxable rent computation for use in determining the tax payable under authority granted in this chapter based upon the following criteria: (i) Consideration must be given to rental being paid to other lessors by lessees of similar property for similar purposes over similar periods of time; (ii) consideration must be given to what would be considered a fair rate of return on the market value of the property leased less reasonable deductions for any restrictions on use, special operating requirements or provisions for concurrent use by the lessor, another person or the general public.

(3) "Product lease" as used in this chapter means a lease of property for use in the production of agricultural or marine products to the extent that such lease provides for the contract rent to be paid by the delivery of a stated percentage of the production of such agricultural or marine products to the credit of the lessor or the payment to the lessor of a stated percentage of the proceeds from the sale of such products.

(4) "Renegotiated" means a change in the lease agreement which changes the agreed time of possession, restrictions on use, the rate of the cash rental or of any other consideration payable by the lessee to or for the benefit of the lessor, other than any such change required by the terms of the lease or agreement. In addition "renegotiated" means a continuation of possession by the lessee beyond the date when, under the terms of the lease agreement, the lessee had the right to vacate the premises without any further liability to the lessor.

(5) "City" means any city or town.

(6) "Products" includes natural resource products such as cut or picked evergreen foliage, Cascara bark, wild edible mushrooms, native ornamental trees and shrubs, ore and minerals, natural gas, geothermal water and steam, and forage removed through the grazing of livestock.

Sec. 4. RCW 82.29A.050 and 1992 c 206 s 6 are each amended to read as follows:

(1) The leasehold excise taxes provided for in RCW 82.29A.030 and 82.29A.040 ((~~shall~~)) must be paid by the lessee to the lessor and the lessor ((~~shall~~)) must collect such tax and remit the same to the department ((~~of revenue~~)). The tax ((~~shall~~)) must be payable at the same time as payments are due to the lessor for use of the property from which the leasehold interest arises, and in the case of payment of contract rent to a person other than the lessor, at the time of payment. The tax payment ((~~shall~~)) must be accompanied by such information as the department ((~~of revenue~~)) may require. In the case of prepaid contract rent the payment may be prorated in accordance with instructions of the department ((~~of revenue~~)) and the prorated portion of the tax ((~~shall be~~)) is due, one-half not later than May 31st and the other half not later than November 30th each year.

(2) The lessor receiving taxes payable under the provisions of this chapter ((~~shall~~)) must remit the same together with a return provided by the department, to the department of revenue on or before the last day of the month following the month in which the tax is collected. The department may relieve any taxpayer or class of taxpayers from the obligation of filing monthly returns and may require the return to cover other reporting periods, but in no event ((~~shall~~)) may returns be filed for a period greater than one year. The lessor ((~~shall be~~)) is fully liable for collection and remittance of the tax. The amount of tax until paid by the lessee to the lessor ((~~shall~~)) constitutes a debt from the lessee to the lessor. The tax required by this chapter ((~~shall~~)) must be stated separately from contract rent, and if not so separately stated for purposes of determining the tax due from the lessee to the lessor and from the lessor to the department, the contract rent does not include the tax imposed by this chapter. Where a lessee has failed to pay to the lessor the tax imposed by this chapter and the lessor has not paid the amount of the tax to the department, the department may, in its discretion, proceed directly against the lessee for collection of the tax((~~: PROVIDED, That~~)). However, taxes due where contract rent has not been paid ((~~shall~~)) must be reported by the lessor to the department and the lessee alone ((~~shall be~~)) is liable for payment of the tax to the department.

(3) Each person having a leasehold interest subject to the tax provided for in this chapter arising out of a lease of federally owned or federal trust lands ((~~shall~~)), or property owned by a federally recognized Indian tribe in the state and exempt from tax under RCW 84.36.010, must report and remit the tax due directly to the department of revenue in the same manner and at the same time as the lessor would be required to report and remit the tax if such lessor were a state public entity.

Sec. 5. RCW 84.36.010 and 2010 c 281 s 1 are each amended to read as follows:

(1) All property belonging exclusively to the United States, the state, or any county or municipal corporation; all property belonging exclusively to any federally recognized Indian tribe, if (a) the tribe is located in the state, ((~~if that~~)) and (b) the property is used exclusively for essential government services; all state route number 16 corridor transportation systems and facilities constructed under chapter 47.46 RCW; all property under a financing contract pursuant to chapter 39.94 RCW or recorded agreement granting immediate possession and use to the public bodies listed in this section or under an order of immediate possession and use pursuant to RCW 8.04.090; and, for a period of forty years from acquisition, all property of a community center; is exempt from taxation. All property belonging exclusively to a foreign national government is exempt from taxation if that property is used exclusively as an office or residence for a consul or other official representative of the foreign national government, and if the consul or other official representative is a citizen of that foreign nation.

(2) Property owned by a federally recognized Indian tribe, which is used for economic development purposes, may only qualify for the exemption from taxes in this section if the property was owned by the tribe prior to March 1, 2014.

(3) For the purposes of this section the following definitions apply unless the context clearly requires otherwise.

(a) "Community center" means property, including a building or buildings, determined to be surplus to the needs of a district by a local school board, and purchased or acquired by a nonprofit organization for the purposes of converting them into community facilities for the delivery of nonresidential coordinated services for community members. The community center may make space available to businesses, individuals, or other parties through the loan or rental of space in or on the property.

(b) "Essential government services" means services such as tribal administration, public facilities, fire, police, public health, education, sewer, water, environmental and land use, transportation, ((~~and~~)) utility services, and economic development.

(c) "Economic development" means commercial activities, including those that facilitate the creation or retention of businesses or jobs, or that improve the standard of living or economic health of tribal communities.

Sec. 6. RCW 84.36.451 and 2001 c 26 s 2 are each amended to read as follows:

(1) The following property ((~~shall be~~)) is exempt from taxation: Any and all rights to occupy or use any real or personal property owned in fee or held in trust by:

(a) The United States, the state of Washington, or any political subdivision or municipal corporation of the state of Washington, or a federally recognized Indian tribe for property exempt under RCW 84.36.010; or

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(b) A public corporation, commission, or authority created under RCW 35.21.730 or 35.21.660 if the property is listed on or is within a district listed on any federal or state register of historical sites; and

(c) ((~~Including~~)) Any leasehold interest arising from the property identified in (a) and (b) of this subsection as defined in RCW 82.29A.020.

(2) The exemption under this section ((~~shall~~)) does not apply to:

(a) Any such leasehold interests which are a part of operating properties of public utilities subject to assessment under chapter 84.12 RCW; or

(b) Any such leasehold interest consisting of three thousand or more residential and recreational lots that are or may be subleased for residential and recreational purposes.

(3) The exemption under this section ((~~shall~~)) may not be construed to modify the provisions of RCW 84.40.230.

Sec. 7. RCW 84.40.230 and 1994 c 124 s 25 are each amended to read as follows:

When any real property is sold on contract by the United States of America, the state, ((~~or~~)) any county or municipality, or any federally recognized Indian tribe, and the contract expresses or implies that the vendee is entitled to the possession, use, benefits and profits thereof and therefrom so long as the vendee complies with the terms of the contract, it ((~~shall be~~)) is deemed that the vendor retains title merely as security for the fulfillment of the contract, and the property ((~~shall~~)) must be assessed and taxed in the same manner as other similar property in private ownership is taxed, and the tax roll ((~~shall~~)) must contain, opposite the description of the property so assessed the following notation: "Subject to title remaining in the vendor" or other notation of similar significance. No foreclosure for delinquent taxes nor any deed issued pursuant thereto ((~~shall~~)) may extinguish or otherwise affect the title of the vendor. In any case under former law where the contract and not the property was taxed no deed of the property described in such contract ((~~shall~~)) may ever be executed and delivered by the state or any county or municipality until all taxes assessed against such contract and local assessments assessed against the land described thereon are fully paid.

NEW SECTION. **Sec. 8.** A new section is added to chapter 82.29A RCW to read as follows:

(1) Property owned exclusively by a federally recognized Indian tribe that is exempt from property tax under RCW 84.36.010 is subject to payment in lieu of leasehold excise taxes, if:

(a) The tax exempt property is used exclusively for economic development, as defined in RCW 84.36.010;

(b) There is no taxable leasehold interest in the tax exempt property;

(c) The property is located outside of the tribe's reservation; and

(d) The property is not otherwise exempt from taxation by federal law.

(2) The amount of the payment in lieu of leasehold excise taxes must be determined jointly and in good faith negotiation between the tribe that owns the property and the county in which the property is located. However, the amount may not exceed the leasehold excise tax amount that would otherwise be owed by a taxable leasehold interest in the property. If the tribe and the county cannot agree to terms on the amount of payment in lieu of taxes, the department may determine the rate, provided that the amount may not exceed the leasehold excise tax amount that would otherwise be owed by a taxable leasehold interest in the property.

(3) Payment must be made by the tribe to the county. The county treasurer must distribute all such money collected solely to the local taxing districts, including cities, in the same proportion that each local taxing district would have shared if a leasehold excise tax had been levied.

NEW SECTION. **Sec. 9.** A new section is added to chapter 84.36 RCW to read as follows:

(1) To qualify in any year for exempt status for real or personal property used exclusively for essential government services under RCW 84.36.010, a federally recognized Indian tribe must file an initial application with the department of revenue on or before October 1st of the prior year. All applications must be filed on forms prescribed by the department and signed by an authorized agent of the federally recognized tribe.

(2) If the use for essential government services is based in whole or in part on economic development, the application must also include:

(a) If the economic development activities are those of a lessee, a declaration from both the federally recognized tribe and the lessee confirming a lease agreement exists for the exempt tax year.

(b) If the property is subject to the payment in lieu of leasehold excise tax as described in section 8 of this act, a declaration from both the federally recognized tribe and the county in which the property is located confirming that an agreement exists for the exempt tax year regarding the amount for the payment in lieu of leasehold excise tax.

(3) A federally recognized Indian tribe which files an application under the requirements of subsection (2) of this section, must file an annual renewal application, on forms prescribed by the department of revenue, on or before October 1st of each year. The application must contain a declaration certifying the continuing exempt status of the real or personal property, and that the lease agreement or agreement for payment in lieu of leasehold excise tax continue in good standing, or that a new lease or agreement exists.

NEW SECTION. **Sec. 10.** A new section is added to chapter 52.30 RCW to read as follows:

(1) When exempt tribal property is located within the boundaries of a fire protection district or a regional fire protection service authority, the fire protection district or authority is authorized to contract with the tribe for compensation for providing fire protection services in an amount and under such terms as are mutually agreed upon by the fire protection district or authority and the tribe.

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

(a) "Exempt tribal property" means property that is owned exclusively by a federally recognized Indian tribe and that is exempt from taxation under RCW 84.36.010.

(b) "Regional fire protection service authority" or "authority" has the same meaning as provided in RCW 52.26.020.

NEW SECTION. **Sec. 11.** A new section is added to chapter 43.136 RCW to read as follows:

By December 1, 2020, and in compliance with RCW 43.01.036, the joint legislative audit and review committee must provide an economic impact report to the legislature evaluating the impacts of changes made in this act regarding the leasehold tax and property tax treatment of property owned by a federally recognized Indian tribe. The economic impact report must indicate: The number of parcels and uses of land involved; the economic impacts to tribal governments; state and local government revenue reductions, increases, and shifts from all tax sources affected; impacts on public infrastructure and public services; impacts on business investment and business competition; a description of the types of business activities affected; impacts on the number of jobs created or lost; and any other data the joint legislative audit and review committee deems necessary in determining the economic impacts of this act.

NEW SECTION. **Sec. 12.** If any provision of this act or its application to any person or circumstance is held invalid, the remainder of the act is null and void.

NEW SECTION. **Sec. 13.** This act applies to taxes levied for collection in 2015 and thereafter.

NEW SECTION. **Sec. 14.** This act expires January 1, 2022."

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On page 1, line 3 of the title, after "tribe;" strike the remainder of the title and insert "amending RCW 82.29A.010, 82.29A.020, 82.29A.050, 84.36.010, 84.36.451, and 84.40.230; adding a new section to chapter 82.29A RCW; adding a new section to chapter 84.36 RCW; adding a new section to chapter 52.30 RCW; adding a new section to chapter 43.136 RCW; creating new sections; providing an effective date; and providing an expiration date."

and the same is herewith transmitted.

Brad Hendrickson, Deputy, Secretary

SENATE AMENDMENT TO HOUSE BILL

There being no objection, the House concurred in the Senate amendment to ENGROSSED SUBSTITUTE HOUSE BILL NO. 1287 and advanced the bill as amended by the Senate to final passage.

FINAL PASSAGE OF HOUSE BILL AS SENATE AMENDED

Representative Appleton spoke in favor of the passage of the bill.

Representative Johnson spoke against the passage of the bill.

The Speaker (Representative Moeller presiding) stated the question before the House to be the final passage of Engrossed Substitute House Bill No. 1287, as amended by the Senate.

ROLL CALL

The Clerk called the roll on the final passage of Engrossed Substitute House Bill No. 1287, as amended by the Senate, and the bill passed the House by the following vote: Yeas, 61; Nays, 37; Absent, 0; Excused, 0.

Voting yea: Representatives Appleton, Bergquist, Carlyle, Clibborn, Cody, Dahlquist, Dunshee, Farrell, Fey, Fitzgibbon, Freeman, Goodman, Green, Gregerson, Habib, Haigh, Hansen, Harris, Hudgins, Hunter, Hurst, Jinkins, Kagi, Kirby, Kochmar, Lytton, MacEwen, Moeller, Morrell, Morris, Moscoso, Muri, Ormsby, Ortiz-Self, Orwall, Pettigrew, Pollet, Reykdal, Riccelli, Roberts, Robinson, Ryu, S. Hunt, Santos, Sawyer, Seaquist, Sells, Senn, Springer, Stanford, Stonier, Sullivan, Tarleton, Tharinger, Van De Wege, Walkinshaw, Walsh, Wylie, Young, Zeiger and Mr. Speaker.

Voting nay: Representatives Blake, Buys, Chandler, Christian, Condotta, DeBolt, Fagan, G. Hunt, Haler, Hargrove, Hawkins, Hayes, Holy, Hope, Johnson, Klippert, Kretz, Kristiansen, Magendanz, Manweller, Nealey, Orcutt, Overstreet, Parker, Pike, Rodne, Ross, Schmick, Scott, Shea, Short, Smith, Takko, Taylor, Vick, Warnick and Wilcox.

ENGROSSED SUBSTITUTE HOUSE BILL NO. 1287, as amended by the Senate, having received the necessary constitutional majority, was declared passed.

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

SECOND READING

ENGROSSED SUBSTITUTE SENATE BILL NO. 6570, by Senate Committee on Ways & Means (originally sponsored by Senators Becker, Keiser, Hargrove, Braun, Hill and Ranker)

Adjusting timelines relating to the hospital safety net assessment. Revised for 1st Substitute: Adjusting timelines relating to the hospital safety net assessment. (REVISED FOR ENGROSSED: Adjusting timelines for fiscal year 2014 relating to the hospital safety net assessment.)

The bill was read the second time.

There being no objection, the rules were suspended, the second reading considered the third and the bill was placed on final passage.

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

The Speaker (Representative Moeller presiding) stated the question before the House to be the final passage of Engrossed Substitute Senate Bill No. 6570.

ROLL CALL

The Clerk called the roll on the final passage of Engrossed Substitute Senate Bill No. 6570, and the bill passed the House by the following vote: Yeas, 75; Nays, 23; Absent, 0; Excused, 0.

Voting yea: Representatives Appleton, Bergquist, Blake, Carlyle, Clibborn, Cody, Dahlquist, Dunshee, Fagan, Farrell, Fey, Fitzgibbon, Freeman, Goodman, Green, Gregerson, Habib, Haigh, Hansen, Harris, Hawkins, Hope, Hudgins, Hunter, Hurst, Jinkins, Johnson, Kagi, Kirby, Kochmar, Kretz, Kristiansen, Lytton, MacEwen, Magendanz, Manweller, Moeller, Morrell, Morris, Moscoso, Nealey, Ormsby, Ortiz-Self, Orwall, Pettigrew, Pike, Pollet, Reykdal, Riccelli, Roberts, Robinson, Rodne, Ryu, S. Hunt, Santos, Sawyer, Schmick, Seaquist, Sells, Senn, Short, Springer, Stanford, Stonier, Sullivan, Takko, Tarleton, Tharinger, Van De Wege, Walkinshaw, Walsh, Warnick, Wilcox, Wylie and Mr. Speaker.

Voting nay: Representatives Buys, Chandler, Christian, Condotta, DeBolt, G. Hunt, Haler, Hargrove, Hayes, Holy, Klippert, Muri, Orcutt, Overstreet, Parker, Ross, Scott, Shea, Smith, Taylor, Vick, Young and Zeiger.

ENGROSSED SUBSTITUTE SENATE BILL NO. 6570, having received the necessary constitutional majority, was declared passed.

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 12, 2014, the 59th Day of the Regular Session.

FRANK CHOPP, Speaker

BARBARA BAKER, Chief Clerk

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