

## SIXTY FIFTH LEGISLATURE - REGULAR SESSION

## EIGHTY SIXTH DAY

House Chamber, Olympia, Tuesday, April 4, 2017

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

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

## RESOLUTIONS

**HOUSE RESOLUTION NO. 2017-4635, by Representatives McCabe, Ryu, Macri, Reeves, Klippert, Gregerson, Irwin, Barkis, J. Walsh, Johnson, Kilduff, Kraft, Lovick, MacEwen, McCaslin, Sells, Appleton, Chapman, Dye, Graves, Stonier, and Pettigrew**

WHEREAS, Autism is a developmental disability that typically appears during the first two years of life and continues throughout an individual's lifespan; and

WHEREAS, Autism is America's fastest growing developmental disability and affects over 2 million Americans; presently, 1 in 68 babies born are autistic; and

WHEREAS, Currently, 1 in 42 boys are affected with autism, as opposed to 1 in 189 girls; and

WHEREAS, There are many different characteristics in individuals with autism: Delayed or deficient communication, decreased or unresponsive social interaction, unusual reaction to normal stimuli, a lack of spontaneous or imaginative play, and behavioral challenges; and

WHEREAS, Despite being born with autism, many children are not diagnosed until after they are 4 years old due to a lack of recognition of autism's characteristics by general practitioners; and

WHEREAS, Autism has no known cause and no known cure; however, with aggressive and continuous therapy, some individuals can learn to acclimate to their environment and mask the symptoms of their disability; and

WHEREAS, Applied behavior analysis has become widely accepted among health care professionals and is used in many schools and treatment clinics; and

WHEREAS, In order to improve a variety of skills, applied behavior analysis encourages positive behaviors, discourages negative behaviors, and tracks and measures a child's progress in those areas; and

WHEREAS, Autism can create significant stress on the families of those affected by autism; and

WHEREAS, All individuals with autism should be included and regarded as valuable members of our community; and

WHEREAS, Families; caregivers; advocates; and organizations, such as the Autism Society of Washington, Northwest Autism Center, Families for Effective Autism Treatment, and the Arc of Washington State, are striving to bring about positive changes for children and adults with autism; and

WHEREAS, Through research, training, public services, support groups, advocacy, and increased awareness we will be more understanding, inclusive, and better equipped to support the growing number of individuals with autism and their families;

NOW, THEREFORE, BE IT RESOLVED, That the House of Representatives honor and support individuals with autism, and acknowledge the tremendous courage that they and their families put forth every day.

There being no objection, HOUSE RESOLUTION NO. 4635 was adopted.

**HOUSE RESOLUTION NO. 2017-4636, by Representatives Hayes and Lovick**

WHEREAS, Pat Slack was born in Tacoma in 1946, but moved to Snohomish at the age of 11 where he eventually attended Snohomish High School; and

WHEREAS, In 1965, Pat was drafted into the U.S. Army where he served one year in Vietnam and received the Bronze Star Medal with a "V" device, which is only awarded for acts of valor in combat; and

WHEREAS, In 1969, Pat joined the Snohomish County Sheriff's Office where he held several positions including: Jail Deputy; Traffic Deputy; Road Deputy, including a period when he was the only deputy on duty in the entire county between 2:00 a.m. and 6:00 a.m.; Detective, where he was assigned to a variety of units, including Narcotics, Auto Theft, and Major Crimes/Homicide; and

WHEREAS, In 1981, Pat started the Sheriff's Office Marine Unit and in 1988 he was named Deputy of the Year; and

WHEREAS, In total, Pat received over 90 commendations from the Sheriff's Office, including one for

heroism after his extraordinary efforts to save two drowning victims on the Sultan River at high risk to his own life; and

WHEREAS, In 1995, Pat accepted the position of Deputy Chief of Operations and Investigations with the Everett Police Department where he received a Distinguished Service Award for planning, administering, and coordinating a Domestic Violence and Sexual Assault Unit at the Everett Police Department; and

WHEREAS, In 2000, Pat returned to the Snohomish County Sheriff's Office as Commander of the Snohomish County Narcotics Task Force, now called the Snohomish Regional Drug and Gang Task Force; and

WHEREAS, Commander Slack has led the Task Force with vision and determination; his many accomplishments include: Working to get pseudoephedrine removed from open shelves in stores and placed behind counters during the methamphetamine crisis of the early 2000s; partnering with Washington Attorney General Rob McKenna in support of a statewide prescription monitoring program; facilitating the carrying of Naloxone by first responders to reduce the number of fatalities caused by opioid drug overdoses; creating Project 99 by collaborating with social workers, health workers, code enforcement officers, and others to help people get off drugs and clean up problem properties; and launching a web site focused on educating the public and providing an avenue to share information on drug activity; and

WHEREAS, Under Commander Slack's leadership, the Snohomish Regional Drug and Gang Task Force received numerous awards including: Being named Agency of the Year in 2001 and 2005 by the Western States Information Network, which shares information and coordinates efforts to combat criminal networks such as drug trafficking; being recognized for "outstanding contributions in the field of drug law enforcement" in 2005 by the United States Drug Enforcement Administration; receiving a Letter of Commendation from the Sheriff's Office in 2013 for their work on Project 99 thanking the Task Force for "creating an innovative approach to solving a community problem and for proactively finding ways to make Snohomish County a better place"; and receiving an award for Outstanding Investigative Effort from the Northwest High Intensity Drug Trafficking Area (HIDTA) in 2014; and

WHEREAS, Pat Slack embodies the highest traditions of law enforcement and, throughout his career, Pat has exhibited crime-fighting initiative and tenacity coupled with a unique sense of compassion for those who need a helping hand;

NOW, THEREFORE, BE IT RESOLVED, That the House of Representatives honor Pat Slack and recognize his nearly five decades of exemplary service to the people of Snohomish County.

There being no objection, HOUSE RESOLUTION NO. 4636 was adopted.

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

### MESSAGE FROM THE SENATE

March 31, 2017

MR. SPEAKER:

The Senate has passed:

SUBSTITUTE HOUSE BILL NO. 1027,  
 SUBSTITUTE HOUSE BILL NO. 1176,  
 SUBSTITUTE HOUSE BILL NO. 1199,  
 SUBSTITUTE HOUSE BILL NO. 1235,  
 SUBSTITUTE HOUSE BILL NO. 1257,  
 HOUSE BILL NO. 1400,  
 SUBSTITUTE HOUSE BILL NO. 1420,  
 ENGROSSED SUBSTITUTE HOUSE BILL NO. 1431,  
 SUBSTITUTE HOUSE BILL NO. 1515,  
 HOUSE BILL NO. 1615,  
 HOUSE BILL NO. 1616,  
 HOUSE BILL NO. 1629,  
 HOUSE BILL NO. 1734,

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

HJM 4012 by Representatives Dent, Dye, Morris, Buys, Shea, Pettigrew, Lovick, Ryu, Smith, Tarleton, Young and J. Walsh

Requesting Congress to reform the harbor maintenance tax.

Referred to Committee on Technology & Economic Development.

ESSB 5086 by Senate Committee on Ways & Means (originally sponsored by Senators Honeyford and Frockt)

AN ACT Relating to the capital budget; making appropriations and authorizing expenditures for capital improvements; amending RCW 70.340.130, 28B.20.725, 28B.30.750, 28B.35.370, 28B.50.360, and 70.105D.070; amending 2015 3rd sp.s. c 3 ss 1002, 1026, 1028, 3198, 3200, and 3202 (uncodified); amending 2016 sp.s. c 35 ss 1008 and 6015 (uncodified); adding a new section to 2015 3rd sp.s. c 3 (uncodified); creating new sections; repealing 2016 sp.s. c 35 s 2011 (uncodified); making appropriations; and declaring an emergency.

There being no objection, the bill and memorial listed on the day's introduction sheet under the fourth order of

business were referred to the committees so designated, with the exception of ENGROSSED SUBSTITUTE SENATE BILL NO. 5086 which was read the first time, and under suspension of the rules, was placed on the second reading calendar.

The Speaker (Representative Orwall presiding) called upon Representative Sullivan to preside.

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

#### REPORTS OF STANDING COMMITTEES

April 3, 2017

SB 5036 Prime Sponsor, Senator Takko: Clarifying the authority and procedures for unit priced contracting by public utility districts. Reported by Committee on Capital Budget

MAJORITY recommendation: Do pass. Signed by Representatives Tharinger, Chair; Doglio, Vice Chair; Peterson, Vice Chair; DeBolt, Ranking Minority Member; Smith, Assistant Ranking Minority Member; Dye; Johnson; Kraft; Macri; Morris; Reeves; Ryu; Sells; Steele; Stonier; Walsh, J. Koster, Member.

Referred to Committee on Rules for second reading.

March 30, 2017

SB 5146 Prime Sponsor, Senator Liias: Allowing public transportation benefit area authorities to use job order contracts and procedure. Reported by Committee on Capital Budget

MAJORITY recommendation: Do pass. Signed by Representatives Tharinger, Chair; Doglio, Vice Chair; Peterson, Vice Chair; DeBolt, Ranking Minority Member; Smith, Assistant Ranking Minority Member; Dye; Kraft; MacEwen; Macri; Morris; Reeves; Riccelli; Ryu; Sells; Steele; Stonier; Walsh, J. Koster, Member.

Referred to Committee on Rules for second reading.

April 3, 2017

SB 5270 Prime Sponsor, Senator Hawkins: Concerning expiration dates affecting the department of natural resources' contract harvesting program. Reported by Committee on Capital Budget

MAJORITY recommendation: Do pass. Signed by Representatives Tharinger, Chair; Doglio, Vice Chair; Peterson, Vice Chair; DeBolt, Ranking Minority Member; Smith, Assistant Ranking Minority Member; Dye; Johnson; Kraft; Macri; Morris; Reeves; Ryu; Sells; Steele; Stonier; Walsh, J. Koster, Member.

Referred to Committee on Rules for second reading.

March 30, 2017

SSB 5301 Prime Sponsor, Committee on State Government: Including willful violations of certain state laws to the state's responsible bidder criteria. Reported by Committee on Capital Budget

MAJORITY recommendation: Do pass. Signed by Representatives Tharinger, Chair; Doglio, Vice Chair; Peterson, Vice Chair; DeBolt, Ranking Minority Member; Smith, Assistant Ranking Minority Member; Macri; Reeves; Riccelli; Ryu; Sells; Steele; Stonier and Walsh, J.

MINORITY recommendation: Do not pass. Signed by Representatives Dye; MacEwen Koster, Member.

MINORITY recommendation: Without recommendation. Signed by Representative Kraft.

Referred to Committee on Rules for second reading.

April 3, 2017

SB 5631 Prime Sponsor, Senator Becker: Concerning the University of Washington's alternative process for awarding contracts. Reported by Committee on Capital Budget

MAJORITY recommendation: Do pass. Signed by Representatives Tharinger, Chair; Doglio, Vice Chair; Peterson, Vice Chair; DeBolt, Ranking Minority Member; Smith, Assistant Ranking Minority Member; Dye; Johnson; Kraft; Macri; Morris; Reeves; Ryu; Sells; Steele; Stonier; Walsh, J. Koster, Member.

Referred to Committee on Rules for second reading.

April 3, 2017

SB 5734 Prime Sponsor, Senator Chase: Bringing Washington state government contracting provisions into compliance with federal law as it relates to small works bonding requirements. Reported by Committee on Capital Budget

MAJORITY recommendation: Do pass. Signed by Representatives Tharinger, Chair; Doglio, Vice Chair; Peterson, Vice Chair; DeBolt, Ranking Minority Member; Smith, Assistant Ranking Minority Member; Dye; Johnson; Kraft; Macri; Morris; Reeves; Ryu; Sells; Steele; Stonier; Walsh, J. Koster, Member.

Referred to Committee on Rules for second reading.

#### FIRST SUPPLEMENTAL COMMITTEE REPORT

March 30, 2017

HB 1054 Prime Sponsor, Representative Harris: Concerning the age of individuals at which sale or distribution of tobacco and vapor products may be made. Reported by Committee on Finance

MAJORITY recommendation: The substitute bill by Committee on Health Care & Wellness be substituted therefor and the substitute bill do pass. Signed by Representatives Lytton, Chair; Frame, Vice Chair; Nealey, Ranking Minority Member; Dolan; Pollet; Springer; Stokesbary and Wylie.

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

Referred to Committee on Rules for second reading.

March 30, 2017

HB 1611 Prime Sponsor, Representative Farrell: Concerning oil transportation safety. Reported by Committee on Finance

MAJORITY recommendation: The second substitute bill be substituted therefor and the second substitute bill do pass and do not pass the substitute bill by Committee on Environment. Signed by Representatives Lytton, Chair; Frame, Vice Chair; Dolan; Pollet; Springer and Wylie.

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

MINORITY recommendation: Without recommendation. Signed by Representative Wilcox.

Referred to Committee on Rules for second reading.

March 30, 2017

HB 1764 Prime Sponsor, Representative Lytton: Replacing the one percent property tax revenue limit with a limit tied to cost drivers. Reported by Committee on Finance

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

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

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

Referred to Committee on Rules for second reading.

March 30, 2017

HB 2138 Prime Sponsor, Representative Kraft: Concerning tax relief for the construction of adapted housing for disabled veterans. Reported by Committee on Finance

MAJORITY recommendation: The substitute bill be substituted therefor and the substitute bill do pass. Signed by Representatives Lytton, Chair; Nealey, Ranking Minority Member; Orcutt, Assistant Ranking Minority Member; Condotta; Dolan; Pollet; Springer; Stokesbary; Wilcox and Wylie.

MINORITY recommendation: Without recommendation. Signed by Representative Frame, Vice Chair.

Referred to Committee on Rules for second reading.

March 30, 2017

HB 2165 Prime Sponsor, Representative Harris: Concerning vapor products, e-cigarettes, and nicotine products taxation. Reported by Committee on Finance

MAJORITY recommendation: The substitute bill be substituted therefor and the substitute bill do pass. Signed by Representatives Lytton, Chair; Frame, Vice Chair; Nealey, Ranking Minority Member; Dolan; Pollet; Springer and Wylie.

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

Referred to Committee on Rules for second reading.

March 30, 2017

SB 5189 Prime Sponsor, Senator Warnick: Eliminating the collection of anticipated taxes and assessments. Reported by Committee on Finance

MAJORITY recommendation: Do pass. Signed by Representatives Lytton, Chair; Frame, Vice Chair; Nealey, Ranking Minority Member; Orcutt, Assistant Ranking Minority Member; Condotta; Dolan; Pollet; Springer; Stokesbary; Wilcox and Wylie.

Referred to Committee on Rules for second reading.

March 30, 2017

**SSB 5358** Prime Sponsor, Committee on Ways & Means: Improving tax and licensing laws administered by the department of revenue, but not including changes to tax laws that are estimated to affect state or local tax collections as reflected in any fiscal note prepared and approved under the process established in chapter 43.88A RCW. Reported by Committee on Finance

MAJORITY recommendation: Do pass as amended.

Strike everything after the enacting clause and insert the following:

"PART I

Providing reasonable tools for the effective administration of the public utility district privilege tax

**NEW SECTION. Sec. 101.** A new section is added to chapter 54.28 RCW to read as follows:

(1) The following provisions of chapter 82.32 RCW apply with respect to the state taxes administered by the department of revenue under this chapter, unless the context clearly requires otherwise: RCW 82.32.050, 82.32.060, 82.32.070, 82.32.080, 82.32.085, 82.32.090, 82.32.100, 82.32.105, 82.32.110, 82.32.117, 82.32.120, 82.32.130, 82.32.135, 82.32.150, 82.32.160, 82.32.170, 82.32.180, 82.32.190, 82.32.200, 82.32.210, 82.32.235, 82.32.237, 82.32.240, 82.32.270, 82.32.310, 82.32.320, 82.32.330, 82.32.340, 82.32.350, 82.32.360, 82.32.410, and any other provision of chapter 82.32 RCW specifically referenced in the statutes listed in this subsection (1).

(2) Chapter 82.32 RCW also applies with respect to the state taxes administered by the department of revenue under this chapter to the extent provided in any other provision of law.

(3) The definitions in this chapter have full force and application with respect to the application of chapter 82.32 RCW to this chapter unless the context clearly requires otherwise.

**NEW SECTION. Sec. 102.** RCW 54.28.030 (Districts' report to department of revenue) and 1977 ex.s. c 366 s 3, 1975 1st ex.s. c 278 s 30, 1959 c 274 s 3, & 1957 c 278 s 3 are each repealed.

**Sec. 103.** RCW 54.28.040 and 1996 c 149 s 16 are each amended to read as follows:

(1) Before May 1st of each calendar year through calendar year 2018, the department of revenue (~~shall~~) must compute the tax imposed by this chapter for the last preceding calendar year and notify the district of the amount thereof, which shall be payable on or before the following June 1st.

(2) ((If payment of any tax is not received by the department on or before the due date, there shall be assessed a penalty of five percent of the amount of the tax; if the tax is not received within one month of the due date, there shall be assessed a total penalty of ten percent of the amount of the tax; and if the tax is not received within two months of the due date, there shall be assessed a total penalty of twenty percent of the amount of the tax.

~~(3))~~ For tax reporting periods beginning on or after January 1, 2018, taxpayers must report the taxes due under RCW 54.28.020 and 54.28.025 on returns as prescribed by the department of revenue. Except as otherwise provided in this subsection (2), taxes imposed in RCW 54.28.020 and 54.28.025 are due for a taxpayer at the same time as the taxpayer's payment of taxes imposed under chapters 82.04 and 82.16 RCW. The department of revenue may allow taxpayers to report and pay the taxes due under RCW 54.28.020 and 54.28.025 on an annual basis, even if they report taxes imposed under chapters 82.04 and 82.16 RCW more frequently than annually. In such cases, the taxes imposed in RCW 54.28.020 and 54.28.025 are due at the same time as the taxes under chapters 82.04 and 82.16 RCW for the taxpayer's final reporting period for the calendar year.

(3) The department of revenue may require persons to report such information as needed by the department to administer this chapter.

(4) Upon receipt of the amount of each tax imposed the department of revenue shall deposit the same with the state treasurer, who (~~shall~~) must deposit four percent of the revenues received under RCW 54.28.020(1) and 54.28.025(1) and all revenues received under RCW 54.28.020(2) and 54.28.025(2) in the general fund of the state and (~~shall~~) must distribute the remainder in the manner hereinafter set forth. The state treasurer (~~shall~~) must send a duplicate copy of each transmittal to the department of revenue.

**Sec. 104.** RCW 54.28.050 and 1982 1st ex.s. c 35 s 21 are each amended to read as follows:

~~((After computing the tax imposed by RCW 54.28.020(1),))~~ (1) Except as provided in subsection (2) of this section, the department of revenue ~~((shall))~~ must instruct the state treasurer, after placing thirty-seven and six-tenths percent of the taxes collected under RCW 54.28.020(1) in the state general fund to be dedicated for the benefit of the public schools, to distribute the balance collected under RCW 54.28.020(1)(a) to each county in proportion to the gross revenue from sales made within each county; and to distribute the balance collected under RCW 54.28.020(1) (b) and (c) as follows:

(a) If the entire generating facility, including reservoir, if any, is in a single county then all of the balance to the county where such generating facility is located~~((-))~~;

(b) If any reservoir is in more than one county, then to each county in which the reservoir or any portion thereof is located a percentage equal to the percentage determined by dividing the total cost of the generating facilities, including adjacent switching facilities, into twice the cost of land and land rights acquired for any reservoir within each county, land and land rights to be defined the same as used by the federal ~~((power commission))~~ energy regulatory commission.

(c) If the powerhouse and dam, if any, in connection with such reservoir are in more than one county, the balance ~~((shall))~~ must be divided sixty percent to the county in which the owning district is located and forty percent to the other county or counties or if ~~((said))~~ the powerhouse and dam, if any, are owned by a joint operating agency organized under chapter 43.52 RCW, or by more than one district or are outside the county of the owning district, then to be divided equally between the counties in which such facilities are located. If all of the powerhouse and dam, if any, are in one county, then the balance ~~((shall))~~ must be distributed to the county in which the facilities are located.

(2) The department of revenue must instruct the state treasurer to adjust distributions under this section, in whole or in part, to account for each county's proportionate share of amounts previously

distributed under this section and subsequently refunded to a public utility district under RCW 82.32.060.

(3) The provisions of this section ~~((shall))~~ do not apply to the distribution of taxes collected under RCW 54.28.025.

**Sec. 105.** RCW 54.28.055 and 1986 c 189 s 1 are each amended to read as follows:

(1) ~~((After computing the tax imposed by RCW 54.28.025(1),))~~ Except as provided in subsection (3) of this section, the department of revenue ~~((shall))~~ must instruct the state treasurer to distribute the amount collected under RCW 54.28.025(1) as follows:

(a) Fifty percent to the state general fund for the support of schools; and

(b) Twenty-two percent to the counties, twenty-three percent to the cities, three percent to the fire protection districts, and two percent to the library districts.

(2) Each county, city, fire protection district, and library district ~~((shall))~~ must receive a percentage of the amount for distribution to counties, cities, fire protection districts, and library districts, respectively, in the proportion that the population of such district residing within the impacted area bears to the total population of all such districts residing within the impacted area. For the purposes of this chapter, the term "library district" includes only regional libraries ~~((as defined in RCW 27.12.010(4),))~~, rural county library districts ~~((as defined in RCW 27.12.010(5),))~~ intercounty rural library districts ~~((as defined in RCW 27.12.010(6),))~~ and island library districts as those terms are defined in RCW 27.12.010~~((7))~~. The population of a library district, for purposes of such a distribution, ~~((shall))~~ does not include any population within the library district and the impact area that also is located within a city or town.

(3) Distributions under this section must be adjusted as follows:

(a) If any distribution pursuant to subsection (1)(b) of this section cannot be made, then that share ~~((shall))~~ must be prorated among the state and remaining local districts.

(b) The department of revenue must instruct the state treasurer to adjust distributions under this section, in whole or in part, to account for each county's, city's, fire protection district's, and

library district's proportionate share of amounts previously distributed under this section and subsequently refunded to a public utility district under RCW 82.32.060.

(4) All distributions directed by this section to be made on the basis of population ~~((shall))~~ must be calculated in accordance with ~~((data to be provided))~~ population data as last determined by the office of financial management.

**Sec. 106.** RCW 82.32.105 and 1998 c 304 s 13 are each amended to read as follows:

(1) If the department ~~((of revenue))~~ finds that the payment by a taxpayer of a tax less than that properly due or the failure of a taxpayer to pay any tax by the due date was the result of circumstances beyond the control of the taxpayer, the department ~~((of revenue shall))~~ must waive or cancel any penalties imposed under this chapter with respect to such tax.

(2) The department ~~((shall))~~ must waive or cancel the penalty imposed under RCW 82.32.090(1) when the circumstances under which the delinquency occurred do not qualify for waiver or cancellation under subsection (1) of this section if:

(a) The taxpayer requests the waiver for a tax return required to be filed under RCW 54.28.040, 82.32.045, 82.14B.061, 82.23B.020, 82.27.060, 82.29A.050, or 84.33.086; and

(b) The taxpayer has timely filed and remitted payment on all tax returns due for that tax program for a period of twenty-four months immediately preceding the period covered by the return for which the waiver is being requested.

(3) The department ~~((shall))~~ must waive or cancel interest imposed under this chapter if:

(a) The failure to timely pay the tax was the direct result of written instructions given the taxpayer by the department; or

(b) The extension of a due date for payment of an assessment of deficiency was not at the request of the taxpayer and was for the sole convenience of the department.

(4) The department ~~((of revenue shall))~~ must adopt rules for the waiver or cancellation of penalties and interest imposed by this chapter.

**Sec. 107.** RCW 82.32.350 and 1971 ex.s. c 299 s 23 are each amended to read as follows:

The department may enter into an agreement in writing with any person relating to the liability of such person in respect of any tax imposed by any of the preceding chapters of this title, or any tax in respect to which this section is specifically made applicable, for any taxable period or periods.

NEW SECTION. **Sec. 108.** Section 102 of this act does not apply with respect to reports due under RCW 54.28.030 in calendar year 2018 or any preceding calendar year.

NEW SECTION. **Sec. 109.** The repeal in section 102 of this act and the amendments in section 103 of this act do not affect any existing right acquired or liability or obligation incurred under the sections repealed or amended or under any rule or order adopted under those sections, nor does it affect any proceeding instituted under those sections.

## Part II

### Pet adoption fees

**Sec. 201.** RCW 82.04.040 and 2004 c 153 s 402 are each amended to read as follows:

(1) Except as otherwise provided in this subsection, "sale" means any transfer of the ownership of, title to, or possession of property for a valuable consideration and includes any activity classified as a "sale at retail" or "retail sale" under RCW 82.04.050. It includes lease or rental, conditional sale contracts, and any contract under which possession of the property is given to the purchaser but title is retained by the vendor as security for the payment of the purchase price. It also includes the furnishing of food, drink, or meals for compensation whether consumed upon the premises or not. The term "sale" does not include the transfer of the ownership of, title to, or possession of an animal by an animal rescue organization in exchange for the payment of an adoption fee.

(2) "Casual or isolated sale" means a sale made by a person who is not engaged in the business of selling the type of property involved.

(3)(a) "Lease or rental" means any transfer of possession or control of tangible personal property for a fixed or indeterminate term for consideration. A lease or rental may include future options

to purchase or extend. "Lease or rental" includes agreements covering motor vehicles and trailers where the amount of consideration may be increased or decreased by reference to the amount realized upon sale or disposition of the property as defined in 26 U.S.C. Sec. 7701(h)(1), as amended or renumbered as of January 1, 2003. The definition in this subsection (3) (~~shall~~) must be used for sales and use tax purposes regardless if a transaction is characterized as a lease or rental under generally accepted accounting principles, the United States internal revenue code, Washington state's commercial code, or other provisions of federal, state, or local law.

(b) "Lease or rental" does not include:

(i) A transfer of possession or control of property under a security agreement or deferred payment plan that requires the transfer of title upon completion of the required payments;

(ii) A transfer of possession or control of property under an agreement that requires the transfer of title upon completion of required payments, and payment of an option price does not exceed the greater of one hundred dollars or one percent of the total required payments; or

(iii) Providing tangible personal property along with an operator for a fixed or indeterminate period of time. A condition of this exclusion is that the operator is necessary for the tangible personal property to perform as designed. For the purpose of this subsection (3)(b)(iii), an operator must do more than maintain, inspect, or set up the tangible personal property.

(4)(a) "Adoption fee" means an amount charged by an animal rescue organization to adopt an animal, except that "adoption fee" does not include any separately itemized charge for any incidental inanimate items provided to persons adopting an animal, including food, identification tags, collars, and leashes.

(b) "Animal care and control agency" means the same as in RCW 16.52.011 and also includes any similar entity operating outside of this state.

(c) "Animal rescue group" means a nonprofit organization that:

(i)(A) Is exempt from federal income taxation under 26 U.S.C. Sec. 501(c) of the federal internal revenue code as it

exists on the effective date of this section; or

(B) Is registered as a charity with the Washington secretary of state under chapter 19.09 RCW, whether such registration is required by law or voluntary;

(ii) Has as its primary purpose the prevention of abuse, neglect, cruelty, exploitation, or homelessness of animals; and

(iii) Exclusively obtains dogs, cats, or other animals for placement that are:

(A) Stray or abandoned;

(B) Surrendered or relinquished by animal owners or caretakers;

(C) Transferred from other animal rescue organizations; or

(D) Born in the care of such nonprofit organization other than through intentional breeding by the nonprofit organization.

(d) "Animal rescue organization" means an animal care and control agency or an animal rescue group.

**Sec. 202.** RCW 82.04.190 and 2015 c 169 s 3 are each amended to read as follows:

"Consumer" means the following:

(1) Except as provided otherwise in this section, any person who purchases, acquires, owns, holds, or uses any article of tangible personal property irrespective of the nature of the person's business and including, among others, without limiting the scope hereof, persons who install, repair, clean, alter, improve, construct, or decorate real or personal property of or for consumers other than for the purpose of:

(a) Resale as tangible personal property in the regular course of business;

(b) Incorporating such property as an ingredient or component of real or personal property when installing, repairing, cleaning, altering, imprinting, improving, constructing, or decorating such real or personal property of or for consumers;

(c) Consuming such property in producing for sale as a new article of tangible personal property or a new substance, of which such property becomes an ingredient or component or as a chemical used in processing, when the



primary purpose of such chemical is to create a chemical reaction directly through contact with an ingredient of a new article being produced for sale;

(d) Consuming the property purchased in producing ferrosilicon which is subsequently used in producing magnesium for sale, if the primary purpose of such property is to create a chemical reaction directly through contact with an ingredient of ferrosilicon; or

(e) Satisfying the person's obligations under an extended warranty as defined in RCW 82.04.050(7), if such tangible personal property replaces or becomes an ingredient or component of property covered by the extended warranty without intervening use by such person;

(2)(a) Any person engaged in any business activity taxable under RCW 82.04.290 or 82.04.2908; (b) any person who purchases, acquires, or uses any competitive telephone service, ancillary services, or telecommunications service as those terms are defined in RCW 82.04.065, other than for resale in the regular course of business; (c) any person who purchases, acquires, or uses any service defined in RCW 82.04.050(2) (a) or (g), other than for resale in the regular course of business or for the purpose of satisfying the person's obligations under an extended warranty as defined in RCW 82.04.050(7); (d) any person who makes a purchase meeting the definition of "sale at retail" and "retail sale" under RCW 82.04.050(15), other than for resale in the regular course of business; (e) any person who purchases or acquires an extended warranty as defined in RCW 82.04.050(7) other than for resale in the regular course of business; and (f) any person who is an end user of software. For purposes of this subsection (2) (f) and RCW 82.04.050(6), a person who purchases or otherwise acquires prewritten computer software, who provides services described in RCW 82.04.050(6) (~~(b)~~) (c) and who will charge consumers for the right to access and use the prewritten computer software, is not an end user of the prewritten computer software;

(3) Any person engaged in the business of contracting for the building, repairing or improving of any street, place, road, highway, easement, right-of-way, mass public transportation terminal or parking facility, bridge, tunnel, or trestle which is owned by a municipal corporation or political subdivision of the state of Washington or by the United States and

which is used or to be used primarily for foot or vehicular traffic including mass transportation vehicles of any kind as defined in RCW 82.04.280, in respect to tangible personal property when such person incorporates such property as an ingredient or component of such publicly owned street, place, road, highway, easement, right-of-way, mass public transportation terminal or parking facility, bridge, tunnel, or trestle by installing, placing or spreading the property in or upon the right-of-way of such street, place, road, highway, easement, bridge, tunnel, or trestle or in or upon the site of such mass public transportation terminal or parking facility;

(4) Any person who is an owner, lessee or has the right of possession to or an easement in real property which is being constructed, repaired, decorated, improved, or otherwise altered by a person engaged in business, excluding only (a) municipal corporations or political subdivisions of the state in respect to labor and services rendered to their real property which is used or held for public road purposes, and (b) the United States, instrumentalities thereof, and county and city housing authorities created pursuant to chapter 35.82 RCW in respect to labor and services rendered to their real property. Nothing contained in this or any other subsection of this definition may be construed to modify any other definition of "consumer";

(5) Any person who is an owner, lessee, or has the right of possession to personal property which is being constructed, repaired, improved, cleaned, imprinted, or otherwise altered by a person engaged in business;

(6) Any person engaged in the business of constructing, repairing, decorating, or improving new or existing buildings or other structures under, upon, or above real property of or for the United States, any instrumentality thereof, or a county or city housing authority created pursuant to chapter 35.82 RCW, including the installing or attaching of any article of tangible personal property therein or thereto, whether or not such personal property becomes a part of the realty by virtue of installation; also, any person engaged in the business of clearing land and moving earth of or for the United States, any instrumentality thereof, or a county or city housing authority created pursuant to chapter 35.82 RCW. Any such

person is a consumer within the meaning of this subsection in respect to tangible personal property incorporated into, installed in, or attached to such building or other structure by such person, except that consumer does not include any person engaged in the business of constructing, repairing, decorating, or improving new or existing buildings or other structures under, upon, or above real property of or for the United States, or any instrumentality thereof, if the investment project would qualify for sales and use tax deferral under chapter 82.63 RCW if undertaken by a private entity;

(7) Any person who is a lessor of machinery and equipment, the rental of which is exempt from the tax imposed by RCW 82.08.020 under RCW 82.08.02565, with respect to the sale of or charge made for tangible personal property consumed in respect to repairing the machinery and equipment, if the tangible personal property has a useful life of less than one year. Nothing contained in this or any other subsection of this section may be construed to modify any other definition of "consumer";

(8) Any person engaged in the business of cleaning up for the United States, or its instrumentalities, radioactive waste and other by-products of weapons production and nuclear research and development;

(9) Any person who is an owner, lessee, or has the right of possession of tangible personal property that, under the terms of an extended warranty as defined in RCW 82.04.050(7), has been repaired or is replacement property, but only with respect to the sale of or charge made for the repairing of the tangible personal property or the replacement property;

(10) Any person who purchases, acquires, or uses services described in RCW 82.04.050(6) ~~((b))~~ (c) other than:

(a) For resale in the regular course of business; or

(b) For purposes of consuming the service described in RCW 82.04.050(6) ~~((b))~~ (c) in producing for sale a new product, but only if such service becomes a component of the new product. For purposes of this subsection (10), "product" means a digital product, an article of tangible personal property, or the service described in RCW 82.04.050(6) ~~((b))~~ (c);

(11) (a) Any end user of a digital product or digital code. "Consumer" does not include any person who is not an end user of a digital product or a digital code and purchases, acquires, owns, holds, or uses any digital product or digital code for purposes of consuming the digital product or digital code in producing for sale a new product, but only if the digital product or digital code becomes a component of the new product. A digital code becomes a component of a new product if the digital good or digital automated service acquired through the use of the digital code becomes incorporated into a new product. For purposes of this subsection, "product" has the same meaning as in subsection (10) of this section.

(b) (i) For purposes of this subsection, "end user" means any taxpayer as defined in RCW 82.12.010 other than a taxpayer who receives by contract a digital product for further commercial broadcast, rebroadcast, transmission, retransmission, licensing, relicensing, distribution, redistribution or exhibition of the product, in whole or in part, to others. A person that purchases digital products or digital codes for the purpose of giving away such products or codes will not be considered to have engaged in the distribution or redistribution of such products or codes and will be treated as an end user;

(ii) If a purchaser of a digital code does not receive the contractual right to further redistribute, after the digital code is redeemed, the underlying digital product to which the digital code relates, then the purchaser of the digital code is an end user. If the purchaser of the digital code receives the contractual right to further redistribute, after the digital code is redeemed, the underlying digital product to which the digital code relates, then the purchaser of the digital code is not an end user. A purchaser of a digital code who has the contractual right to further redistribute the digital code is an end user if that purchaser does not have the right to further redistribute, after the digital code is redeemed, the underlying digital product to which the digital code relates;

(12) Any person who provides services described in RCW 82.04.050(9). Any such person is a consumer with respect to the purchase, acquisition, or use of the tangible personal property that the person provides along with an operator in rendering services defined as a retail

sale in RCW 82.04.050(9). Any such person may also be a consumer under other provisions of this section;

(13) Any person who purchases, acquires, owns, holds, or uses chemical sprays or washes for the purpose of postharvest treatment of fruit for the prevention of scald, fungus, mold, or decay, or who purchases feed, seed, seedlings, fertilizer, agents for enhanced pollination including insects such as bees, and spray materials, is not a consumer of such items, but only to the extent that the items:

(a) Are used in relation to the person's participation in the federal conservation reserve program, the environmental quality incentives program, the wetlands reserve program, the wildlife habitat incentives program, or their successors administered by the United States department of agriculture;

(b) Are for use by a farmer for the purpose of producing for sale any agricultural product; or

(c) Are for use by a farmer to produce or improve wildlife habitat on land the farmer owns or leases while acting under cooperative habitat development or access contracts with an organization exempt from federal income tax under 26 U.S.C. Sec. 501(c)(3) of the federal internal revenue code or the Washington state department of fish and wildlife; ~~(and)~~

(14) A regional transit authority is not a consumer with respect to labor, services, or tangible personal property purchased pursuant to agreements providing maintenance services for bus, rail, or rail fixed guideway equipment when a transit agency, as defined in RCW 81.104.015, performs the labor or services; and

(15) The term "consumer" does not include:

(a) An animal rescue organization with respect to animals under its care and control; and

(b) Any person with respect to an animal adopted by that person from an animal rescue organization.

NEW SECTION. **Sec. 203.** Sections 201 and 202 of this act apply both prospectively and retroactively to July 1, 2015.

Part III

Technical corrections and clarifications to 2015 legislation

**Sec. 301.** 2015 3rd sp.s. c 6 s 2301 (uncodified) is amended to read as follows:

(1) Except as provided otherwise in this ~~((section))~~ part, 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 July 1, 2015.

(2) Parts IV, VI, VIII, and XIX of this act are necessary for the immediate preservation of the public peace, health, or safety, or support of the state government and its existing public institutions, and take effect September 1, 2015.

(3) Part X of this act takes effect October 1, 2016.

(4) Section 1105 of this act takes effect January 1, 2016.

(5) Except for section 2004 of this act, Part XX of this act takes effect January 1, 2019.

(6) Section 2004 of this act takes effect January 1, 2022.

**Sec. 302.** 2015 3rd sp.s. c 6 s 2303 (uncodified) is amended to read as follows:

~~((Part VIII of this act expires July 1, 2019))~~ (1) Sections 802 and 804, chapter 6, Laws of 2015 3rd sp. sess. expire July 1, 2026;

(2) Section 803, chapter 6, Laws of 2015 3rd sp. sess. expires January 1, 2026; and

(3) Section 805, chapter 6, Laws of 2015 3rd sp. sess. expires January 1, 2031.

**Sec. 303.** 2015 3rd sp.s. c 6 s 801 (uncodified) is amended to read as follows:

(1)(a) The legislature finds that a robust maritime industry is crucial for the state's economic vitality. The legislature further finds that:

(i) The joint task force for economic resilience of maritime and manufacturing established policy goals to continue efforts towards developing a robust maritime industry in the state;

(ii) The maritime industry has a direct and indirect impact on jobs in the state;

(iii) Many of the cities and towns impacted by the maritime industry are often small with limited resources to encourage economic growth, heavily relying on the maritime industry for local jobs and revenues in the community;

(iv) Keeping Washington competitive with other cruising destinations is essential to continue to build a robust maritime economy in the state; and

(v) Tax incentives are an imperative component to improve the state's overall competitiveness in this sector.

(b) Therefore, the legislature intends to:

(i) Bolster the maritime industry in the state by incentivizing larger vessel owners to use Washington waters for recreational boating to increase economic activity and jobs in coastal communities and inland water regions of the state;

(ii) Achieve this objective in a fiscally responsible manner and require analysis of specific metrics to ensure valuable state resources are being used to accomplish the intended goal; and

(iii) Provide limited, short-term tax relief to entity-owned nonresident vessel owners that currently are not afforded the same benefits as other nonresident vessel owners.

(2)(a) This subsection is the tax preference performance statement for the entity-owned nonresident vessel tax preference established in section 803 of this act. The 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.

(b) The legislature categorizes this tax preference as one intended to accomplish the purposes indicated in RCW 82.32.808(2)(c) and one intended to improve the state's competitiveness with other nearby cruising destinations.

(c) It is the legislature's specific public policy objective to increase economic activity and jobs related to the maritime industry by providing a tax preference for large entity-owned nonresident vessels to increase the length of time these vessels cruise Washington waters in turn strengthening the maritime economy in the state.

(d) To measure the effectiveness of the tax preference provided in part (~~(XII)~~ ~~[VIII] of this act~~) VIII, chapter 6, Laws of 2015 3rd sp. sess. in achieving the public policy objective in (c) of this subsection, the joint legislative audit and review committee must provide the following in a published evaluation of this tax preference by December 31, 2024:

(i) A comparison of the gross and taxable revenue generated by businesses that sell or provide maintenance or repair of vessels, prior to and after the enactment of this tax preference;

(ii) Analysis of retail sales taxes collected from the restaurant and service industries in coastal and inlet coastal jurisdictions, for both counties and cities, for periods prior to and after the enactment of this tax preference;

(iii) Employment and wage trends for businesses described in (d) (i) and (ii) of this subsection, for periods prior to and after the enactment of this tax preference;

(iv) Descriptive statistics for the number of permits sold each year in addition to the following information:

(A) The cost for each permit by strata of vessel length;

(B) The jurisdiction of ownership for the nonresident vessel; and

(C) The amount of use tax that would have been due based on the estimated value of the vessel;

(v) A comparison of the number of registered entity-owned and individually owned vessels registered in Washington prior to and after the enactment of this tax preference; and

(vi) Data and analysis for Washington's main cruising destination competitors, specifically looking at tax preferences provided in those jurisdictions, vessel industry income data, and any additional relevant information to compare Washington's maritime climate with its competitors.

(e) The provision of RCW 82.32.808(5) does not apply to this tax preference.

**Sec. 304.** 2015 3rd sp.s. c 30 s 1 (uncodified) is amended to read as follows:

This section is the tax preference performance statement for the tax preference contained in section 2 (~~(e)~~

~~this act~~), chapter 30, Laws of 2015 3rd sp. sess. 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 provide tax relief for certain businesses or individuals, as indicated in RCW 82.32.808(2)(e).

(2) It is the legislature's specific public policy objective to provide tax relief to senior citizens, disabled persons, and veterans. The legislature recognizes that property taxes impose a substantial financial burden on those with fixed incomes and that property tax relief programs have considerable value in addressing this burden. It is the legislature's intent to increase the current statutory static income thresholds which were last modified in 2004.

(3) ~~((The expansion of the items allowed to be deducted))~~ This tax preference is meant to be permanent and, therefore, not subject to the ten-year expiration provision in RCW 82.32.805(1)(a).

**NEW SECTION. Sec. 305.** Nothing in section 204, chapter 5, Laws of 2015 3rd sp. sess. may be construed as affecting the taxable status in calendar year 2015 of any person with a substantial nexus with this state under RCW 82.04.067 any time on or after January 1, 2015, and before September 1, 2015, with respect to business and occupation taxes on apportionable activities as defined in RCW 82.04.460.

**NEW SECTION. Sec. 306.** Section 305 of this act applies retroactively for the period January 1, 2015, through December 31, 2015.

#### Part IV

Automated sales suppression devices and phantom-ware

**Sec. 401.** RCW 82.32.670 and 2013 c 309 s 3 are each amended to read as follows:

(1)(a) Automated sales suppression devices, phantom-ware, electronic cash registers or point of sale systems used with automated sales suppression devices or phantom-ware, and any property constituting proceeds traceable to any violation of RCW 82.32.290(4) are

considered contraband and are subject to seizure and forfeiture.

(b) Property subject to forfeiture under (a) of this subsection (1) may be seized by any agent of the department authorized to assess or collect taxes, or law enforcement officer of this state, upon process issued by any superior court or district court having jurisdiction over the property. Seizure without process may be made if:

(i) The seizure is incident to an arrest or a search under a search warrant; or

(ii) The department or the law enforcement officer has probable cause to believe that the property was used or is intended to be used in violation of RCW 82.32.290(4) and exigent circumstances exist making procurement of a search warrant impracticable.

(2) Forfeiture authorized by this section is deemed to have commenced by the seizure. Notice of seizure must be given to the department if the seizure is made by a law enforcement officer without the presence of any agent of the department. The department must cause notice of the seizure and intended forfeiture to be served on the owner of the property seized, if known, and on any other person known by the department to have a right or interest in the seized property. Such service must be made within fifteen days following the seizure or the department's receipt of notification of the seizure. The notice may be served by any method authorized by law or court rule, by certified mail with return receipt requested, or electronically in accordance with RCW 82.32.135. Service by certified mail or electronic means is deemed complete upon mailing the notice, electronically sending the notice, or electronically notifying the person or persons entitled to the notice that the notice is available to be accessed by the person or persons, within the fifteen-day period following the seizure or the department's receipt of notification of the seizure.

(3) If no person notifies the department in writing of the person's claim of lawful ownership or right to lawful possession of the item or items seized within thirty days of the date of service of the notice of seizure and intended forfeiture, the item or items seized are deemed forfeited.

(4)(a) If any person notifies the department, in writing, of the person's

claim of lawful ownership or lawful right to possession of the item or items seized within thirty days of the date of service of the notice of seizure and intended forfeiture, the person or persons must be afforded a reasonable opportunity to be heard as to the claim. The hearing must be before the director or the director's designee. A hearing and any administrative or judicial review is governed by chapter 34.05 RCW. The burden of proof by a preponderance of the evidence is upon the person claiming to be the lawful owner or the person claiming to have the lawful right to possession of the item or items seized.

(b) The department must return the item or items to the claimant as soon as possible upon a determination that the claimant is the present lawful owner or is lawfully entitled to possession of the item or items seized.

(5) When property is sought to be forfeited on the ground that it constitutes proceeds traceable to a violation of RCW 82.32.290(4), the department must prove by a preponderance of the evidence that the property constitutes proceeds traceable to a violation of RCW 82.32.290(4).

(6) (a) When automated sales suppression devices or phantom-ware voluntarily surrendered to an agent of the department, or property forfeited under this section, other than proceeds traceable to a violation of RCW 82.32.290(4), is no longer required for evidentiary purposes, the department may:

(i) Destroy or have the property destroyed;

(ii) Retain the property for training or other official purposes; or

(iii) Loan or give the property to any law enforcement or tax administration agency of any state, political subdivision or municipal corporation of a state, or the United States for training or other official purposes. For purposes of this subsection (6)(a)(iii), "state" has the same meaning as in RCW 82.04.462.

(b) When proceeds traceable to a violation of RCW 82.32.290(4) forfeited under this section are no longer required for evidentiary purposes, they must be deposited into the general fund.

(7) The definitions in this subsection apply to this section:

(a) "Automated sales suppression device" means a software program that falsifies the electronic records of electronic cash registers or other point of sale systems, including transaction data and transaction reports. The term includes the software program, any device that carries the software program, or an internet link to the software program.

(b) "Electronic cash register" means a device that keeps a register or supporting documents through the means of an electronic device or computer system designed to record transaction data for the purpose of computing, compiling, or processing sales transaction data in whatever manner.

(c) "Phantom-ware" means a programming option that is hidden, preinstalled, or installed-at-a-later-time in the operating system of an electronic cash register or other point of sale device, or hardwired into the electronic cash register or other point of sale device, and that can be used to create a virtual second till or may eliminate or manipulate transaction reports that may or may not be preserved in digital formats to represent the true or manipulated record of transactions in the electronic cash register or other point of sale device.

(d) "Transaction data" means information about sales transactions, including items purchased by a customer, the price for each item, a taxability determination for each item, a segregated tax amount for each of the taxed items, the amount of cash or credit tendered, the net amount returned to the customer in change, the date and time of the purchase, the name, address, and identification number of the vendor, and the receipt or invoice number of the transaction.

(e) "Transaction reports" means a report that includes information associated with sales transactions, taxes collected, media totals, and discount voids at an electronic cash register that can be printed on cash register tape at the end of a day or shift, or a report documenting every action at an electronic cash register or other point of sale device and that is stored electronically.

#### Part V

#### Miscellaneous technical corrections

**Sec. 501.** RCW 82.04.261 and 2010 1st sp.s. c 23 s 510 are each amended to read as follows:

(1) In addition to the taxes imposed under RCW 82.04.260(~~((11))~~) (12), a surcharge is imposed on those persons who are subject to any of the taxes imposed under RCW 82.04.260(~~((11))~~) (12). Except as otherwise provided in this section, the surcharge is equal to 0.052 percent. The surcharge is added to the rates provided in RCW 82.04.260(~~((11))~~) (12) (a), (b), (c), and (d). The surcharge and this section expire July 1, 2024.

(2) All receipts from the surcharge imposed under this section must be deposited into the forest and fish support account created in RCW 76.09.405.

(3) (a) The surcharge imposed under this section is suspended if:

(i) Receipts from the surcharge total at least eight million dollars during any fiscal biennium; or

(ii) The office of financial management certifies to the department that the federal government has appropriated at least two million dollars for participation in forest and fish report-related activities by federally recognized Indian tribes located within the geographical boundaries of the state of Washington for any federal fiscal year.

(b) (i) The suspension of the surcharge under (a) (i) of this subsection (3) takes effect on the first day of the calendar month that is at least thirty days after the end of the month during which the department determines that receipts from the surcharge total at least eight million dollars during the fiscal biennium. The surcharge is imposed again at the beginning of the following fiscal biennium.

(ii) The suspension of the surcharge under (a) (ii) of this subsection (3) takes effect on the later of the first day of October of any federal fiscal year for which the federal government appropriates at least two million dollars for participation in forest and fish report-related activities by federally recognized Indian tribes located within the geographical boundaries of the state of Washington, or the first day of a calendar month that is at least thirty days following the date that the office of financial management makes a certification to the department under subsection (5) of this section. The surcharge is imposed again on the first day of the following July.

(4) (a) If, by October 1st of any federal fiscal year, the office of financial management certifies to the department that the federal government has appropriated funds for participation in forest and fish report-related activities by federally recognized Indian tribes located within the geographical boundaries of the state of Washington but the amount of the appropriation is less than two million dollars, the department must adjust the surcharge in accordance with this subsection.

(b) The department must adjust the surcharge by an amount that the department estimates will cause the amount of funds deposited into the forest and fish support account for the state fiscal year that begins July 1st and that includes the beginning of the federal fiscal year for which the federal appropriation is made, to be reduced by twice the amount of the federal appropriation for participation in forest and fish report-related activities by federally recognized Indian tribes located within the geographical boundaries of the state of Washington.

(c) Any adjustment in the surcharge takes effect at the beginning of a calendar month that is at least thirty days after the date that the office of financial management makes the certification under subsection (5) of this section.

(d) The surcharge is imposed again at the rate provided in subsection (1) of this section on the first day of the following state fiscal year unless the surcharge is suspended under subsection (3) of this section or adjusted for that fiscal year under this subsection.

(e) Adjustments of the amount of the surcharge by the department are final and may not be used to challenge the validity of the surcharge imposed under this section.

(f) The department must provide timely notice to affected taxpayers of the suspension of the surcharge or an adjustment of the surcharge.

(5) The office of financial management must make the certification to the department as to the status of federal appropriations for tribal participation in forest and fish report-related activities.

**Sec. 502.** RCW 82.04.334 and 2010 1st sp.s. c 23 s 512 are each amended to read as follows:

This chapter does not apply to any sale of standing timber excluded from the definition of "sale" in RCW 82.45.010(3). The definitions in RCW 82.04.260(~~(11)~~) (12) apply to this section.

**Sec. 503.** RCW 82.04.43391 and 2010 1st sp.s. c 23 s 112 are each amended to read as follows:

(1) In computing tax there may be deducted from the measure of tax interest and fees on loans secured by commercial aircraft primarily used to provide routine air service and owned by:

(a) An air carrier, as defined in RCW (~~82.42.030~~) 82.42.010, which is primarily engaged in the business of providing passenger air service;

(b) An affiliate of such air carrier; or

(c) A parent entity for which such air carrier is an affiliate.

(2) The deduction authorized under this section is not available to any person who is physically present in this state as determined under RCW 82.04.067(6).

(3) For purposes of this section, the following definitions apply:

(a) "Affiliate" means a person is "affiliated," as defined in RCW 82.04.645, with another person; and

(b) "Commercial aircraft" means a commercial airplane as defined in RCW 82.32.550.

**NEW SECTION. Sec. 504.** RCW 82.04.4483 (Credit-Programming or manufacturing software in rural counties) and 2010 c 114 s 119 & 2004 c 25 s 1 are each repealed.

**Sec. 505.** RCW 82.32.030 and 2011 c 298 s 38 are each amended to read as follows:

(1) Except as provided in subsections (2) and (3) of this section, if any person engages in any business or performs any act upon which a tax is imposed by the preceding chapters, he or she must, under such rules as the department prescribes, apply for and obtain from the department a registration certificate. Such registration certificate is personal and nontransferable and is valid as long as the taxpayer continues in business and pays the tax accrued to the state. In case business is transacted at two or more separate places by one taxpayer, a separate registration certificate for each place at which business is transacted with the public is required. Each certificate

must be numbered and must show the name, residence, and place and character of business of the taxpayer and such other information as the department of revenue deems necessary and must be posted in a conspicuous place at the place of business for which it is issued. Where a place of business of the taxpayer is changed, the taxpayer must return to the department the existing certificate, and a new certificate will be issued for the new place of business. No person required to be registered under this section may engage in any business taxable hereunder without first being so registered. The department, by rule, may provide for the issuance of certificates of registration to temporary places of business.

(2) Unless the person is a dealer as defined in RCW 9.41.010, registration under this section is not required if the following conditions are met:

(a) A person's value of products, gross proceeds of sales, or gross income of the business, from all business activities taxable under chapter 82.04 RCW, is less than twelve thousand dollars per year;

(b) The person's gross income of the business from all activities taxable under chapter 82.16 RCW is less than twelve thousand dollars per year;

(c) The person is not required to collect or pay to the department of revenue any other tax or fee (~~which~~) that the department is authorized to collect; and

(d) The person is not otherwise required to obtain a license subject to the (~~master~~) business license application procedure provided in chapter 19.02 RCW.

(3) All persons who agree to collect and remit sales and use tax to the department under the agreement must register through the central registration system authorized under the agreement. Persons required to register under subsection (1) of this section are not relieved of that requirement because of registration under this subsection (3).

(4) Persons registered under subsection (3) of this section who are not required to register under subsection (1) of this section and who are not otherwise subject to the requirements of chapter 19.02 RCW are not subject to the fees imposed by the department under the authority of RCW 19.02.075.



**Sec. 506.** RCW 84.34.108 and 2014 c 97 s 311 and 2014 c 58 s 28 are each reenacted and amended to read as follows:

(1) When land has once been classified under this chapter, a notation of the classification must be made each year upon the assessment and tax rolls and the land 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 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 or transfer by a transfer on death deed does not, by itself, result in removal of classification. 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 additional taxes, applicable interest, and penalty calculated pursuant to subsection (4) of this section become due and payable by the seller or transferor at time of sale. The auditor may 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, applicable interest, and penalty 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)(i) 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.

(ii) The granting authority, upon request of an assessor, must 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 must 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 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. 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 must 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 must be listed and taxes must 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 must be imposed, which are due and payable to the treasurer thirty days after the owner is notified of the amount of the additional tax, applicable interest, and penalty. As soon as possible, the assessor must compute the amount of additional tax, applicable interest, and penalty and the treasurer must 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 must be determined as follows:

(a) The amount of additional tax is equal to the difference between the property tax paid as "open space land," "farm and agricultural land," or "timberland" 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 is 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 is as provided in RCW 84.34.080. The penalty may not be imposed if the removal satisfies the conditions of RCW 84.34.070.

(5) Additional tax, applicable interest, and penalty become a lien on the land (~~which~~). The lien attaches at the time the land is removed from classification under this chapter and (~~have~~) has priority to 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. 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 the due date (~~are is~~) is delinquent as of the due date. From the date of delinquency until paid, interest must 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 may 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 must 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 forestlands 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 forestland, designated as forestland 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

(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)(1), "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.

**Sec. 507.** RCW 84.41.041 and 2015 c 86 s 103 are each amended to read as follows:

(1) Each county assessor must cause taxable real property to be physically inspected and valued at least once every six years in accordance with RCW 84.41.030, and in accordance with a plan filed with and approved by the department of revenue. Such revaluation plan must provide that all taxable real property within a county must be revalued and these newly determined values placed on the assessment rolls each year. Property must be valued at one hundred percent of its true and fair value and assessed on the same basis, in accordance with RCW 84.40.030, unless specifically provided otherwise by law. (~~During the intervals between each physical inspection of real property, the valuation of such property may be adjusted to its current true and fair value, such adjustments to be based upon appropriate statistical data. If the revaluation plan provides for physical inspection less frequently than once each four years,)~~) During the intervals between each physical inspection of real property, the valuation of such property must be adjusted to its current true and fair value, such adjustments to be made once each year and to be based upon appropriate statistical data.

(2) The assessor may require property owners to submit pertinent data respecting taxable property in their control including data respecting any sale or purchase of said property within the past five years, the cost and characteristics of any improvement on the property and other facts necessary for appraisal of the property.

**Sec. 508.** RCW 82.04.280 and 2010 c 106 s 205 are each reenacted to read as follows:

(1) Upon every person engaging within this state in the business of: (a) Printing materials other than newspapers, and of publishing periodicals or magazines; (b) building, repairing or improving any street, place, road, highway, easement, right-of-way, mass public transportation terminal or parking facility, bridge, tunnel, or trestle which is owned by a municipal corporation or political subdivision of the state or by the United States and which is used or to be used, primarily for foot or vehicular traffic including mass transportation vehicles of any kind and including any readjustment, reconstruction or relocation of the facilities of any public, private or cooperatively owned utility or railroad in the course of such building, repairing or improving, the cost of which readjustment, reconstruction, or relocation, is the responsibility of the public authority whose street, place, road, highway, easement, right-of-way, mass public transportation terminal or parking facility, bridge, tunnel, or trestle is being built, repaired or improved; (c) extracting for hire or processing for hire, except persons taxable as extractors for hire or processors for hire under another section of this chapter; (d) operating a cold storage warehouse or storage warehouse, but not including the rental of cold storage lockers; (e) representing and performing services for fire or casualty insurance companies as an independent resident managing general agent licensed under the provisions of chapter 48.17 RCW; (f) radio and television broadcasting, excluding network, national and regional advertising computed as a standard deduction based on the national average thereof as annually reported by the federal communications commission, or in lieu thereof by itemization by the individual broadcasting station, and excluding that portion of revenue represented by the out-of-state audience computed as a ratio to the station's total audience as measured by the 100 micro-volt signal strength and delivery by wire, if any; (g) engaging in activities which bring a person within the definition of consumer contained in RCW 82.04.190(6); as to such persons, the amount of tax on such business is equal to the gross income of the business multiplied by the rate of 0.484 percent.

(2) For the purposes of this section, the following definitions apply unless the context clearly requires otherwise.

(a) "Cold storage warehouse" means a storage warehouse used to store fresh and/or frozen perishable fruits or vegetables, meat, seafood, dairy products, or fowl, or any combination thereof, at a desired temperature to maintain the quality of the product for orderly marketing.

(b) "Storage warehouse" means a building or structure, or any part thereof, in which goods, wares, or merchandise are received for storage for compensation, except field warehouses, fruit warehouses, fruit packing plants, warehouses licensed under chapter 22.09 RCW, public garages storing automobiles, railroad freight sheds, docks and wharves, and "self-storage" or "mini storage" facilities whereby customers have direct access to individual storage areas by separate entrance. "Storage warehouse" does not include a building or structure, or that part of such building or structure, in which an activity taxable under RCW 82.04.272 is conducted.

(c) "Periodical or magazine" means a printed publication, other than a newspaper, issued regularly at stated intervals at least once every three months, including any supplement or special edition of the publication.

**Sec. 509.** RCW 82.32.790 and 2010 c 114 s 201 and 2010 c 106 s 401 are each reenacted and amended to read as follows:

(1) (a) (~~(Section 206, chapter 106, Laws of 2010,)~~) Sections 104, 110, 117, 123, 125, 129, 131, and 150, chapter 114, Laws of 2010, (~~(section 3, chapter 461, Laws of 2009, section 7, chapter 300, Laws of 2006,)~~) and sections (4) 1, 2, 3, and 5 through 10, chapter 149, Laws of 2003 are contingent upon the siting and commercial operation of a significant semiconductor microchip fabrication facility in the state of Washington.

(b) For the purposes of this section:

(i) "Commercial operation" means the same as "commencement of commercial production" as used in RCW 82.08.965.

(ii) "Semiconductor microchip fabrication" means "manufacturing semiconductor microchips" as defined in RCW 82.04.426.

(iii) "Significant" means the combined investment of new buildings and new

machinery and equipment in the buildings, at the commencement of commercial production, will be at least one billion dollars.

(2) (~~(Chapter 149, Laws of 2003 takes)~~) The sections referenced in subsection (1) of this section take effect the first day of the month in which a contract for the construction of a significant semiconductor fabrication facility is signed, as determined by the director of the department of revenue.

(3) (a) The department of revenue must provide notice of the effective date of (~~(sections 104, 110, 117, 123, 125, 129, 131, and 150, chapter 114, Laws of 2010[,], section 3, chapter 461, Laws of 2009, section 7, chapter 300, Laws of 2006, and section 4, chapter 149, Laws of 2003))~~) the sections referenced in subsection (1) of this section to affected taxpayers, the legislature, and others as deemed appropriate by the department.

(b) If, after making a determination that a contract has been signed and (~~(chapter 149, Laws of 2003 is)~~) the sections referenced in subsection (1) of this section are effective, the department discovers that commencement of commercial production did not take place within three years of the date the contract was signed, the department must make a determination that chapter 149, Laws of 2003 is no longer effective, and all taxes that would have been otherwise due are deemed deferred taxes and are immediately assessed and payable from any person reporting tax under RCW 82.04.240(2) or claiming an exemption or credit under ((~~section 2 or 5 through 10, chapter 149, Laws of 2003~~)) RCW 82.04.426, 82.04.448, 82.08.965, 82.12.965, 82.08.970, 82.12.970, or 84.36.645. The department is not authorized to make a second determination regarding the effective date of ((~~chapter 149, Laws of 2003~~))) the sections referenced in subsection (1) of this section.

**NEW SECTION. Sec. 510.** The following acts or parts of acts are each repealed:

- (1) 2010 c 106 s 206;
- (2) 2009 c 461 s 3;
- (3) 2006 c 300 s 7; and
- (4) 2003 c 149 s 4.

**Sec. 511.** RCW 35.102.130 and 2010 c 111 s 305 are each amended to read as follows:

A city that imposes a business and occupation tax must provide for the allocation and apportionment of a person's gross income, other than persons subject to the provisions of chapter 82.14A RCW, as follows:

(1) Gross income derived from all activities other than those taxed as service or royalties must be allocated to the location where the activity takes place.

(a) In the case of sales of tangible personal property, the activity takes place where delivery to the buyer occurs.

(b) (i) In the case of sales of digital products, the activity takes place where delivery to the buyer occurs. The delivery of digital products will be deemed to occur at:

(A) The seller's place of business if the purchaser receives the digital product at the seller's place of business;

(B) If not received at the seller's place of business, the location where the purchaser or the purchaser's donee, designated as such by the purchaser, receives the digital product, including the location indicated by instructions for delivery to the purchaser or donee, known to the seller;

(C) If the location where the purchaser or the purchaser's donee receives the digital product is not known, the purchaser's address maintained in the ordinary course of the seller's business when use of this address does not constitute bad faith;

(D) If no address for the purchaser is maintained in the ordinary course of the seller's business, the purchaser's address obtained during the consummation of the sale, including the address of a purchaser's payment instrument, if no other address is available, when use of this address does not constitute bad faith; and

(E) If no address for the purchaser is obtained during the consummation of the sale, the address where the digital good or digital code is first made available for transmission by the seller or the address from which the digital automated service or service described in RCW 82.04.050 (2) (g) or (6) (~~(b)~~) (c) was provided, disregarding for these purposes any location that merely provided the digital transfer of the product sold.

(ii) If none of the methods in (b) (i) of this subsection (1) for determining where the delivery of digital products occurs are available after a good faith effort by the taxpayer to apply the methods provided in (b) (i) (A) through (E) of this subsection (1), then the city and the taxpayer may mutually agree to employ any other method to effectuate an equitable allocation of income from the sale of digital products. The taxpayer will be responsible for petitioning the city to use an alternative method under this subsection (1) (b) (ii). The city may employ an alternative method for allocating the income from the sale of digital products if the methods provided in (b) (i) (A) through (E) of this subsection (1) are not available and the taxpayer and the city are unable to mutually agree on an alternative method to effectuate an equitable allocation of income from the sale of digital products.

(iii) For purposes of this subsection (1) (b), the following definitions apply:

(A) "Digital automated services," "digital codes," and "digital goods" have the same meaning as in RCW 82.04.192;

(B) "Digital products" means digital goods, digital codes, digital automated services, and the services described in RCW 82.04.050 (2) (g) and (6) (~~(b)~~) (c); and

(C) "Receive" has the same meaning as in RCW 82.32.730.

(c) If a business activity allocated under this subsection (1) takes place in more than one city and all cities impose a gross receipts tax, a credit must be allowed as provided in RCW 35.102.060; if not all of the cities impose a gross receipts tax, the affected cities must allow another credit or allocation system as they and the taxpayer agree.

(2) Gross income derived as royalties from the granting of intangible rights must be allocated to the commercial domicile of the taxpayer.

(3) Gross income derived from activities taxed as services shall be apportioned to a city by multiplying apportionable income by a fraction, the numerator of which is the payroll factor plus the service-income factor and the denominator of which is two.

(a) The payroll factor is a fraction, the numerator of which is the total amount paid in the city during the tax period by

the taxpayer for compensation and the denominator of which is the total compensation paid everywhere during the tax period. Compensation is paid in the city if:

(i) The individual is primarily assigned within the city;

(ii) The individual is not primarily assigned to any place of business for the tax period and the employee performs fifty percent or more of his or her service for the tax period in the city; or

(iii) The individual is not primarily assigned to any place of business for the tax period, the individual does not perform fifty percent or more of his or her service in any city, and the employee resides in the city.

(b) The service income factor is a fraction, the numerator of which is the total service income of the taxpayer in the city during the tax period, and the denominator of which is the total service income of the taxpayer everywhere during the tax period. Service income is in the city if:

(i) The customer location is in the city; or

(ii) The income-producing activity is performed in more than one location and a greater proportion of the service-income-producing activity is performed in the city than in any other location, based on costs of performance, and the taxpayer is not taxable at the customer location; or

(iii) The service-income-producing activity is performed within the city, and the taxpayer is not taxable in the customer location.

(c) If the allocation and apportionment provisions of this subsection do not fairly represent the extent of the taxpayer's business activity in the city or cities in which the taxpayer does business, the taxpayer may petition for or the tax administrators may jointly require, in respect to all or any part of the taxpayer's business activity, that one of the following methods be used jointly by the cities to allocate or apportion gross income, if reasonable:

(i) Separate accounting;

(ii) The use of a single factor;

(iii) The inclusion of one or more additional factors that will fairly represent the taxpayer's business activity in the city; or

(iv) The employment of any other method to effectuate an equitable allocation and apportionment of the taxpayer's income.

(4) The definitions in this subsection apply throughout this section.

(a) "Apportionable income" means the gross income of the business taxable under the service classifications of a city's gross receipts tax, including income received from activities outside the city if the income would be taxable under the service classification if received from activities within the city, less any exemptions or deductions available.

(b) "Compensation" means wages, salaries, commissions, and any other form of remuneration paid to individuals for personal services that are or would be included in the individual's gross income under the federal internal revenue code.

(c) "Individual" means any individual who, under the usual common law rules applicable in determining the employer-employee relationship, has the status of an employee of that taxpayer.

(d) "Customer location" means the city or unincorporated area of a county where the majority of the contacts between the taxpayer and the customer take place.

(e) "Primarily assigned" means the business location of the taxpayer where the individual performs his or her duties.

(f) "Service-taxable income" or "service income" means gross income of the business subject to tax under either the service or royalty classification.

(g) "Tax period" means the calendar year during which tax liability is accrued. If taxes are reported by a taxpayer on a basis more frequent than once per year, taxpayers shall calculate the factors for the previous calendar year for reporting in the current calendar year and correct the reporting for the previous year when the factors are calculated for that year, but not later than the end of the first quarter of the following year.

(h) "Taxable in the customer location" means either that a taxpayer is subject to a gross receipts tax in the customer location for the privilege of doing business, or that the government where the customer is located has the authority to subject the taxpayer to gross receipts tax regardless of whether, in fact, the government does so.

**Sec. 512.** RCW 82.04.060 and 2015 c 169 s 2 are each amended to read as follows:

"Sale at wholesale" or "wholesale sale" means:

(1) Any sale, which is not a sale at retail, of:

- (a) Tangible personal property;
- (b) Services defined as a retail sale in RCW 82.04.050(2) (a) or (g);
- (c) Activities defined as a retail sale in RCW 82.04.050(15);
- (d) Prewritten computer software;
- (e) Services described in RCW 82.04.050(6) ~~((b))~~ (c);
- (f) Extended warranties as defined in RCW 82.04.050(7);
- (g) Competitive telephone service, ancillary services, or telecommunications service as those terms are defined in RCW 82.04.065; or
- (h) Digital goods, digital codes, or digital automated services;

(2) Any charge made for labor and services rendered for persons who are not consumers, in respect to real or personal property, if such charge is expressly defined as a retail sale by RCW 82.04.050 when rendered to or for consumers. For the purposes of this subsection (2), "real or personal property" does not include any natural products named in RCW 82.04.100; and

(3) The sale of any service for resale, if the sale is excluded from the definition of "sale at retail" and "retail sale" in RCW 82.04.050(14).

**Sec. 513.** RCW 82.04.190 and 2015 c 169 s 3 are each amended to read as follows:

"Consumer" means the following:

(1) Any person who purchases, acquires, owns, holds, or uses any article of tangible personal property irrespective of the nature of the person's business and including, among others, without limiting the scope hereof, persons who install, repair, clean, alter, improve, construct, or decorate real or personal property of or for consumers other than for the purpose of:

(a) Resale as tangible personal property in the regular course of business;

(b) Incorporating such property as an ingredient or component of real or personal property when installing, repairing, cleaning, altering, imprinting, improving, constructing, or decorating such real or personal property of or for consumers;

(c) Consuming such property in producing for sale as a new article of tangible personal property or a new substance, of which such property becomes an ingredient or component or as a chemical used in processing, when the primary purpose of such chemical is to create a chemical reaction directly through contact with an ingredient of a new article being produced for sale;

(d) Consuming the property purchased in producing ferrosilicon which is subsequently used in producing magnesium for sale, if the primary purpose of such property is to create a chemical reaction directly through contact with an ingredient of ferrosilicon; or

(e) Satisfying the person's obligations under an extended warranty as defined in RCW 82.04.050(7), if such tangible personal property replaces or becomes an ingredient or component of property covered by the extended warranty without intervening use by such person;

(2)(a) Any person engaged in any business activity taxable under RCW 82.04.290 or 82.04.2908; (b) any person who purchases, acquires, or uses any competitive telephone service, ancillary services, or telecommunications service as those terms are defined in RCW 82.04.065, other than for resale in the regular course of business; (c) any person who purchases, acquires, or uses any service defined in RCW 82.04.050(2) (a) or (g), other than for resale in the regular course of business or for the purpose of satisfying the person's obligations under an extended warranty as defined in RCW 82.04.050(7); (d) any person who makes a purchase meeting the definition of "sale at retail" and "retail sale" under RCW 82.04.050(15), other than for resale in the regular course of business; (e) any person who purchases or acquires an extended warranty as defined in RCW 82.04.050(7) other than for resale in the regular course of business; and (f) any person who is an end user of software. For purposes of this subsection (2) (f) and RCW 82.04.050(6), a person who purchases or otherwise acquires prewritten computer software, who provides services described in RCW 82.04.050(6) ~~((b))~~ (c) and who

will charge consumers for the right to access and use the prewritten computer software, is not an end user of the prewritten computer software;

(3) Any person engaged in the business of contracting for the building, repairing or improving of any street, place, road, highway, easement, right-of-way, mass public transportation terminal or parking facility, bridge, tunnel, or trestle which is owned by a municipal corporation or political subdivision of the state of Washington or by the United States and which is used or to be used primarily for foot or vehicular traffic including mass transportation vehicles of any kind as defined in RCW 82.04.280, in respect to tangible personal property when such person incorporates such property as an ingredient or component of such publicly owned street, place, road, highway, easement, right-of-way, mass public transportation terminal or parking facility, bridge, tunnel, or trestle by installing, placing or spreading the property in or upon the right-of-way of such street, place, road, highway, easement, bridge, tunnel, or trestle or in or upon the site of such mass public transportation terminal or parking facility;

(4) Any person who is an owner, lessee or has the right of possession to or an easement in real property which is being constructed, repaired, decorated, improved, or otherwise altered by a person engaged in business, excluding only (a) municipal corporations or political subdivisions of the state in respect to labor and services rendered to their real property which is used or held for public road purposes, and (b) the United States, instrumentalities thereof, and county and city housing authorities created pursuant to chapter 35.82 RCW in respect to labor and services rendered to their real property. Nothing contained in this or any other subsection of this definition may be construed to modify any other definition of "consumer";

(5) Any person who is an owner, lessee, or has the right of possession to personal property which is being constructed, repaired, improved, cleaned, imprinted, or otherwise altered by a person engaged in business;

(6) Any person engaged in the business of constructing, repairing, decorating, or improving new or existing buildings or other structures under, upon, or above real property of or for the United States,

any instrumentality thereof, or a county or city housing authority created pursuant to chapter 35.82 RCW, including the installing or attaching of any article of tangible personal property therein or thereto, whether or not such personal property becomes a part of the realty by virtue of installation; also, any person engaged in the business of clearing land and moving earth of or for the United States, any instrumentality thereof, or a county or city housing authority created pursuant to chapter 35.82 RCW. Any such person is a consumer within the meaning of this subsection in respect to tangible personal property incorporated into, installed in, or attached to such building or other structure by such person, except that consumer does not include any person engaged in the business of constructing, repairing, decorating, or improving new or existing buildings or other structures under, upon, or above real property of or for the United States, or any instrumentality thereof, if the investment project would qualify for sales and use tax deferral under chapter 82.63 RCW if undertaken by a private entity;

(7) Any person who is a lessor of machinery and equipment, the rental of which is exempt from the tax imposed by RCW 82.08.020 under RCW 82.08.02565, with respect to the sale of or charge made for tangible personal property consumed in respect to repairing the machinery and equipment, if the tangible personal property has a useful life of less than one year. Nothing contained in this or any other subsection of this section may be construed to modify any other definition of "consumer";

(8) Any person engaged in the business of cleaning up for the United States, or its instrumentalities, radioactive waste and other by-products of weapons production and nuclear research and development;

(9) Any person who is an owner, lessee, or has the right of possession of tangible personal property that, under the terms of an extended warranty as defined in RCW 82.04.050(7), has been repaired or is replacement property, but only with respect to the sale of or charge made for the repairing of the tangible personal property or the replacement property;

(10) Any person who purchases, acquires, or uses services described in RCW 82.04.050(6) ~~((b))~~ (c) other than:



(a) For resale in the regular course of business; or

(b) For purposes of consuming the service described in RCW 82.04.050(6) ~~((4b))~~ (c) in producing for sale a new product, but only if such service becomes a component of the new product. For purposes of this subsection (10), "product" means a digital product, an article of tangible personal property, or the service described in RCW 82.04.050(6) ~~((4b))~~ (c);

(11)(a) Any end user of a digital product or digital code. "Consumer" does not include any person who is not an end user of a digital product or a digital code and purchases, acquires, owns, holds, or uses any digital product or digital code for purposes of consuming the digital product or digital code in producing for sale a new product, but only if the digital product or digital code becomes a component of the new product. A digital code becomes a component of a new product if the digital good or digital automated service acquired through the use of the digital code becomes incorporated into a new product. For purposes of this subsection, "product" has the same meaning as in subsection (10) of this section.

(b)(i) For purposes of this subsection, "end user" means any taxpayer as defined in RCW 82.12.010 other than a taxpayer who receives by contract a digital product for further commercial broadcast, rebroadcast, transmission, retransmission, licensing, relicensing, distribution, redistribution or exhibition of the product, in whole or in part, to others. A person that purchases digital products or digital codes for the purpose of giving away such products or codes will not be considered to have engaged in the distribution or redistribution of such products or codes and will be treated as an end user;

(ii) If a purchaser of a digital code does not receive the contractual right to further redistribute, after the digital code is redeemed, the underlying digital product to which the digital code relates, then the purchaser of the digital code is an end user. If the purchaser of the digital code receives the contractual right to further redistribute, after the digital code is redeemed, the underlying digital product to which the digital code relates, then the purchaser of the digital code is not an end user. A purchaser of a digital code who has the contractual right to further redistribute the digital code

is an end user if that purchaser does not have the right to further redistribute, after the digital code is redeemed, the underlying digital product to which the digital code relates;

(12) Any person who provides services described in RCW 82.04.050(9). Any such person is a consumer with respect to the purchase, acquisition, or use of the tangible personal property that the person provides along with an operator in rendering services defined as a retail sale in RCW 82.04.050(9). Any such person may also be a consumer under other provisions of this section;

(13) Any person who purchases, acquires, owns, holds, or uses chemical sprays or washes for the purpose of postharvest treatment of fruit for the prevention of scald, fungus, mold, or decay, or who purchases feed, seed, seedlings, fertilizer, agents for enhanced pollination including insects such as bees, and spray materials, is not a consumer of such items, but only to the extent that the items:

(a) Are used in relation to the person's participation in the federal conservation reserve program, the environmental quality incentives program, the wetlands reserve program, the wildlife habitat incentives program, or their successors administered by the United States department of agriculture;

(b) Are for use by a farmer for the purpose of producing for sale any agricultural product; or

(c) Are for use by a farmer to produce or improve wildlife habitat on land the farmer owns or leases while acting under cooperative habitat development or access contracts with an organization exempt from federal income tax under 26 U.S.C. Sec. 501(c)(3) of the federal internal revenue code or the Washington state department of fish and wildlife; and

(14) A regional transit authority is not a consumer with respect to labor, services, or tangible personal property purchased pursuant to agreements providing maintenance services for bus, rail, or rail fixed guideway equipment when a transit agency, as defined in RCW 81.104.015, performs the labor or services.

**Sec. 514.** RCW 82.04.192 and 2010 c 111 s 203 are each amended to read as follows:

(1) "Digital audio works" means works that result from the fixation of a series of musical, spoken, or other sounds, including ringtones.

(2) "Digital audiovisual works" means a series of related images which, when shown in succession, impart an impression of motion, together with accompanying sounds, if any.

(3)(a) "Digital automated service," except as provided in (b) of this subsection (3), means any service transferred electronically that uses one or more software applications.

(b) "Digital automated service" does not include:

(i) Any service that primarily involves the application of human effort by the seller, and the human effort originated after the customer requested the service;

(ii) The loaning or transferring of money or the purchase, sale, or transfer of financial instruments. For purposes of this subsection (3)(b)(ii), "financial instruments" include cash, accounts receivable and payable, loans and notes receivable and payable, debt securities, equity securities, as well as derivative contracts such as forward contracts, swap contracts, and options;

(iii) Dispensing cash or other physical items from a machine;

(iv) Payment processing services;

(v) Parimutuel wagering and handicapping contests as authorized by chapter 67.16 RCW;

(vi) Telecommunications services and ancillary services as those terms are defined in RCW 82.04.065;

(vii) The internet and internet access as those terms are defined in RCW 82.04.297;

(viii) The service described in RCW 82.04.050(6)(~~(b)~~) (c);

(ix) Online educational programs provided by a:

(A) Public or private elementary or secondary school; or

(B) An institution of higher education as defined in sections 1001 or 1002 of the federal higher education act of 1965 (Title 20 U.S.C. Secs. 1001 and 1002), as existing on July 1, 2009. For purposes of this subsection (3)(b)(ix)(B), an online

educational program must be encompassed within the institution's accreditation;

(x) Live presentations, such as lectures, seminars, workshops, or courses, where participants are connected to other participants via the internet or telecommunications equipment, which allows audience members and the presenter or instructor to give, receive, and discuss information with each other in real time;

(xi) Travel agent services, including online travel services, and automated systems used by travel agents to book reservations;

(xii)(A) A service that allows the person receiving the service to make online sales of products or services, digital or otherwise, using either: (I) The service provider's web site; or (II) the service recipient's web site, but only when the service provider's technology is used in creating or hosting the service recipient's web site or is used in processing orders from customers using the service recipient's web site.

(B) The service described in this subsection (3)(b)(xii) does not include the underlying sale of the products or services, digital or otherwise, by the person receiving the service;

(xiii) Advertising services. For purposes of this subsection (3)(b)(xiii), "advertising services" means all services directly related to the creation, preparation, production, or the dissemination of advertisements. Advertising services include layout, art direction, graphic design, mechanical preparation, production supervision, placement, and rendering advice to a client concerning the best methods of advertising that client's products or services. Advertising services also include online referrals, search engine marketing and lead generation optimization, web campaign planning, the acquisition of advertising space in the internet media, and the monitoring and evaluation of web site traffic for purposes of determining the effectiveness of an advertising campaign. Advertising services do not include web hosting services and domain name registration;

(xiv) The mere storage of digital products, digital codes, computer software, or master copies of software. This exclusion from the definition of digital automated services includes providing space on a server for web

hosting or the backing up of data or other information;

(xv) Data processing services. For purposes of this subsection (3)(b)(xv), "data processing service" means a primarily automated service provided to a business or other organization where the primary object of the service is the systematic performance of operations by the service provider on data supplied in whole or in part by the customer to extract the required information in an appropriate form or to convert the data to usable information. Data processing services include check processing, image processing, form processing, survey processing, payroll processing, claim processing, and similar activities. Data processing does not include the service described in RCW 82.04.050(6) ~~((b))~~ (c); and

(xvi) Digital goods.

(4) "Digital books" means works that are generally recognized in the ordinary and usual sense as books.

(5) "Digital code" means a code that provides a purchaser with the right to obtain one or more digital products, if all of the digital products to be obtained through the use of the code have the same sales and use tax treatment. "Digital code" does not include a code that represents a stored monetary value that is deducted from a total as it is used by the purchaser. "Digital code" also does not include a code that represents a redeemable card, gift card, or gift certificate that entitles the holder to select digital products of an indicated cash value. A digital code may be obtained by any means, including email or by tangible means regardless of its designation as song code, video code, book code, or some other term.

(6)(a) "Digital goods," except as provided in (b) of this subsection (6), means sounds, images, data, facts, or information, or any combination thereof, transferred electronically, including, but not limited to, specified digital products and other products transferred electronically not included within the definition of specified digital products.

(b) The term "digital goods" does not include:

(i) Telecommunications services and ancillary services as those terms are defined in RCW 82.04.065;

(ii) Computer software as defined in RCW 82.04.215;

(iii) The internet and internet access as those terms are defined in RCW 82.04.297;

(iv)(A) Except as provided in (b)(iv)(B) of this subsection (6), the representation of a personal or professional service in electronic form, such as an electronic copy of an engineering report prepared by an engineer, where the service primarily involves the application of human effort by the service provider, and the human effort originated after the customer requested the service.

(B) The exclusion in (b)(iv)(A) of this subsection (6) does not apply to photographers in respect to amounts received for the taking of photographs that are transferred electronically to the customer, but only if the customer is an end user, as defined in RCW 82.04.190(11), of the photographs. Such amounts are considered to be for the sale of digital goods; and

(v) Services and activities excluded from the definition of digital automated services in subsection (3)(b)(i) through (xv) of this section and not otherwise described in (b)(i) through (iv) of this subsection (6).

(7) "Digital products" means digital goods and digital automated services.

(8) "Electronically transferred" or "transferred electronically" means obtained by the purchaser by means other than tangible storage media. It is not necessary that a copy of the product be physically transferred to the purchaser. So long as the purchaser may access the product, it will be considered to have been electronically transferred to the purchaser.

(9) "Specified digital products" means electronically transferred digital audiovisual works, digital audio works, and digital books.

(10) "Subscription radio services" means the sale of audio programming by a radio broadcaster as defined in RCW 82.08.02081, except as otherwise provided in this subsection. "Subscription radio services" does not include audio programming that is sold on a pay-per-program basis or that allows the buyer to access a library of programs at any time for a specific charge for that service.

(11) "Subscription television services" means the sale of video programming by a television broadcaster as defined in RCW 82.08.02081, except as otherwise provided in this subsection. "Subscription television services" does not include video programming that is sold on a pay-per-program basis or that allows the buyer to access a library of programs at any time for a specific charge for that service, but only if the seller is not subject to a franchise fee in this state under the authority of Title 47 U.S.C. Sec. 542(a) on the gross revenue derived from the sale.

**Sec. 515.** RCW 82.04.257 and 2010 c 111 s 301 are each amended to read as follows:

(1) Except as provided in subsection (2) of this section, upon every person engaging within this state in the business of making sales at retail or wholesale of digital goods, digital codes, digital automated services, or services described in RCW 82.04.050 (2) (g) or (6) (~~(b)~~) (c), as to such persons, the amount of tax with respect to such business is equal to the gross proceeds of sales of the business, multiplied by the rate of 0.471 percent in the case of retail sales and by the rate of 0.484 percent in the case of wholesale sales.

(2) Persons providing subscription television services or subscription radio services are subject to tax under RCW 82.04.290(2) on the gross income of the business received from providing such services.

(3) For purposes of this section, a person is considered to be engaging within this state in the business of making sales of digital goods, digital codes, digital automated services, or services described in RCW 82.04.050 (2) (g) or (6) (~~(b)~~) (c), if the person makes sales of digital goods, digital codes, digital automated services, or services described in RCW 82.04.050 (2) (g) or (6) (~~(b)~~) (c) and the sales are sourced to this state under RCW 82.32.730 for sales tax purposes or would have been sourced to this state under RCW 82.32.730 if the sale had been taxable under chapter 82.08 RCW.

(4) A person subject to tax under this section is subject to the mandatory electronic filing and payment requirements in RCW 82.32.080.

**Sec. 516.** RCW 82.04.258 and 2009 c 535 s 402 are each amended to read as follows:

(1) (a) Any person subject to tax under RCW 82.04.257 engaging both within and outside this state in the business of making sales at retail or wholesale of digital goods, digital codes, digital automated services, or services described in RCW 82.04.050 (2) (g) or (6) (~~(b)~~) (c), must apportion to this state that portion of apportionable income derived from activity performed within this state as provided in subsection (2) of this section.

(b) For purposes of this subsection, a person is considered to be engaging outside this state in the business of making sales of digital goods, digital codes, digital automated services, or services described in RCW 82.04.050 (2) (g) or (6) (~~(b)~~) (c) if the person makes any sales of digital goods, digital codes, digital automated services, or services described in RCW 82.04.050 (2) (g) or (6) (~~(b)~~) (c) that are sourced to a jurisdiction other than Washington under RCW 82.32.730 for sales tax purposes or would have been sourced to a jurisdiction other than Washington under RCW 82.32.730 if the sale had been a retail sale.

(2) Apportionable income must be apportioned to Washington by multiplying the apportionable income by the sales factor.

(3) (a) The sales factor is a fraction, the numerator of which is the total receipts of the taxpayer from making sales of digital goods, digital codes, digital automated services, and services described in RCW 82.04.050 (2) (g) or (6) (~~(b)~~) (c) in this state during the tax period, and the denominator of which is the total receipts of the taxpayer derived from such activity everywhere during the tax period.

(b) For purposes of computing the sales factor, sales are considered in this state if the sale was sourced to this state under RCW 82.32.730 for sales tax purposes or would have been sourced to this state under RCW 82.32.730 if the sale had been taxable under chapter 82.08 RCW.

(4) For purposes of this section, "apportionable income" means the gross income of the business taxable under RCW 82.04.257, including income received from activities outside this state if the income would be taxable under RCW 82.04.257 if received from activities in this state.

**Sec. 517.** RCW 82.08.02082 and 2010 c 111 s 401 are each amended to read as follows:

(1) The tax imposed by RCW 82.08.020 does not apply to a business or other organization for the purpose of making the digital good or digital automated service, including a digital good or digital automated service acquired through the use of a digital code, or service defined as a retail sale in RCW 82.04.050(6)(~~(b)~~) (c) available free of charge for the use or enjoyment of the general public. The exemption provided in this section does not apply unless the purchaser has the legal right to broadcast, rebroadcast, transmit, retransmit, license, relicense, distribute, redistribute, or exhibit the product, in whole or in part, to the general public.

(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 purposes of this section, "general public" means all persons and not limited or restricted to a particular class of persons, except that the general public includes:

(a) A class of persons that is defined as all persons residing or owning property within the boundaries of a state, political subdivision of a state, or a municipal corporation; and

(b) With respect to libraries, authorized library patrons.

**Sec. 518.** RCW 82.08.02088 and 2009 c 535 s 701 are each amended to read as follows:

(1) The tax imposed by RCW 82.08.020 does not apply to the sale of digital goods, digital codes, digital automated services, prewritten computer software, or services defined as a retail sale in RCW 82.04.050(6)(~~(b)~~) (c) to a buyer that provides the seller with an exemption certificate claiming multiple points of use. An exemption certificate claiming multiple points of use must be in a form and contain such information as required by the department.

(2) A buyer is entitled to use an exemption certificate claiming multiple points of use only if the buyer is a business or other organization and the digital goods or digital automated services purchased, or the digital goods or digital automated services to be obtained by the digital code purchased, or the prewritten computer software or

services defined as a retail sale in RCW 82.04.050(6)(~~(b)~~) (c) purchased will be concurrently available for use within and outside this state. A buyer is not entitled to use an exemption certificate claiming multiple points of use for digital goods, digital codes, digital automated services, prewritten computer software, or services defined as a retail sale in RCW 82.04.050(6)(~~(b)~~) (c) purchased for personal use.

(3) A buyer claiming an exemption under this section must report and pay the tax imposed in RCW 82.12.020 and any local use taxes imposed under the authority of chapter 82.14 RCW and RCW 81.104.170 directly to the department in accordance with RCW 82.12.02088 and 82.14.457.

(4) For purposes of this section, "concurrently available for use within and outside this state" means that employees or other agents of the buyer may use the digital goods, digital automated services, prewritten computer software, or services defined as a retail sale in RCW 82.04.050(6)(~~(b)~~) (c) simultaneously from one or more locations within this state and one or more locations outside this state. A digital code is concurrently available for use within and outside this state if employees or other agents of the buyer may use the digital goods or digital automated services to be obtained by the code simultaneously at one or more locations within this state and one or more locations outside this state.

**Sec. 519.** RCW 82.12.010 and 2015 c 169 s 5 are each amended to read as follows:

For the purposes of this chapter:

(1) The meaning ascribed to words and phrases in chapters 82.04 and 82.08 RCW, insofar as applicable, has full force and effect with respect to taxes imposed under the provisions of this chapter. "Consumer," in addition to the meaning ascribed to it in chapters 82.04 and 82.08 RCW insofar as applicable, also means any person who distributes or displays, or causes to be distributed or displayed, any article of tangible personal property, except newspapers, the primary purpose of which is to promote the sale of products or services. With respect to property distributed to persons within this state by a consumer as defined in this subsection (1), the use of the property is deemed to be by such consumer.

(2) "Extended warranty" has the same meaning as in RCW 82.04.050(7).

(3) "Purchase price" means the same as sales price as defined in RCW 82.08.010.

(4) (a) (i) Except as provided in (a) (ii) of this subsection (4), "retailer" means every seller as defined in RCW 82.08.010 and every person engaged in the business of selling tangible personal property at retail and every person required to collect from purchasers the tax imposed under this chapter.

(ii) "Retailer" does not include a professional employer organization when a covered employee coemployed with the client under the terms of a professional employer agreement engages in activities that constitute a sale of tangible personal property, extended warranty, digital good, digital code, or a sale of any digital automated service or service defined as a retail sale in RCW 82.04.050 (2) (a) or (g) or (6) (~~(b)~~) (c) that is subject to the tax imposed by this chapter. In such cases, the client, and not the professional employer organization, is deemed to be the retailer and is responsible for collecting and remitting the tax imposed by this chapter.

(b) For the purposes of (a) of this subsection, the terms "client," "covered employee," "professional employer agreement," and "professional employer organization" have the same meanings as in RCW 82.04.540.

(5) "Taxpayer" and "purchaser" include all persons included within the meaning of the word "buyer" and the word "consumer" as defined in chapters 82.04 and 82.08 RCW.

(6) "Use," "used," "using," or "put to use" have their ordinary meaning, and mean:

(a) With respect to tangible personal property, except for natural gas and manufactured gas, the first act within this state by which the taxpayer takes or assumes dominion or control over the article of tangible personal property (as a consumer), and include installation, storage, withdrawal from storage, distribution, or any other act preparatory to subsequent actual use or consumption within this state;

(b) With respect to a service defined in RCW 82.04.050(2)(a), the first act within this state after the service has been performed by which the taxpayer takes or assumes dominion or control over the article of tangible personal property upon which the service was performed (as a

consumer), and includes installation, storage, withdrawal from storage, distribution, or any other act preparatory to subsequent actual use or consumption of the article within this state;

(c) With respect to an extended warranty, the first act within this state after the extended warranty has been acquired by which the taxpayer takes or assumes dominion or control over the article of tangible personal property to which the extended warranty applies, and includes installation, storage, withdrawal from storage, distribution, or any other act preparatory to subsequent actual use or consumption of the article within this state;

(d) With respect to a digital good or digital code, the first act within this state by which the taxpayer, as a consumer, views, accesses, downloads, possesses, stores, opens, manipulates, or otherwise uses or enjoys the digital good or digital code;

(e) With respect to a digital automated service, the first act within this state by which the taxpayer, as a consumer, uses, enjoys, or otherwise receives the benefit of the service;

(f) With respect to a service defined as a retail sale in RCW 82.04.050(6) (~~(b)~~) (c), the first act within this state by which the taxpayer, as a consumer, accesses the prewritten computer software;

(g) With respect to a service defined as a retail sale in RCW 82.04.050(2)(g), the first act within this state after the service has been performed by which the taxpayer, as a consumer, views, accesses, downloads, possesses, stores, opens, manipulates, or otherwise uses or enjoys the digital good upon which the service was performed; and

(h) With respect to natural gas or manufactured gas, the use of which is taxable under RCW 82.12.022, including gas that is also taxable under the authority of RCW 82.14.230, the first act within this state by which the taxpayer consumes the gas by burning the gas or storing the gas in the taxpayer's own facilities for later consumption by the taxpayer.

(7) (a) "Value of the article used" is the purchase price for the article of tangible personal property, the use of which is taxable under this chapter. The term also includes, in addition to the purchase price, the amount of any tariff

or duty paid with respect to the importation of the article used. In case the article used is acquired by lease or by gift or is extracted, produced, or manufactured by the person using the same or is sold under conditions wherein the purchase price does not represent the true value thereof, the value of the article used is determined as nearly as possible according to the retail selling price at place of use of similar products of like quality and character under such rules as the department may prescribe.

(b) In case the articles used are acquired by bailment, the value of the use of the articles so used must be in an amount representing a reasonable rental for the use of the articles so bailed, determined as nearly as possible according to the value of such use at the places of use of similar products of like quality and character under such rules as the department of revenue may prescribe. In case any such articles of tangible personal property are used in respect to the construction, repairing, decorating, or improving of, and which become or are to become an ingredient or component of, new or existing buildings or other structures under, upon, or above real property of or for the United States, any instrumentality thereof, or a county or city housing authority created pursuant to chapter 35.82 RCW, including the installing or attaching of any such articles therein or thereto, whether or not such personal property becomes a part of the realty by virtue of installation, then the value of the use of such articles so used is determined according to the retail selling price of such articles, or in the absence of such a selling price, as nearly as possible according to the retail selling price at place of use of similar products of like quality and character or, in the absence of either of these selling price measures, such value may be determined upon a cost basis, in any event under such rules as the department of revenue may prescribe.

(c) In the case of articles owned by a user engaged in business outside the state which are brought into the state for no more than one hundred eighty days in any period of three hundred sixty-five consecutive days and which are temporarily used for business purposes by the person in this state, the value of the article used must be an amount representing a reasonable rental for the use of the articles, unless the person has paid tax under this chapter or chapter 82.08 RCW

upon the full value of the article used, as defined in (a) of this subsection.

(d) In the case of articles manufactured or produced by the user and used in the manufacture or production of products sold or to be sold to the department of defense of the United States, the value of the articles used is determined according to the value of the ingredients of such articles.

(e) In the case of an article manufactured or produced for purposes of serving as a prototype for the development of a new or improved product, the value of the article used is determined by: (i) The retail selling price of such new or improved product when first offered for sale; or (ii) the value of materials incorporated into the prototype in cases in which the new or improved product is not offered for sale.

(f) In the case of an article purchased with a direct pay permit under RCW 82.32.087, the value of the article used is determined by the purchase price of such article if, but for the use of the direct pay permit, the transaction would have been subject to sales tax.

(8) "Value of the digital good or digital code used" means the purchase price for the digital good or digital code, the use of which is taxable under this chapter. If the digital good or digital code is acquired other than by purchase, the value of the digital good or digital code must be determined as nearly as possible according to the retail selling price at place of use of similar digital goods or digital codes of like quality and character under rules the department may prescribe.

(9) "Value of the extended warranty used" means the purchase price for the extended warranty, the use of which is taxable under this chapter. If the extended warranty is received by gift or under conditions wherein the purchase price does not represent the true value of the extended warranty, the value of the extended warranty used is determined as nearly as possible according to the retail selling price at place of use of similar extended warranties of like quality and character under rules the department may prescribe.

(10) "Value of the service used" means the purchase price for the digital automated service or other service, the use of which is taxable under this chapter. If the service is received by

gift or under conditions wherein the purchase price does not represent the true value thereof, the value of the service used is determined as nearly as possible according to the retail selling price at place of use of similar services of like quality and character under rules the department may prescribe.

**Sec. 520.** RCW 82.12.020 and 2015 c 169 s 6 are each amended to read as follows:

(1) There is levied and collected from every person in this state a tax or excise for the privilege of using within this state as a consumer any:

(a) Article of tangible personal property acquired by the user in any manner, including tangible personal property acquired at a casual or isolated sale, and including by-products used by the manufacturer thereof, except as otherwise provided in this chapter, irrespective of whether the article or similar articles are manufactured or are available for purchase within this state;

(b) Prewritten computer software, regardless of the method of delivery, but excluding prewritten computer software that is either provided free of charge or is provided for temporary use in viewing information, or both;

(c) Services defined as a retail sale in RCW 82.04.050 (2) (a) or (g) or (6) ~~((b))~~ (c), excluding services defined as a retail sale in RCW 82.04.050(6) ~~((b))~~ (c) that are provided free of charge;

(d) Extended warranty; or

(e)(i) Digital good, digital code, or digital automated service, including the use of any services provided by a seller exclusively in connection with digital goods, digital codes, or digital automated services, whether or not a separate charge is made for such services.

(ii) With respect to the use of digital goods, digital automated services, and digital codes acquired by purchase, the tax imposed in this subsection (1)(e) applies in respect to:

(A) Sales in which the seller has granted the purchaser the right of permanent use;

(B) Sales in which the seller has granted the purchaser a right of use that is less than permanent;

(C) Sales in which the purchaser is not obligated to make continued payment as a condition of the sale; and

(D) Sales in which the purchaser is obligated to make continued payment as a condition of the sale.

(iii) With respect to digital goods, digital automated services, and digital codes acquired other than by purchase, the tax imposed in this subsection (1)(e) applies regardless of whether or not the consumer has a right of permanent use or is obligated to make continued payment as a condition of use.

(2) The provisions of this chapter do not apply in respect to the use of any article of tangible personal property, extended warranty, digital good, digital code, digital automated service, or service taxable under RCW 82.04.050 (2) (a) or (g) or (6) ~~((b))~~ (c), if the sale to, or the use by, the present user or the present user's bailor or donor has already been subjected to the tax under chapter 82.08 RCW or this chapter and the tax has been paid by the present user or by the present user's bailor or donor.

(3)(a) Except as provided in this section, payment of the tax imposed by this chapter or chapter 82.08 RCW by one purchaser or user of tangible personal property, extended warranty, digital good, digital code, digital automated service, or other service does not have the effect of exempting any other purchaser or user of the same property, extended warranty, digital good, digital code, digital automated service, or other service from the taxes imposed by such chapters.

(b) The tax imposed by this chapter does not apply:

(i) If the sale to, or the use by, the present user or his or her bailor or donor has already been subjected to the tax under chapter 82.08 RCW or this chapter and the tax has been paid by the present user or by his or her bailor or donor;

(ii) In respect to the use of any article of tangible personal property acquired by bailment and the tax has once been paid based on reasonable rental as determined by RCW 82.12.060 measured by the value of the article at time of first use multiplied by the tax rate imposed by chapter 82.08 RCW or this chapter as of the time of first use;

(iii) In respect to the use of any article of tangible personal property



acquired by bailment, if the property was acquired by a previous bailee from the same bailor for use in the same general activity and the original bailment was prior to June 9, 1961; or

(iv) To the use of digital goods or digital automated services, which were obtained through the use of a digital code, if the sale of the digital code to, or the use of the digital code by, the present user or the present user's bailor or donor has already been subjected to the tax under chapter 82.08 RCW or this chapter and the tax has been paid by the present user or by the present user's bailor or donor.

(4) (a) Except as provided in (b) of this subsection (4), the tax is levied and must be collected in an amount equal to the value of the article used, value of the digital good or digital code used, value of the extended warranty used, or value of the service used by the taxpayer, multiplied by the applicable rates in effect for the retail sales tax under RCW 82.08.020.

(b) In the case of a seller required to collect use tax from the purchaser, the tax must be collected in an amount equal to the purchase price multiplied by the applicable rate in effect for the retail sales tax under RCW 82.08.020.

(5) For purposes of the tax imposed in this section, "person" includes anyone within the definition of "buyer," "purchaser," and "consumer" in RCW 82.08.010.

**Sec. 521.** RCW 82.12.02082 and 2010 c 111 s 501 are each amended to read as follows:

The provisions of this chapter do not apply to the use by a business or other organization of digital goods, digital codes, digital automated services, or services defined as a retail sale in RCW 82.04.050(6) ~~((b))~~ (c) for the purpose of making the digital good or digital automated service, including a digital good or digital automated service acquired through the use of a digital code, or service defined as a retail sale in RCW 82.04.050(6) ~~((b))~~ (c) available free of charge for the use or enjoyment of the general public. For purposes of this section, "general public" has the same meaning as in RCW 82.08.02082. The exemption provided in this section does not apply unless the user has the legal right to broadcast, rebroadcast, transmit, retransmit, license, relicense,

distribute, redistribute, or exhibit the product, in whole or in part, to the general public.

**Sec. 522.** RCW 82.12.02088 and 2009 c 535 s 702 are each amended to read as follows:

(1) A business or other organization subject to the tax imposed in RCW 82.12.020 on the use of digital goods, digital codes, digital automated services, prewritten computer software, or services defined as a retail sale in RCW 82.04.050(6) ~~((b))~~ (c) that are concurrently available for use within and outside this state is entitled to apportion the amount of tax due this state based on users in this state compared to users everywhere. The department may authorize or require an alternative method of apportionment supported by the taxpayer's records that fairly reflects the proportion of in-state to out-of-state use by the taxpayer of the digital goods, digital automated services, prewritten computer software, or services defined as a retail sale in RCW 82.04.050(6) ~~((b))~~ (c).

(2) No apportionment under this section is allowed unless the apportionment method is supported by the taxpayer's records kept in the ordinary course of business.

(3) For purposes of this section, the following definitions apply:

(a) "Concurrently available for use within and outside this state" means that employees or other agents of the taxpayer may use the digital goods, digital automated services, prewritten computer software, or services defined as a retail sale in RCW 82.04.050(6) ~~((b))~~ (c) simultaneously at one or more locations within this state and one or more locations outside this state. A digital code is concurrently available for use within and outside this state if employees or other agents of the taxpayer may use the digital goods or digital automated services to be obtained by the code simultaneously at one or more locations within this state and one or more locations outside this state.

(b) "User" means an employee or agent of the taxpayer who is authorized by the taxpayer to use the digital goods, digital automated services, prewritten computer software, or services defined as a retail sale in RCW 82.04.050(6) ~~((b))~~ (c) in the performance of his or her duties as an employee or other agent of the taxpayer.

**Sec. 523.** RCW 82.12.0259 and 2009 c 535 s 613 are each amended to read as follows:

The provisions of this chapter do not apply in respect to the use of personal property or the use of digital automated services or services defined in RCW 82.04.050 (2)(a) or (6)(~~(b)~~) (c) by corporations that have been incorporated under any act of the congress of the United States and whose principal purposes are to furnish volunteer aid to members of the armed forces of the United States and also to carry on a system of national and international relief and to apply the same in mitigating the sufferings caused by pestilence, famine, fire, flood, and other national calamities and to devise and carry on measures for preventing the same.

**Sec. 524.** RCW 82.12.035 and 2015 c 169 s 8 are each amended to read as follows:

A credit is allowed against the taxes imposed by this chapter upon the use in this state of tangible personal property, extended warranty, digital good, digital code, digital automated service, or services defined as a retail sale in RCW 82.04.050 (2) (a) or (g) or (6)(~~(b)~~) (c), in the amount that the present user thereof or his or her bailor or donor has paid a legally imposed retail sales or use tax with respect to such property, extended warranty, digital good, digital code, digital automated service, or service defined as a retail sale in RCW 82.04.050 (2) (a) or (g) or (6)(~~(b)~~) (c) to any other state, possession, territory, or commonwealth of the United States, any political subdivision thereof, the District of Columbia, and any foreign country or political subdivision thereof.

**Sec. 525.** RCW 82.12.040 and 2015 c 169 s 9 are each amended to read as follows:

(1) Every person who maintains in this state a place of business or a stock of goods, or engages in business activities within this state, must obtain from the department a certificate of registration, and must, at the time of making sales of tangible personal property, digital goods, digital codes, digital automated services, extended warranties, or sales of any service defined as a retail sale in RCW 82.04.050 (2) (a) or (g) or (6)(~~(b)~~) (c), or making transfers of either possession or title, or both, of tangible personal property for use in this state, collect from the purchasers or transferees the tax imposed under this chapter. The tax to be collected under this section

must be in an amount equal to the purchase price multiplied by the rate in effect for the retail sales tax under RCW 82.08.020. For the purposes of this chapter, the phrase "maintains in this state a place of business" includes the solicitation of sales and/or taking of orders by sales agents or traveling representatives. For the purposes of this chapter, "engages in business activity within this state" includes every activity which is sufficient under the Constitution of the United States for this state to require collection of tax under this chapter. The department must in rules specify activities which constitute engaging in business activity within this state, and must keep the rules current with future court interpretations of the Constitution of the United States.

(2) Every person who engages in this state in the business of acting as an independent selling agent for persons who do not hold a valid certificate of registration, and who receives compensation by reason of sales of tangible personal property, digital goods, digital codes, digital automated services, extended warranties, or sales of any service defined as a retail sale in RCW 82.04.050 (2) (a) or (g) or (6)(~~(b)~~) (c), of his or her principals for use in this state, must, at the time such sales are made, collect from the purchasers the tax imposed on the purchase price under this chapter, and for that purpose is deemed a retailer as defined in this chapter.

(3) The tax required to be collected by this chapter is deemed to be held in trust by the retailer until paid to the department, and any retailer who appropriates or converts the tax collected to the retailer's own use or to any use other than the payment of the tax provided herein to the extent that the money required to be collected is not available for payment on the due date as prescribed is guilty of a misdemeanor. In case any seller fails to collect the tax herein imposed or having collected the tax, fails to pay the same to the department in the manner prescribed, whether such failure is the result of the seller's own acts or the result of acts or conditions beyond the seller's control, the seller is nevertheless personally liable to the state for the amount of such tax, unless the seller has taken from the buyer a copy of a direct pay permit issued under RCW 82.32.087.

(4) Any retailer who refunds, remits, or rebates to a purchaser, or transferee, either directly or indirectly, and by whatever means, all or any part of the tax levied by this chapter is guilty of a misdemeanor.

(5) Notwithstanding subsections (1) through (4) of this section, any person making sales is not obligated to collect the tax imposed by this chapter if:

(a) The person's activities in this state, whether conducted directly or through another person, are limited to:

(i) The storage, dissemination, or display of advertising;

(ii) The taking of orders; or

(iii) The processing of payments; and

(b) The activities are conducted electronically via a web site on a server or other computer equipment located in Washington that is not owned or operated by the person making sales into this state nor owned or operated by an affiliated person. "Affiliated persons" has the same meaning as provided in RCW 82.04.424.

(6) Subsection (5) of this section expires when: (a) The United States congress grants individual states the authority to impose sales and use tax collection duties on remote sellers; or (b) it is determined by a court of competent jurisdiction, in a judgment not subject to review, that a state can impose sales and use tax collection duties on remote sellers.

(7) Notwithstanding subsections (1) through (4) of this section, any person making sales is not obligated to collect the tax imposed by this chapter if the person would have been obligated to collect retail sales tax on the sale absent a specific exemption provided in chapter 82.08 RCW, and there is no corresponding use tax exemption in this chapter. Nothing in this subsection (7) may be construed as relieving purchasers from liability for reporting and remitting the tax due under this chapter directly to the department.

(8) Notwithstanding subsections (1) through (4) of this section, any person making sales is not obligated to collect the tax imposed by this chapter if the state is prohibited under the Constitution or laws of the United States from requiring the person to collect the tax imposed by this chapter.

(9) Notwithstanding subsections (1) through (4) of this section, any licensed dealer facilitating a firearm sale or transfer between two unlicensed persons by conducting background checks under chapter 9.41 RCW is not obligated to collect the tax imposed by this chapter.

**Sec. 526.** RCW 82.12.860 and 2015 c 169 s 10 are each amended to read as follows:

(1) This chapter does not apply to state credit unions with respect to the use of any article of tangible personal property, digital good, digital code, digital automated service, service defined as a retail sale in RCW 82.04.050 (2) (a) or (g) or (6) ~~((b))~~ (c), or extended warranty, acquired from a federal credit union, foreign credit union, or out-of-state credit union as a result of a merger or conversion.

(2) For purposes of this section, the following definitions apply:

(a) "Federal credit union" means a credit union organized and operating under the laws of the United States.

(b) "Foreign credit union" means a credit union organized and operating under the laws of another country or other foreign jurisdiction.

(c) "Out-of-state credit union" means a credit union organized and operating under the laws of another state or United States territory or possession.

(d) "State credit union" means a credit union organized and operating under the laws of this state.

**Sec. 527.** RCW 82.14.457 and 2009 c 535 s 703 are each amended to read as follows:

(1) A business or other organization that is entitled under RCW 82.12.02088 to apportion the amount of state use tax on the use of digital goods, digital codes, digital automated services, prewritten computer software, or services defined as a retail sale in RCW 82.04.050(6) ~~((b))~~ (c) is also entitled to apportion the amount of local use taxes imposed under the authority of this chapter and RCW 81.104.170 on the use of such products or services.

(2) To ensure that the tax base for state and local use taxes is identical, the measure of local use taxes apportioned under this section must be the same as the measure of state use tax apportioned under RCW 82.12.02088.

(3) This section does not affect the sourcing of local use taxes.

**Sec. 528.** RCW 82.04.4277 and 2016 sp.s. c 29 s 532 are each amended to read as follows:

(1) A health or social welfare organization may deduct from the measure of tax amounts received as compensation for providing mental health services or chemical dependency services under a government-funded program.

(2) A behavioral health organization may deduct from the measure of tax amounts received from the state of Washington for distribution to a health or social welfare organization that is eligible to deduct the distribution under subsection (1) of this section.

(3) A person claiming a deduction under this section must file a complete annual report with the department under RCW 82.32.534.

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

(a) "Chemical dependency" has the same meaning as provided in RCW 70.96A.020 through March 31, 2018, and the same meaning as provided in RCW 71.05.020 beginning April 1, 2018.

(b) "Health or social welfare organization" has the meaning provided in RCW 82.04.431.

(c) "Mental health services" and "behavioral health organization" have the meanings provided in RCW 71.24.025.

(5) This section expires January 1, 2020.

**Sec. 529.** RCW 84.12.270 and 2001 c 187 s 3 are each amended to read as follows:

The department of revenue (~~shall~~) must annually make an assessment of the operating property of all companies(~~+~~~~and~~). Between the fifteenth day of March and the first day of July of each year (~~shall~~) the department must prepare an initial assessment roll upon which (~~it shall~~) the department must enter and assess the true and fair value of all the operating property of each of such companies as of the first day of January of the year in which the assessment is made. The department must finalize the assessment roll by the twentieth day of August of each year. For the purpose of determining the true and fair value of such property the department of revenue

may inspect the property belonging to (~~said~~) the companies and may take into consideration any information or knowledge obtained by (~~it~~) the department from (~~such~~) an examination and inspection of such property, or of the books, records, and accounts of such companies, the statements filed as required by this chapter, the reports, statements, or returns of such companies filed in the office of any board, office, or commission of this state or any county thereof, the earnings and earning power of such companies, the franchises owned or used by such companies, the true and fair valuation of any and all property of such companies, whether operating or nonoperating property, and whether situated within or outside the state, and any other facts, evidence, or information that may be obtainable bearing upon the value of the operating property(~~+~~~~PROVIDED, That~~). However, in no event (~~shall~~) may any statement or report required from any company by this chapter be conclusive upon the department of revenue in determining the amount, character, and true and fair value of the operating property of such company.

**Sec. 530.** RCW 84.12.330 and 2001 c 187 s 6 are each amended to read as follows:

Upon the assessment roll (~~shall~~) must be placed after the name of each company a general description of the operating property of the company, which (~~shall be~~) is considered sufficient if described in the language of RCW 84.12.200(~~(12)~~) (8), as applied to the company, following which (~~shall~~) must be entered the true and fair value of the operating property as determined by the department of revenue. No assessment (~~shall~~) may be invalidated by reason of a mistake in the name of the company assessed, or the omission of the name of the owner or by the entry as owner of a name other than that of the true owner. When the department of revenue (~~shall have~~) has prepared the assessment roll and entered thereon the true and fair value of the operating property of the company, as herein required, (~~it shall~~) the department must notify the company by mail of the valuation determined by it and entered upon the roll.

**Sec. 531.** RCW 84.16.040 and 2001 c 187 s 9 are each amended to read as follows:

The department of revenue (~~shall~~) must annually make an assessment of the operating property of each private car company(~~+~~~~and~~). Between the first day of

May and the first day of July of each year (~~shall~~) the department must prepare an initial assessment roll upon which (~~it shall~~) the department must enter and assess the true and fair value of all the operating property of each of such companies as of the first day of January of the year in which the assessment is made. The department must finalize the assessment roll by the twentieth day of August of each year. For the purpose of determining the true and fair value of such property the department of revenue may take into consideration any information or knowledge obtained by (~~it~~) the department from an examination and inspection of such property, or of the books, records, and accounts of such companies, the statements filed as required by this chapter, the reports, statements, or returns of such companies filed in the office of any board, office, or commission of this state or any county thereof, the earnings and earning power of such companies, the franchises owned or used by such companies, the true and fair valuation of any and all property of such companies, whether operating property or nonoperating property, and whether situated within or without the state, and any other facts, evidences, or information that may be obtainable bearing upon the value of the operating property(~~PROVIDED, That~~). However, in no event (~~shall~~) may any statement or report required from any company by this chapter be conclusive upon the department of revenue in determining the amount, character, and true and fair value of the operating property of such company.

**Sec. 532.** RCW 84.16.090 and 2001 c 187 s 11 are each amended to read as follows:

Upon the assessment roll (~~shall~~) must be placed after the name of each company a general description of the operating property of the company, which (~~shall be~~) is considered sufficient if described in the language of RCW 84.16.010(3) or otherwise, following which (~~shall~~) must be entered the true and fair value of the operating property as determined by the department of revenue. No assessment (~~shall be~~) is invalid by a mistake in the name of the company assessed, by omission of the name of the owner or by the entry of a name other than that of the true owner. When the department of revenue (~~shall have~~) has prepared the initial assessment roll and entered thereon the true and fair value of the operating property of the company, as required, (~~it shall~~) the department must notify the

company by mail of the valuation determined by it and entered upon the roll; and thereupon such valuation (~~shall~~) must become the true and fair value of the operating property of the company, subject to revision or correction by the department of revenue as hereinafter provided; and (~~shall~~) must be the valuation upon which, after equalization by the department of revenue as hereinafter provided, the taxes of such company (~~shall be~~) are based and computed.

#### Part VI

##### Estate tax return filing relief

**Sec. 601.** RCW 83.100.050 and 2008 c 181 s 504 are each amended to read as follows:

(1) A Washington return must be filed if((: (a) A federal return is required to be filed; or (b) for decedents dying prior to January 1, 2006, the gross estate exceeds one million five hundred thousand dollars; or (c) for decedents dying on or after January 1, 2006, the gross estate exceeds two million dollars)) the gross estate equals or exceeds the applicable exclusion amount.

(2) If a Washington return is required as provided in subsection (1) of this section:

(a) A person required to file a federal return (~~shall~~) must file with the department on or before the date the federal return is required to be filed, including any extension of time for filing under subsection (4) or (6) of this section, a Washington return for the tax due under this chapter.

(b) If no federal return is required to be filed, a taxpayer shall file with the department on or before the date a federal return would have been required to be filed, including any extension of time for filing under subsection (5) or (6) of this section, a Washington return for the tax due under this chapter.

(3) A Washington return delivered to the department by United States mail (~~shall be~~) is considered to have been received by the department on the date of the United States postmark stamped on the cover in which the return is mailed, if the postmark date is within the time allowed for filing the Washington return, including extensions.

(4) In addition to the Washington return required to be filed in subsection

(2) of this section, a person (~~(if required to file a federal return, shall)~~) must file with the department on or before the date the federal return is (~~(required to be filed a copy of the federal return along with all supporting documentation)~~) or would have been required to be filed all supporting documentation for completed Washington return schedules, and, if a federal return has been filed, a copy of the federal return. If the person required to file the federal return has obtained an extension of time for filing the federal return, the person (~~(shall)~~) must file the Washington return within the same time period and in the same manner as provided for the federal return. A copy of the federal extension (~~(shall)~~) must be filed with the department on or before the date the Washington return is due, not including any extension of time for filing, or within thirty days of issuance, whichever is later.

(5) A person may obtain an extension of time for filing the Washington return as provided by rule of the department, if the person is required to file a Washington return under subsection (2) of this section, but is not required to file a federal return.

(6) During a state of emergency declared under RCW 43.06.010(12), the department, on its own motion or at the request of any taxpayer affected by the emergency, may extend the time for filing a Washington return under this section as the department deems proper.

#### Part VII

Clarifying that licensing information may not be disclosed for commercial purposes

**Sec. 701.** RCW 19.02.115 and 2013 c 144 s 26 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) "Disclose" means to make known to any person in any manner licensing information(~~(+)~~).

(b) "Licensing information" means any information created or obtained by the department in the administration of this chapter and chapters 19.80 and 59.30 RCW, which information relates to any person who: (i) Has applied for or has been issued a license or trade name; or (ii) has been issued an assessment or delinquency fee.

Licensing information includes initial and renewal business license applications, and business licenses(~~(+)~~).

(c) "Person" has the same meaning as in RCW 82.04.030 and also includes the state and the state's departments and institutions(~~(+and)~~).

(d) "State agency" means every Washington state office, department, division, bureau, board, commission, or other state agency.

(2) Licensing information is confidential and privileged, and except as authorized by this section, neither the department nor any other person may disclose any licensing information. Nothing in this chapter requires any person possessing licensing information made confidential and privileged by this section to delete information from such information so as to permit its disclosure.

(3) This section does not prohibit the department of revenue, or any other person receiving licensing information from the department under this subsection, from:

(a) Disclosing licensing information in a civil or criminal judicial proceeding or an administrative proceeding:

(i) In which the person about whom such licensing information is sought and the department, another state agency, or a local government are adverse parties in the proceeding; or

(ii) Involving a dispute arising out of the department's administration of chapter 19.80 or 59.30 RCW, or this chapter if the licensing information relates to a party in the proceeding;

(b) Disclosing, subject to such requirements and conditions as the director prescribes by rules adopted pursuant to chapter 34.05 RCW, such licensing information regarding a license applicant or license holder to such license applicant or license holder or to such person or persons as that license applicant or license holder may designate in a request for, or consent to, such disclosure, or to any other person, at the license applicant's or license holder's request, to the extent necessary to comply with a request for information or assistance made by the license applicant or license holder to such other person. However, licensing information not received from the license applicant or holder must not be so disclosed if the

director determines that such disclosure would compromise any investigation or litigation by any federal, state, or local government agency in connection with the civil or criminal liability of the license applicant, license holder, or another person, or that such disclosure would identify a confidential informant, or that such disclosure is contrary to any agreement entered into by the department that provides for the reciprocal exchange of information with other government agencies, which agreement requires confidentiality with respect to such information unless such information is required to be disclosed to the license applicant or license holder by the order of any court;

(c) Publishing statistics so classified as to prevent the identification of particular licensing information;

(d) Disclosing licensing information for official purposes only, to the governor or attorney general, or to any state agency, or to any committee or subcommittee of the legislature dealing with matters of taxation, revenue, trade, commerce, the control of industry or the professions, or licensing;

(e) Permitting the department's records to be audited and examined by the proper state officer, his or her agents and employees;

(f) Disclosing any licensing information to a peace officer as defined in RCW 9A.04.110 or county prosecuting attorney, for official purposes. The disclosure may be made only in response to a search warrant, subpoena, or other court order, unless the disclosure is for the purpose of criminal tax or license enforcement. A peace officer or county prosecuting attorney who receives the licensing information may disclose that licensing information only for use in the investigation and a related court proceeding, or in the court proceeding for which the licensing information originally was sought;

(g) Disclosing, in a manner that is not associated with other licensing information, the name of a license applicant or license holder, entity type, registered trade name, business address, mailing address, unified business identifier number, list of licenses issued to a person through the business licensing system established in this chapter and their issuance and expiration dates, and the dates of opening of a business. This

subsection may not be construed as giving authority to the department to give, sell, or provide access to any list of persons for any commercial purpose;

(h) Disclosing licensing information that is also maintained by another Washington state or local governmental agency as a public record available for inspection and copying under the provisions of chapter 42.56 RCW or is a document maintained by a court of record and is not otherwise prohibited from disclosure;

(i) Disclosing any licensing information when the disclosure is specifically authorized under any other section of the Revised Code of Washington;

(j) Disclosing licensing information to the proper officer of the licensing or tax department of any city, town, or county of this state, for official purposes. If the licensing information does not relate to a license issued by the city, town, or county requesting the licensing information, disclosure may be made only if the laws of the requesting city, town, or county grants substantially similar privileges to the proper officers of this state; or

(k) Disclosing licensing information to the federal government for official purposes.

(4) Notwithstanding anything to the contrary in this section, a state agency or local government agency may disclose licensing information relating to a license issued on its behalf by the department pursuant to this chapter if the disclosure is authorized by another statute, local law, or administrative rule.

(5) The department, any other state agency, or local government may refuse to disclose licensing information that is otherwise disclosable under subsection (3) of this section if such disclosure would violate federal law or any information sharing agreement between the state or local government and federal government.

(6) Any person acquiring knowledge of any licensing information in the course of his or her employment with the department and any person acquiring knowledge of any licensing information as provided under subsection (3)(d), (e), (f), (j), or (k) of this section, who discloses any such licensing information to another person not entitled to knowledge of such licensing information under the provisions

of this section, is guilty of a misdemeanor. If the person guilty of such violation is an officer or employee of the state, such person must forfeit such office or employment and is incapable of holding any public office or employment in this state for a period of two years thereafter.

#### Part VIII

##### Background investigations

**Sec. 801.** RCW 82.01.060 and 2011 c 298 s 36 are each amended to read as follows:

The director of revenue, hereinafter in chapter 26, Laws of 1967 ex. sess. referred to as the director, through the department of revenue, hereinafter in chapter 26, Laws of 1967 ex. sess. referred to as the department, must:

(1) Assess and collect all taxes and administer all programs relating to taxes which are the responsibility of the tax commission at the time chapter 26, Laws of 1967 ex. sess. takes effect or which the legislature may hereafter make the responsibility of the director or of the department;

(2) Make, adopt and publish such rules as he or she may deem necessary or desirable to carry out the powers and duties imposed upon him or her or the department by the legislature. However, the director may not adopt rules after July 23, 1995, that are based solely on a section of law stating a statute's intent or purpose, on the enabling provisions of the statute establishing the agency, or on any combination of such provisions, for statutory authority to adopt any rule;

(3) Rules adopted by the tax commission before July 23, 1995, remain in force until such time as they may be revised or rescinded by the director;

(4) Provide by general regulations for an adequate system of departmental review of the actions of the department or of its officers and employees in the assessment or collection of taxes;

(5) Maintain a tax research section with sufficient technical, clerical and other employees to conduct constant observation and investigation of the effectiveness and adequacy of the revenue laws of this state and of the sister states in order to assist the governor, the legislature and the director in estimation of revenue, analysis of tax measures, and determination of the administrative

feasibility of proposed tax legislation and allied problems;

(6) Recommend to the governor such amendments, changes in, and modifications of the revenue laws as seem proper and requisite to remedy injustice and irregularities in taxation, and to facilitate the assessment and collection of taxes in the most economical manner;

(7) Provide the opportunity for any person feeling aggrieved by any action taken against the person by the department in the administration of chapters 19.02, 19.80, and 59.30 RCW to request a review of the department's action. Such review may be conducted as a brief adjudicative proceeding under RCW 34.05.485 through 34.05.494; and

(8) (a) Establish background investigation policies applicable to those current and prospective department employees and contractors that are or may be authorized by the department to access federal tax information. Such policies must require a criminal history record check through the Washington state patrol criminal identification system and through the federal bureau of investigation, at the expense of the department. The record check must include a fingerprint check using a complete Washington state criminal identification fingerprint card, which must be forwarded by the Washington state patrol to the federal bureau of investigation. The department's background investigation policies must also satisfy any specific background investigation standards established by the internal revenue service.

(b) Information received by the department pursuant to this subsection may be used only for the purposes of making, supporting, or defending decisions regarding the appointment, hiring, or retention of persons, or for complying with any requirements from the internal revenue service. Further dissemination or use of the information is prohibited, notwithstanding any other provision of law.

#### Part IX

Revising the date by which the department of revenue is required to provide estimates of the amount of public forestland that is available for timber harvesting

**Sec. 901.** RCW 84.33.089 and 2004 c 177 s 6 are each amended to read as follows:



(1) The department (~~shall~~) must estimate the number of acres of public forestland that are available for timber harvesting. The department (~~shall~~) must provide the estimates for each county and for each taxing district within each county by (~~August 30th~~) October 1st of each year except that the department may authorize a county, at the county's option, to make its own estimates for public forestland in that county. In estimating the number of acres, the department (~~shall~~) must use the best available information to include public land comparable to private land that qualifies as forestland for assessment purposes and exclude other public lands. The department is not required to update the estimates unless improved information becomes available. The department of natural resources (~~shall~~) must assist the department with these determinations by providing any data and information in the possession of the department of natural resources on public forestlands, broken out by county and legal description, including a detailed map of each county showing the location of the described lands. The data and information (~~shall~~) must be provided to the department by July 15th of each year. In addition, the department may contract with other parties to provide data or assistance necessary to implement this section.

(2) To accommodate the phase-in of the county forest excise tax on the harvest of timber from public lands as provided in RCW 84.33.051, the department (~~shall~~) must adjust its actual estimates of the number of acres of public forestland that are available for timber harvesting. The department (~~shall~~) must reduce its estimates for the following years by the following amounts:

- (a) For calendar year 2005, 70 percent;
- (b) For calendar year 2006, 62.5 percent;
- (c) For calendar year 2007, 55 percent;
- (d) For calendar year 2008, 47.5 percent;
- (e) For calendar year 2009, 40 percent;
- (f) For calendar year 2010, 32.5 percent;
- (g) For calendar year 2011, 22.5 percent;
- (h) For calendar year 2012, 15 percent;

(i) For calendar year 2013, 7.5 percent; and

(j) For calendar year 2014 and thereafter, the department (~~shall~~) may not reduce its estimates of the number of acres of public forestland that are available for timber harvesting.

#### Part X

Electronic communication of confidential property tax information

NEW SECTION. Sec. 1001. A new section is added to chapter 84.08 RCW to read as follows:

(1) The department may provide electronically any assessment, notice, or other information that is subject to the confidentiality provisions of RCW 84.08.210 or 84.40.340, to any person authorized to receive the information.

(2) The department must use methods reasonably designed to protect information provided electronically as authorized in subsection (1) of this section from unauthorized disclosure. However, the provisions of this subsection (2) may be waived by a taxpayer. The waiver must be in writing and may be provided to the department electronically. A waiver continues until revoked in writing by the taxpayer. Such revocation may be provided to the department electronically in a manner provided or approved by the department.

#### Part XI

##### Miscellaneous

NEW SECTION. Sec. 1101. RCW 82.32.805 and 82.32.808 do not apply to any provisions of this act.

NEW SECTION. Sec. 1102. (1) Except as otherwise provided in this section, part I of this act takes effect January 1, 2018.

(2) Section 102 of this act takes effect April 1, 2018."

Correct the title.

Signed by Representatives Lytton, Chair; Frame, Vice Chair; Nealey, Ranking Minority Member; Orcutt, Assistant Ranking Minority Member; Condotta; Dolan; Pollet; Springer; Stokesbary; Wilcox and Wylie.

Referred to Committee on Rules for second reading.

March 30, 2017

ESSB 5777 Prime Sponsor, Committee on Commerce, Labor & Sports: Improving the business climate in this state by simplifying the administration of municipal general business licenses. Reported by Committee on Finance

MAJORITY recommendation: Do pass as amended.

Strike everything after the enacting clause and insert the following:

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

(1) "Business licensing service," "business licensing system," and "business license" have the same meaning as in RCW 19.02.020.

(2) "City" means a city, town, or code city.

(3) "Department" means the department of revenue.

(4) "General business license" means a license, not including a regulatory license or a temporary license, that a city requires all or most businesses to obtain to conduct business within that city.

(5) "Partner" means the relationship between a city and the department under which general business licenses are issued and renewed through the business licensing service in accordance with chapter 19.02 RCW.

(6) "Regulatory business license" means a license, other than a general business license, required for certain types of businesses that a city has determined warrants additional regulation, such as taxicab or other for-hire vehicle operators, adult entertainment businesses, amusement device operators, massage parlors, debt collectors, door-to-door sales persons, trade-show operators, and home-based businesses.

NEW SECTION. Sec. 2. (1) Except as otherwise provided in subsection (7) of this section, a city that requires a general business license of any person that engages in business activities within that city must partner with the department to have such license issued, and renewed if the city requires renewal, through the business licensing service in accordance with chapter 19.02 RCW.

(a) Except as otherwise provided in subsection (3) of this section, the

department must phase in the issuance and renewal of general business licenses of cities that required a general business license as of July 1, 2017, and are not already partnering with the department, as follows:

(i) Between January 1, 2018, and December 31, 2021, the department must partner with at least six cities per year.

(ii) Between January 1, 2022, and December 31, 2027, the department must partner with the remaining cities.

(b) A city that imposes a general business license requirement and does not partner with the department as of January 1, 2018, may continue to issue and renew its general business licenses until the city partners with the department as provided in subsection (4) of this section.

(2)(a) A city that did not require a general business license as of July 1, 2017, but imposes a new general business license requirement after that date must advise the department in writing of its intent to do so at least ninety days before the requirement takes effect.

(b) If a city subject to (a) of this subsection (2) imposes a new general business license requirement after July 1, 2017, the department, in its sole discretion, may adjust resources to partner with the imposing city as of the date that the new general business licensing requirement takes effect. If the department cannot reallocate resources, the city may issue and renew its general business license until the department is able to partner with the city.

(3) The department may delay assuming the duties of issuing and renewing general business licenses beyond the dates provided in subsection (1)(a) of this section if:

(a) Insufficient funds are appropriated for this specific purpose;

(b) The department cannot ensure the business licensing system is adequately prepared to handle all general business licenses due to unforeseen circumstances;

(c) The department determines that a delay is necessary to ensure that the transition to mandatory department issuance and renewal of general business licenses is as seamless as possible; or

(d) The department receives a written notice from a city within sixty days of

the date that the city appears on the department's biennial partnership plan, which includes an explanation of the fiscal or technical challenges causing the city to delay joining the system. A delay under this subsection (3) (d) may be for no more than three years.

(4)(a) In consultation with affected cities and in accordance with the priorities established in subsection (5) of this section, the department must establish a biennial plan for partnering with cities to assume the issuance and renewal of general business licenses as required by this section. The plan must identify the cities that the department will partner with and the dates targeted for the department to assume the duties of issuing and renewing general business licenses.

(b) By January 1, 2018, and January 1st of each even-numbered year thereafter, the department must submit the partnering plan required in (a) of this subsection (4) to the governor; legislative fiscal committees; house local government committee; senate agriculture, water, trade and economic development committee; senate local government committee; affected cities; association of Washington cities; association of Washington business; national federation of independent business; and Washington retail association.

(c) The department may, in its sole discretion, alter the plan required in (a) of this subsection (4) with a minimum notice of thirty days to affected cities.

(5) When determining the plan to partner with cities for the issuance and renewal of general business licenses as required in subsection (4) of this section, cities that notified the department of their wish to partner with the department before January 1, 2017, must be allowed to partner before other cities.

(6) A city that partners with the department for the issuance and renewal of general business licenses through the business licensing service in accordance with chapter 19.02 RCW may not issue and renew those licenses.

(7) A city may decline to partner with the department for the issuance and renewal of a general business license as provided in subsection (1) of this section if the city participates in the online local business license and tax filing portal known as "FileLocal" as of July 1,

2020. For the purposes of this subsection (7), a city is considered to be a FileLocal participant as of the date that a business may access FileLocal for purposes of applying for or renewing that city's general business license and reporting and paying that city's local business and occupation taxes. A city that ceases participation in FileLocal after July 1, 2020, must partner with the department for the issuance and renewal of its general business license as provided in subsection (1) of this section.

(8) By January 1, 2019, and each January 1st thereafter through January 1, 2028, the department must submit a progress report to the legislature. The report required by this subsection must provide information about the progress of the department's efforts to partner with all cities that impose a general business license requirement and include:

(a) A list of cities that have partnered with the department as required in subsection (1) of this section;

(b) A list of cities that have not partnered with the department;

(c) A list of cities that are scheduled to partner with the department during the upcoming calendar year;

(d) A list of cities that have declined to partner with the department as provided in subsection (7) of this section;

(e) An explanation of lessons learned and any process efficiencies incorporated by the department;

(f) Any recommendations to further simplify the issuance and renewal of general business licenses by the department; and

(g) Any other information the department considers relevant.

**NEW SECTION. Sec. 3.** (1) A general business license that must be issued and renewed through the business licensing service in accordance with chapter 19.02 RCW is subject to the provisions of this section.

(2)(a) A city has broad authority to impose a fee structure as provided by RCW 35.22.280, 35.23.440, and 35A.82.020. However, any fee structure selected by a city must be within the department's technical ability to administer. The department has the sole discretion to determine if it can administer a city's fee structure.

(b) If the department is unable to administer a city's fee structure, the city must work with the department to adopt a fee structure that is administrable by the department. If a city fails to comply with this subsection (2)(b), it may not enforce its general business licensing requirements on any person until the effective date of a fee structure that is administrable by the department.

(3) A general business license may not be renewed more frequently than once per year except that the department may require a more frequent renewal date as may be necessary to synchronize the renewal date for the general business license with the business's business license expiration date.

(4) The business licensing system need not accommodate any monetary penalty imposed by a city for failing to obtain or renew a general business license. The penalty imposed in RCW 19.02.085 applies to general business licenses that are not renewed by their expiration date.

(5) The department may refuse to administer any provision of a city business license ordinance that is inconsistent with this chapter.

NEW SECTION. **Sec. 4.** The department is not authorized to enforce a city's licensing laws except to the extent of issuing or renewing a license in accordance with this chapter and chapter 19.02 RCW or refusing to issue a license due to an incomplete application, nonpayment of the appropriate fees as indicated by the license application or renewal application, or the nonpayment of any applicable penalty for late renewal.

NEW SECTION. **Sec. 5.** Cities whose general business licenses are issued through the business licensing system retain the authority to set license fees, provide exemptions and thresholds for these licenses, approve or deny license applicants, and take appropriate administrative actions against licensees.

NEW SECTION. **Sec. 6.** Cities may not require a person to obtain or renew a general business license unless the person engages in business within its respective city. For the purposes of this section, a person may not be considered to be engaging in business within a city unless the person is subject to the taxing jurisdiction of a city under the standards established for interstate commerce under

the commerce clause of the United States Constitution.

NEW SECTION. **Sec. 7.** A general business license change enacted by a city whose general business license is issued through the business licensing system takes effect no sooner than seventy-five days after the department receives notice of the change if the change affects in any way who must obtain a license, who is exempt from obtaining a license, or the amount or method of determining any fee for the issuance or renewal of a license.

NEW SECTION. **Sec. 8.** (1)(a) The cities, working through the association of Washington cities, must form a model ordinance development committee made up of a representative sampling of cities that impose a general business license requirement. This committee must work through the association of Washington cities to adopt a model ordinance on general business license requirements by July 1, 2018. The model ordinance and subsequent amendments developed by the committee must be adopted using a process that includes opportunity for substantial input from business stakeholders and other members of the public. Input must be solicited from statewide business associations and from local chambers of commerce and downtown business associations in cities that require a person that conducts business in the city to obtain a general business license.

(b) The department, association of Washington cities, and municipal research and services center must post copies of, or links to, the model ordinance on their internet web sites. Additionally, a city that imposes a general business license requirement must make copies of its general business license ordinance or ordinances available for inspection and copying as provided in chapter 42.56 RCW.

(c) The definitions in the model ordinance may not be amended more frequently than once every four years, except that the model ordinance may be amended at any time to comply with changes in state law or court decisions. Any amendment to a mandatory provision of the model ordinance must be adopted with the same effective date by all cities.

(2) A city that imposes a general business license requirement must adopt the mandatory provisions of the model ordinance by January 1, 2019. The following provisions are mandatory:

(a) A definition of "engaging in business within the city" for purposes of delineating the circumstances under which a general business license is required;

(b) A uniform minimum licensing threshold under which a person would be relieved of the requirement to obtain a city's general business license. A city retains the authority to create a higher threshold for the requirement to obtain a general business license but must not deviate lower than the level required by the model ordinance.

(3)(a) A city may require a person that is under the uniform minimum licensing threshold as provided in subsection (2) of this section to obtain a city registration with no fee due to the city.

(b) A city that requires a city registration as provided in (a) of this subsection must partner with the department to have such registration issued through the business licensing service in accordance with chapter 19.02 RCW. This subsection (3)(b) does not apply to a city that is excluded from the requirement to partner with the department for the issuance and renewal of general business licenses as provided in section 2 of this act.

NEW SECTION. **Sec. 9.** Cities that impose a general business license must adopt the mandatory provisions of the model ordinance as provided in section 8 of this act by January 1, 2019. A city that has not complied with the requirements of this section by January 1, 2019, may not enforce its general business licensing requirements on any person until the date that the mandatory provisions of the model ordinance take effect within the city.

NEW SECTION. **Sec. 10.** Cities must coordinate with the association of Washington cities to submit a report to the governor; legislative fiscal committees; house local government committee; and the senate agriculture, water, trade and economic development committee by January 1, 2019. The report must:

(1) Provide information about the model ordinance adopted by the cities as required in section 8 of this act;

(2) Identify cities that have and have not adopted the mandatory provisions of the model ordinance; and

(3) Incorporate comments from statewide business organizations concerning the process and substance of the model ordinance. Statewide business organizations must be allowed thirty days to submit comments for inclusion in the report.

NEW SECTION. **Sec. 11.** (1) The legislature directs cities, towns, and identified business organizations to partner in recommending changes to simplify the two factor apportionment formula provided in RCW 35.102.130.

(2)(a) The local business and occupation tax apportionment task force is established. The task force must consist of the following seven representatives:

(i) Three voting representatives selected by the association of Washington cities that are tax managers representing municipalities that impose a local business and occupation tax, including at least one jurisdiction that has performed an audit where apportionment errors were discovered.

(ii) Three voting representatives selected by the association of Washington business, including at least one tax practitioner or legal counsel with experience representing business clients during municipal audits that involved apportionment errors or disputes.

(iii) One nonvoting representative from the department.

(b) The task force may seek input or collaborate with other parties, as it deems necessary. The department must serve as the task force chair and must staff the task force.

(c) Beginning in the first month following the effective date of this section, the task force must meet no less frequently than once per month until it reports to the legislature as provided under subsection (3) of this section.

(3) By October 31, 2018, the task force established in subsection (2) of this section must prepare a report to the legislature to recommend changes to RCW 35.102.130 and related sections, as needed, to develop a method for assigning gross receipts to a local jurisdiction using a market-based model. The task force must focus on methods that rely on information typically available in commercial transaction receipts and captured by common business recordkeeping systems.

(4) The task force terminates January 1, 2019, unless legislation is enacted to extend such termination date.

NEW SECTION. **Sec. 12.** Sections 1 through 10 of this act constitute a new chapter in Title 35 RCW."

Correct the title.

Signed by Representatives Lytton, Chair; Frame, Vice Chair; Nealey, Ranking Minority Member; Orcutt, Assistant Ranking Minority Member; Condotta; Dolan; Pollet; Springer; Stokesbary; Wilcox and Wylie.

Referred to Committee on Rules for second reading.

**SECOND SUPPLEMENTAL COMMITTEE  
REPORT**

April 4, 2017

HB 2143 Prime Sponsor, Representative Haler: Expanding opportunities for higher education students. Reported by Committee on Appropriations

MAJORITY recommendation: The second substitute bill be substituted therefor and the second substitute bill do pass and do not pass the substitute bill by Committee on Higher Education. Signed by Representatives Ormsby, Chair; Robinson, Vice Chair; Chandler, Ranking Minority Member; MacEwen, Assistant Ranking Minority Member; Stokesbary, Assistant Ranking Minority Member; Bergquist; Cody; Condotta; Fitzgibbon; Haler; Hansen; Harris; Hudgins; Jinkins; Kagi; Lytton; Manweller; Nealey; Pettigrew; Pollet; Sawyer; Schmick; Senn; Springer; Stanford; Sullivan; Tharinger; Vick; Volz and Wilcox.

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

Referred to Committee on Rules for second reading.

April 4, 2017

HB 2179 Prime Sponsor, Representative Clibborn: Extending the duration of the state route number 167 high occupancy toll lane pilot project. Reported by Committee on Transportation

MAJORITY recommendation: Do pass. Signed by Representatives Clibborn, Chair; Fey, Vice Chair; Wylie, Vice Chair; Chapman; Gregerson; Kloba; Lovick; McBride; Morris; Ortiz-Self; Pellicciotti; Riccelli; Tarleton Farrell, Member.

MINORITY recommendation: Do not pass. Signed by Representatives Orcutt, Ranking Minority Member; Hargrove, Assistant Ranking Minority Member; Harmsworth, Assistant Ranking Minority Member;

Hayes; Irwin; Pike; Shea; Stambaugh; Van Werven and Young.

Referred to Committee on Rules for second reading.

April 4, 2017

HB 2186 Prime Sponsor, Representative Lytton: Concerning investing in Washington families by improving the fairness of the state's excise tax system by narrowing or eliminating tax preferences, imposing a business and occupation tax surcharge while eliminating tax liability for small businesses, enacting an excise tax on capital gains, modifying the real estate excise tax, making administrative changes, and implementing marketplace fairness in Washington. Reported by Committee on Finance

MAJORITY recommendation: The substitute bill be substituted therefor and the substitute bill do pass. Signed by Representatives Lytton, Chair; Frame, Vice Chair; Dolan; Pollet; Springer and Wylie.

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

Referred to Committee on Rules for second reading.

April 4, 2017

ESB 5008 Prime Sponsor, Senator King: Facilitating compliance with the federal REAL ID act by modifying driver's license and identicard design and fees. Reported by Committee on Transportation

MAJORITY recommendation: Do pass as amended.

Strike everything after the enacting clause and insert the following:

"NEW SECTION. **Sec. 1.** A new section is added to chapter 46.20 RCW to read as follows:

(1) Beginning July 1, 2018, except for enhanced drivers' licenses and identicards issued under RCW 46.20.202, the department must mark a driver's license or identicard issued under this chapter in accordance with the requirements of 6 C.F.R. Sec. 37.71 as it existed on the effective date of this section, or such subsequent date as may be provided by the department by rule, consistent with the purposes of this section.

(2) The department must adopt rules necessary to implement this section.

NEW SECTION. **Sec. 2.** A new section is added to chapter 46.20 RCW to read as follows:

(1) A driver's license or identicard issued with the design features required in section 1 of this act may not be used as evidence of or as a basis to infer an individual's citizenship or immigration status for any purpose.

(2) The presence of the design features required in section 1 of this act on a person's driver's license or identicard may not be used as a basis for the criminal investigation, arrest, or detention of that person in circumstances where a person with a driver's license or identicard without these design features would not be criminally investigated, arrested, or detained.

NEW SECTION. **Sec. 3.** A new section is added to chapter 46.20 RCW to read as follows:

(1) In the absence of express authorization in state law, the department is prohibited from altering department practices to comply with any additional requirements set forth by the federal government as a condition to state compliance with the REAL ID Act of 2005, P.L. 109-13, which are not included in 6 C.F.R. Part 37 as of April 1, 2017.

(2) In the absence of express authorization in state law, the department is prohibited from altering department practices as of April 1, 2017, with respect to the extent to which personally identifying information required to apply for a driver's license or identicard may be released to the federal government or to a party the department has knowledge may intend to release the information for the purpose of it being provided to the federal government, either directly or indirectly.

NEW SECTION. **Sec. 4.** RCW 43.41.390 (Implementation of federal REAL ID Act of 2005) and 2007 c 85 s 1 are each repealed."

Correct the title.

Signed by Representatives Clibborn, Chair; Fey, Vice Chair; Wylie, Vice Chair; Chapman; Gregerson; Kloba; Lovick; McBride; Morris; Ortiz-Self; Pellicciotti; Riccelli; Tarleton Farrell, Member.

MINORITY recommendation: Do not pass. Signed by Representatives Orcutt, Ranking Minority Member; Hargrove, Assistant Ranking Minority Member; Harmsworth, Assistant Ranking Minority Member;

Hayes; Irwin; Pike; Shea; Stambaugh; Van Werven and Young.

Referred to Committee on Rules for second reading.

April 4, 2017

SSB 5022 Prime Sponsor, Committee on Ways & Means: Providing information to students about education loans. Reported by Committee on Appropriations

MAJORITY recommendation: Do pass as amended by Committee on Higher Education. Signed by Representatives Ormsby, Chair; Robinson, Vice Chair; Chandler, Ranking Minority Member; MacEwen, Assistant Ranking Minority Member; Stokesbary, Assistant Ranking Minority Member; Bergquist; Buys; Cody; Fitzgibbon; Haler; Hansen; Harris; Hudgins; Jinkins; Kagi; Lytton; Manweller; Nealey; Pettigrew; Pollet; Sawyer; Schmick; Senn; Springer; Stanford; Sullivan; Tharinger; Vick; Volz and Wilcox.

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

Referred to Committee on Rules for second reading.

April 4, 2017

SB 5037 Prime Sponsor, Senator Padden: Making a fourth driving under the influence offense a felony. Reported by Committee on Appropriations

MAJORITY recommendation: Do pass. Signed by Representatives Chandler, Ranking Minority Member; MacEwen, Assistant Ranking Minority Member; Stokesbary, Assistant Ranking Minority Member; Bergquist; Buys; Condotta; Fitzgibbon; Haler; Hansen; Harris; Jinkins; Manweller; Nealey; Pettigrew; Pollet; Sawyer; Schmick; Senn; Springer; Stanford; Sullivan; Tharinger; Vick; Volz and Wilcox.

MINORITY recommendation: Do not pass. Signed by Representatives Ormsby, Chair; Robinson, Vice Chair; Cody; Hudgins; Kagi; Lytton and Taylor.

Referred to Committee on Rules for second reading.

April 4, 2017

SSB 5046 Prime Sponsor, Committee on Local Government: Providing public notices of public health, safety, and welfare in a language other than English. Reported by Committee on Appropriations

MAJORITY recommendation: Do pass as amended by Committee on Public Safety. Signed by Representatives Ormsby, Chair; Robinson, Vice Chair; Bergquist; Cody; Fitzgibbon; Hansen; Hudgins; Jinkins; Kagi; Lytton;

Pettigrew; Pollet; Sawyer; Senn; Springer; Stanford; Sullivan and Wilcox.

MINORITY recommendation: Do not pass. Signed by Representatives Chandler, Ranking Minority Member; MacEwen, Assistant Ranking Minority Member; Stokesbary, Assistant Ranking Minority Member; Buys; Condotta; Haler; Manweller; Nealey; Schmick; Taylor; Vick and Volz.

MINORITY recommendation: Without recommendation. Signed by Representatives Harris and Tharinger.

Referred to Committee on Rules for second reading.

April 4, 2017

SSB 5069 Prime Sponsor, Committee on Law & Justice: Providing associate degree education to enhance education opportunities and public safety. Reported by Committee on Appropriations

MAJORITY recommendation: Do pass. Signed by Representatives Ormsby, Chair; Robinson, Vice Chair; Chandler, Ranking Minority Member; MacEwen, Assistant Ranking Minority Member; Stokesbary, Assistant Ranking Minority Member; Bergquist; Cody; Fitzgibbon; Haler; Hansen; Harris; Hudgins; Jinkins; Kagi; Lytton; Nealey; Pettigrew; Pollet; Sawyer; Senn; Springer; Stanford; Sullivan; Tharinger and Wilcox.

MINORITY recommendation: Do not pass. Signed by Representatives Buys; Condotta; Manweller; Schmick; Taylor; Vick and Volz.

Referred to Committee on Rules for second reading.

April 4, 2017

SB 5070 Prime Sponsor, Senator Rivers: Concerning paraeducators. Reported by Committee on Appropriations

MAJORITY recommendation: Do pass as amended by Committee on Appropriations and without amendment by Committee on Education.

Strike everything after the enacting clause and insert the following:

"NEW SECTION. Sec. 1. INTENT. Paraeducators provide the majority of instruction in programs designed by the legislature to reduce the opportunity gap. By setting common statewide standards, requiring training in the standards, and offering career development for paraeducators, as well as training for teachers and principals who work with paraeducators, students in these programs have a better chance of succeeding.

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

(1) "Advanced paraeducator certificate" means a credential earned by a paraeducator who may have the following duties: Assisting in highly impacted classrooms, assisting in specialized instructional support and instructional technology applications, mentoring and coaching other paraeducators, and acting as a short-term emergency substitute teacher.

(2) "Board" means the paraeducator board established in section 3 of this act.

(3) "English language learner programs" means the English language learners program, the transitional bilingual instruction program, and the federal limited English proficiency program.

(4) "English language learner certificate" means a credential earned by a paraeducator working with students in English language learner programs.

(5) "Paraeducator" means a classified public school or school district employee who works under the supervision of a certificated or licensed staff member to support and assist in providing instructional and other services to students and their families. Paraeducators are not considered certificated instructional staff as that term and its meaning are used in this title.

(6) "Special education certificate" means a credential earned by a paraeducator working with students in special education programs.

NEW SECTION. Sec. 3. PARAEDUCATOR BOARD CREATED. (1)(a) The paraeducator board is created, consisting of nine members to be appointed to four-year terms.

(b) Vacancies on the board must be filled by appointment or reappointment as described in subsection (2) of this section to terms of four years.

(c) No person may serve as a member of the board for more than two consecutive full four-year terms.

(d) The governor must biennially appoint the chair of the board. No board member may serve as chair for more than four consecutive years.



(2) Appointments to the board must be made as follows, subject to confirmation by the senate:

(a) The superintendent of public instruction shall appoint a basic education paraeducator, a special education paraeducator, an English language learner paraeducator, a teacher, a principal, and a representative of the office of the superintendent of public instruction;

(b) The Washington state parent teacher association shall appoint a parent whose child receives instructional support from a paraeducator;

(c) The state board for community and technical colleges shall appoint a representative of the community and technical college system; and

(d) The student achievement council shall appoint a representative of a four-year institution of higher education as defined in RCW 28B.10.016.

(3) The professional educator standards board shall administer the board.

(4) Each member of the board must be compensated in accordance with RCW 43.03.240 and must be reimbursed for travel expenses incurred in carrying out the duties of the board in accordance with RCW 43.03.050 and 43.03.060.

(5) Members of the board may create informal advisory groups as needed to inform the board's work.

(6) The governor may remove a member of the board for neglect of duty, misconduct, malfeasance or misfeasance in office, or for incompetency or unprofessional conduct as defined in chapter 18.130 RCW. In such a case, the governor shall file with the secretary of state a statement of the causes for and the order of removal from the board, and the secretary of state shall send a certified copy of the statement of causes and order of removal to the last known post office address of the member.

**NEW SECTION. Sec. 4. POWERS AND DUTIES OF PARAEDUCATOR BOARD.** (1) The paraeducator board has the following powers and duties:

(a) Based on the recommendations of the paraeducator work group established in chapter 136, Laws of 2014, adopt: (i) Minimum employment requirements for paraeducators, as described in section 5 of this act; and (ii) paraeducator

standards of practice, as described in section 6 of this act;

(b) Establish requirements and policies for a general paraeducator certificate, as described in section 8 of this act;

(c) Based on the recommendations of the paraeducator work group established in chapter 136, Laws of 2014, establish requirements and policies for subject matter certificates in English language learner and special education, as described in section 9 of this act;

(d) Based on the recommendations of the paraeducator work group established in chapter 136, Laws of 2014, establish requirements and policies for an advanced paraeducator certificate, as described in section 10 of this act;

(e) By September 1, 2018, approve, and develop if necessary, courses required to meet the provisions of this chapter, where the courses are offered in a variety of means that will limit cost and improve access;

(f) Make policy recommendations, as necessary, for a paraeducator career ladder that will increase opportunities for paraeducator advancement through advanced education, professional learning, and increased instructional responsibility;

(g) Collaborate with the office of the superintendent of public instruction to adapt the electronic educator certification process to include paraeducator certificates; and

(h) Adopt rules under chapter 34.05 RCW that are necessary for the effective and efficient implementation of this chapter.

(2) The superintendent of public instruction shall act as the administrator of any such rules and have the power to issue any paraeducator certificates and revoke the same in accordance with board rules.

**NEW SECTION. Sec. 5. PARAEDUCATOR MINIMUM EMPLOYMENT REQUIREMENTS.** Effective September 1, 2018, the minimum employment requirements for paraeducators are as provided in this section. The paraeducator must:

(1) Be at least eighteen years of age and hold a high school diploma or its equivalent; and

(2) (a) Have received a passing grade on the education testing service paraeducator assessment; or

(b) Hold an associate of arts degree; or

(c) Have earned seventy-two quarter credits or forty-eight semester credits at an institution of higher education; or

(d) Have completed a registered apprenticeship program.

NEW SECTION. **Sec. 6.** PARAEDUCATOR STANDARDS OF PRACTICE. The board shall adopt state standards of practice for paraeducators that are based on the recommendations of the paraeducator work group established in chapter 136, Laws of 2014. These standards must include:

(1) Supporting instructional opportunities;

(2) Demonstrating professionalism and ethical practices;

(3) Supporting a positive and safe learning environment;

(4) Communicating effectively and participating in the team process; and

(5) Demonstrating cultural competency aligned with standards developed by the professional educator standards board under RCW 28A.410.270.

NEW SECTION. **Sec. 7.** FUNDAMENTAL COURSE OF STUDY. (1) Subject to the availability of amounts appropriated for this specific purpose, beginning September 1, 2019, school districts must provide a four-day fundamental course of study on the state standards of practice, as defined by the board, to paraeducators who have not completed the course, either in the district or in another district within the state. School districts must use best efforts to provide the fundamental course of study before the paraeducator begins to work with students and their families, and at a minimum by the deadlines provided in subsection (2) of this section.

(2) School districts must provide the fundamental course of study required in subsection (1) of this section as follows:

(a) For paraeducators hired on or before September 1st, by September 30th of that year, regardless of the size of the district; and

(b) For paraeducators hired after September 1st:

(i) For districts with ten thousand or more students, within four months of the date of hire; and

(ii) For districts with fewer than ten thousand students, no later than September 1st of the following year.

(3) School districts may collaborate with other school districts or educational service districts to meet the requirements of this section.

NEW SECTION. **Sec. 8.** GENERAL PARAEDUCATOR CERTIFICATE. (1) (a) Paraeducators may become eligible for a general paraeducator certificate by completing the four-day fundamental course of study, as required under section 7 of this act, and an additional ten days of general courses, as defined by the board, on the state paraeducator standards of practice, described in section 6 of this act.

(b) Paraeducators are not required to meet the general paraeducator certificate requirements under this subsection (1) unless amounts are appropriated for the specific purposes of subsection (2) of this section and section 7 of this act.

(2) Subject to the availability of amounts appropriated for this specific purpose, beginning September 1, 2019, school districts must:

(a) Provide paraeducators with general courses on the state paraeducator standards of practice; and

(b) Ensure all paraeducators employed by the district meet the general certification requirements of this section within three years of completing the four-day fundamental course of study.

(3) The general paraeducator certificate does not expire.

NEW SECTION. **Sec. 9.** PARAEDUCATOR SUBJECT MATTER CERTIFICATES. (1) The board shall adopt requirements and policies for paraeducator subject matter certificates in special education and in English language learner that are based on the recommendations of the paraeducator work group established in chapter 136, Laws of 2014.

(2) The rules adopted by the board must include the following requirements:

(a) A subject matter certificate is not a prerequisite for a paraeducator working in any program;

(b) Paraeducators may become eligible for a subject matter certificate by completing twenty hours of professional development in the subject area of the certificate; and

(c) Subject matter certificates expire after five years.

**NEW SECTION. Sec. 10. ADVANCED PARAEDUCATOR CERTIFICATE.** (1) The board shall adopt requirements and policies for an advanced paraeducator certificate that are based on the recommendations of the paraeducator work group established in chapter 136, Laws of 2014.

(2) The rules adopted by the board must include the following requirements:

(a) An advanced paraeducator certificate is not a prerequisite for a paraeducator working in any program;

(b) Paraeducators may become eligible for an advanced paraeducator certificate by completing seventy-five hours of professional development in topics related to the duties of an advanced paraeducator; and

(c) Advanced paraeducator certificates expire after five years.

**NEW SECTION. Sec. 11. PILOTS.** (1) By September 1, 2018, and subject to the availability of amounts appropriated for this specific purpose, the board shall distribute grants to a diverse set of school districts that volunteer to pilot the state paraeducator standards of practice, the paraeducator certificates, and the courses described in this chapter.

(2) By September 1, 2019, the volunteer districts must report to the board with the outcomes of the pilot and any recommendations for implementing the paraeducator standards of practice, paraeducator certificates, and courses statewide. The outcomes reported must include:

(a) An analysis of the costs to the district to implement the state standards of practice by making available the required four-day fundamental course of study;

(b) The number of paraeducators who completed the course of study in the state standards of practice;

(c) The number of paraeducators who earned an advanced paraeducator certificate, or a special education or English language learner certificate;

(d) Any cost to the district and the paraeducator to earn a certificate; and

(e) The impact on the size and assignment of the paraeducator workforce as a result of the pilot.

(3) By November 1, 2019, and in compliance with RCW 43.01.036, the board shall submit a report to the appropriate committees of the legislature that summarizes the outcomes of the pilots and recommends any statutory changes necessary to improve the statewide standards of practice, paraeducator certificate requirements, and courses of study necessary to meet these standards and requirements, among other things.

(4) This section expires July 1, 2020.

**NEW SECTION. Sec. 12. STUDY ON EFFECTIVENESS OF PARAEDUCATORS.** (1) Subject to the availability of amounts appropriated for this specific purpose, the Washington state institute for public policy shall conduct a study on the effectiveness of paraeducators in improving student outcomes in Washington state. The study must examine variation in the use of paraeducators across public schools and school districts and analyze whether and the extent that any differences in students' academic progress can be attributed to the use of paraeducators. The office of the superintendent of public instruction and the education data center shall provide the data necessary to conduct the analysis. The study must also include a review of the national research literature on the effectiveness of paraeducators in improving student outcomes.

(2) By December 15, 2017, and in compliance with RCW 43.01.036, the institute must submit a final report to the appropriate committees of the legislature.

(3) This section expires July 1, 2020.

**NEW SECTION. Sec. 13.** A new section is added to chapter 28A.300 RCW to read as follows:

**TEACHER AND ADMINISTRATOR PROFESSIONAL LEARNING.**

(1) The superintendent of public instruction, in consultation with the paraeducator board created in section 3 of this act and the professional educator standards board, shall design a training program for teachers and administrators as it relates to their role working with paraeducators. Teacher training must include how to direct a paraeducator working with students in the paraeducators' classroom. Administrator training must include how to supervise and evaluate paraeducators.

(2) Subject to the availability of amounts appropriated for this specific purpose, the training program designed under subsection (1) of this section must be made available to public schools, school districts, and educational service districts.

**NEW SECTION. Sec. 14.** A new section is added to chapter 28A.410 RCW to read as follows:

**TEACHER AND ADMINISTRATOR PREPARATION.**

The professional educator standards board, in consultation with the paraeducator board created in section 3 of this act and the office of the superintendent of public instruction, shall incorporate into the content required to complete a professional educator standards board-approved teacher or administrator preparation program the following:

(1) For teachers, information on how to direct a paraeducator working with students in the paraeducators' classroom; and

(2) For administrators, information on how to supervise and evaluate paraeducators.

**Sec. 15.** RCW 28A.150.203 and 2009 c 548 s 102 are each amended to read as follows:

**CLASSIFIED EMPLOYEE MEANS PARAEDUCATOR.**

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

(1) "Basic education goal" means the student learning goals and the student knowledge and skills described under RCW 28A.150.210.

(2) "Certificated administrative staff" means all those persons who are chief executive officers, chief administrative officers, confidential employees, supervisors, principals, or assistant principals within the meaning of RCW 41.59.020(4).

(3) "Certificated employee" as used in this chapter and RCW 28A.195.010, 28A.405.100, 28A.405.210, 28A.405.240, 28A.405.250, 28A.405.300 through 28A.405.380, and chapter 41.59 RCW, means those persons who hold certificates as authorized by rule of the Washington professional educator standards board.

(4) "Certificated instructional staff" means those persons employed by a school

district who are nonsupervisory certificated employees within the meaning of RCW 41.59.020(8), except for paraeducators.

(5) "Class size" means an instructional grouping of students where, on average, the ratio of students to teacher is the number specified.

(6) "Classified employee" means a person who is employed as a paraeducator and a person who does not hold a professional education certificate or is employed in a position that does not require such a certificate.

(7) "Classroom teacher" means a person who holds a professional education certificate and is employed in a position for which such certificate is required whose primary duty is the daily educational instruction of students. In exceptional cases, people of unusual competence but without certification may teach students so long as a certificated person exercises general supervision, but the hiring of such classified employees shall not occur during a labor dispute, and such classified employees shall not be hired to replace certificated employees during a labor dispute.

(8) "Instructional program of basic education" means the minimum program required to be provided by school districts and includes instructional hour requirements and other components under RCW 28A.150.220.

(9) "Program of basic education" means the overall program under RCW 28A.150.200 and deemed by the legislature to comply with the requirements of Article IX, section 1 of the state Constitution.

(10) "School day" means each day of the school year on which pupils enrolled in the common schools of a school district are engaged in academic and career and technical instruction planned by and under the direction of the school.

(11) "School year" includes the minimum number of school days required under RCW 28A.150.220 and begins on the first day of September and ends with the last day of August, except that any school district may elect to commence the annual school term in the month of August of any calendar year and in such case the operation of a school district for such period in August shall be credited by the superintendent of public instruction to the succeeding school year for the purpose of the

allocation and distribution of state funds for the support of such school district.

(12) "Teacher planning period" means a period of a school day as determined by the administration and board of ~~(the)~~ directors of the district that may be used by teachers for instruction-related activities including but not limited to preparing instructional materials; reviewing student performance; recording student data; consulting with other teachers, instructional assistants, mentors, instructional coaches, administrators, and parents; or participating in professional development.

**Sec. 16.** RCW 28A.410.062 and 2011 1st sp.s. c 23 s 1 are each amended to read as follows:

PARAEDUCATOR CERTIFICATE FEES.

(1) The legislature finds that the current economic environment requires that the state, when appropriate, charge for some of the services provided directly to the users of those services. The office of the superintendent of public instruction is currently supported with state funds to process certification fees. In addition, the legislature finds that the processing of certifications should be moved to an online system that allows educators to manage their certifications and provides better information to policymakers. The legislature intends to assess a certification processing fee to eliminate state-funded support of the cost to issue educator certificates.

(2) In addition to the certification fee established under RCW 28A.410.060 for certificated instructional staff as defined in RCW 28A.150.203, the superintendent of public instruction shall charge an application processing fee for initial educator certificates and subsequent actions, and paraeducator certificates and subsequent actions. The superintendent of public instruction shall establish the amount of the fee by rule under chapter 34.05 RCW. The superintendent shall set the fee at a sufficient level to defray the costs of administering the educator certification program under RCW 28A.300.040(9) and the paraeducator certificate program under the chapter created in section 21 of this act. Revenue generated through the processing fee shall be deposited in the educator certification processing account.

(3) The educator certification processing account is established in the

custody of the state treasurer. The superintendent of public instruction shall deposit in the account all moneys received from the fees collected in subsection (2) of this section. Moneys in the account may be spent only for the processing of educator certificates and subsequent actions and paraeducator certificates and subsequent actions. Disbursements from the account shall be on authorization of the superintendent of public instruction or the superintendent's designee. The account is subject to the allotment procedure provided under chapter 43.88 RCW, but no appropriation is required for disbursements.

**Sec. 17.** RCW 28A.630.400 and 2011 1st sp.s. c 11 s 132 are each amended to read as follows:

PARAEDUCATOR ASSOCIATE OF ARTS.

(1) The professional educator standards board and the state board for community and technical colleges, in consultation with the superintendent of public instruction, the state apprenticeship training council, and community colleges, shall adopt rules as necessary under chapter 34.05 RCW to implement the paraeducator associate of arts degree.

(2) As used in this section, a "paraeducator" is an individual who has completed an associate of arts degree for a paraeducator. The paraeducator may be hired by a school district to assist certificated instructional staff in the direct instruction of children in small and large groups, individualized instruction, testing of children, recordkeeping, and preparation of materials. The paraeducator shall work under the direction of instructional certificated staff.

(3)(a) The training program for a paraeducator associate of arts degree shall include, but is not limited to, the general requirements for receipt of an associate of arts degree and training in the areas of introduction to childhood education, orientation to children with disabilities, fundamentals of childhood education, creative activities for children, instructional materials for children, fine art experiences for children, the psychology of learning, introduction to education, child health and safety, child development and guidance, first aid, and a practicum in a school setting.

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

purpose, by September 1, 2018, the training program for a paraeducator associate of arts degree must incorporate the state paraeducator standards of practice adopted by the paraeducator board under section 6 of this act.

(4) Consideration shall be given to transferability of credit earned in this program to teacher preparation programs at colleges and universities.

**Sec. 18.** RCW 28A.660.040 and 2010 c 235 s 504 are each amended to read as follows:

TEACHER ALTERNATIVE ROUTE PROGRAMS FOR PARAEDUCATORS.

Alternative route programs under this chapter shall operate one to four specific route programs. Successful completion of the program shall make a candidate eligible for residency teacher certification. The mentor of the teacher candidate at the school and the supervisor of the teacher candidate from the teacher preparation program must both agree that the teacher candidate has successfully completed the program.

(1) Alternative route programs operating route one programs shall enroll currently employed classified instructional employees with transferable associate degrees seeking residency teacher certification with (~~endorsements in special education, bilingual education, or English as a second language~~) an endorsement in subject matter shortage areas, as defined by the professional educator standards board. It is anticipated that candidates enrolled in this route will complete both their baccalaureate degree and requirements for residency certification in two years or less, including a mentored internship to be completed in the final year. In addition, partnership programs shall uphold entry requirements for candidates that include:

(a) District or building validation of qualifications, including one year of successful student interaction and leadership as a classified instructional employee;

(b) Successful passage of the statewide basic skills exam; and

(c) Meeting the age, good moral character, and personal fitness requirements adopted by rule for teachers.

(2) Alternative route programs operating route two programs shall enroll

currently employed classified staff with baccalaureate degrees seeking residency teacher certification in subject matter shortage areas and areas with shortages due to geographic location. Candidates enrolled in this route must complete a mentored internship complemented by flexibly scheduled training and coursework offered at a local site, such as a school or educational service district, or online or via videoconference over the K-20 network, in collaboration with the partnership program's higher education partner. In addition, partnership grant programs shall uphold entry requirements for candidates that include:

(a) District or building validation of qualifications, including one year of successful student interaction and leadership as classified staff;

(b) A baccalaureate degree from a regionally accredited institution of higher education. The individual's college or university grade point average may be considered as a selection factor;

(c) Successful completion of the subject matter assessment required by RCW 28A.410.220(3);

(d) Meeting the age, good moral character, and personal fitness requirements adopted by rule for teachers; and

(e) Successful passage of the statewide basic skills exam.

(3) Alternative route programs seeking funds to operate route three programs shall enroll individuals with baccalaureate degrees, who are not employed in the district at the time of application. When selecting candidates for certification through route three, districts and approved preparation program providers shall give priority to individuals who are seeking residency teacher certification in subject matter shortage areas or shortages due to geographic locations. Cohorts of candidates for this route shall attend an intensive summer teaching academy, followed by a full year employed by a district in a mentored internship, followed, if necessary, by a second summer teaching academy. In addition, partnership programs shall uphold entry requirements for candidates that include:

(a) A baccalaureate degree from a regionally accredited institution of higher education. The individual's grade

point average may be considered as a selection factor;

(b) Successful completion of the subject matter assessment required by RCW 28A.410.220(3);

(c) External validation of qualifications, including demonstrated successful experience with students or children, such as reference letters and letters of support from previous employers;

(d) Meeting the age, good moral character, and personal fitness requirements adopted by rule for teachers; and

(e) Successful passage of statewide basic skills exam.

(4) Alternative route programs operating route four programs shall enroll individuals with baccalaureate degrees, who are employed in the district at the time of application, or who hold conditional teaching certificates or emergency substitute certificates. Cohorts of candidates for this route shall attend an intensive summer teaching academy, followed by a full year employed by a district in a mentored internship. If employed on a conditional certificate, the intern may serve as the teacher of record, supported by a well-trained mentor. In addition, partnership programs shall uphold entry requirements for candidates that include:

(a) A baccalaureate degree from a regionally accredited institution of higher education. The individual's grade point average may be considered as a selection factor;

(b) Successful completion of the subject matter assessment required by RCW 28A.410.220(3);

(c) External validation of qualifications, including demonstrated successful experience with students or children, such as reference letters and letters of support from previous employers;

(d) Meeting the age, good moral character, and personal fitness requirements adopted by rule for teachers; and

(e) Successful passage of statewide basic skills exam.

(5) Applicants for alternative route programs who are eligible veterans or national guard members and who meet the

entry requirements for the alternative route program for which application is made shall be given preference in admission.

**Sec. 19.** RCW 28A.660.042 and 2007 c 396 s 6 are each amended to read as follows:

PIPELINE FOR PARAEDUCATORS SCHOLARSHIP.

(1) The pipeline for paraeducators conditional scholarship program is created. Participation is limited to paraeducators without a college degree who have at least three years of classroom experience. It is anticipated that candidates enrolled in this program will complete their associate of arts degree at a community and technical college in two years or less and become eligible for (~~an endorsement in mathematics, special education, or English as a second language~~) an endorsement in a subject matter shortage area, as defined by the professional educator standards board, via route one in the alternative routes to teacher certification program provided in this chapter.

(2) Entry requirements for candidates include district or building validation of qualifications, including three years of successful student interaction and leadership as a classified instructional employee.

**Sec. 20.** RCW 28B.50.891 and 2014 c 136 s 4 are each amended to read as follows:

PARAEDUCATOR APPRENTICESHIP AND CERTIFICATE.

Beginning with the 2015-16 academic year, any community or technical college that offers an apprenticeship program or certificate program for paraeducators must provide candidates the opportunity to earn transferable course credits within the program. The programs must also incorporate the standards for cultural competence, including multicultural education and principles of language acquisition, developed by the professional educator standards board under RCW 28A.410.270. Subject to the availability of amounts appropriated for this specific purpose, by September 1, 2018, the paraeducator apprenticeship and certificate programs must also incorporate the state paraeducator standards of practice adopted by the paraeducator board under section 6 of this act.

NEW SECTION. **Sec. 21.** Sections 1 through 12 of this act constitute a new chapter in Title 28A RCW.

NEW SECTION. **Sec. 22.** RCW 28A.415.310 (Paraprofessional training program) and 1993 c 336 s 408 are each repealed."

Correct the title.

Signed by Representatives Ormsby, Chair; Robinson, Vice Chair; Chandler, Ranking Minority Member; MacEwen, Assistant Ranking Minority Member; Stokesbary, Assistant Ranking Minority Member; Bergquist; Buys; Cody; Condotta; Fitzgibbon; Haler; Hansen; Harris; Hudgins; Jinkins; Kagi; Lytton; Manweller; Nealey; Pettigrew; Pollet; Sawyer; Schmick; Senn; Springer; Stanford; Sullivan; Taylor; Tharinger; Vick; Volz and Wilcox.

Referred to Committee on Rules for second reading.

April 4, 2017

SSB 5100 Prime Sponsor, Committee on Ways & Means: Requiring financial literacy seminars for students at institutions of higher education. Reported by Committee on Appropriations

MAJORITY recommendation: Do pass. Signed by Representatives Ormsby, Chair; Robinson, Vice Chair; Chandler, Ranking Minority Member; Stokesbary, Assistant Ranking Minority Member; Bergquist; Buys; Cody; Fitzgibbon; Haler; Hansen; Harris; Hudgins; Jinkins; Kagi; Lytton; Nealey; Pettigrew; Pollet; Sawyer; Schmick; Senn; Springer; Stanford; Sullivan; Tharinger; Volz and Wilcox.

MINORITY recommendation: Do not pass. Signed by Representatives MacEwen, Assistant Ranking Minority Member; Condotta; Manweller; Taylor and Vick.

Referred to Committee on Rules for second reading.

April 4, 2017

2ESSB 5106 Prime Sponsor, Committee on Human Services, Mental Health & Housing: Clarifying obligations under the involuntary treatment act. Reported by Committee on Appropriations

MAJORITY recommendation: Do pass as amended by Committee on Appropriations and without amendment by Committee on Judiciary.

Strike everything after the enacting clause and insert the following:

"Part One - Joel's Law Amendments

**Sec. 1.** RCW 71.05.201 and 2016 c 107 s 1 are each amended to read as follows:

(1) If a designated mental health professional decides not to detain a person for evaluation and treatment under RCW 71.05.150 or 71.05.153 or forty-eight hours have elapsed since a designated mental health professional received a request for investigation and the designated mental health professional has not taken action to have the person detained, an immediate family member or guardian or conservator of the person may petition the superior court for the person's initial detention.

(2) A petition under this section must be filed within ten calendar days following the designated mental health professional investigation or the request for a designated mental health professional investigation. If more than ten days have elapsed, the immediate family member, guardian, or conservator may request a new designated mental health professional investigation.

(3)(a) The petition must be filed in the county in which the designated mental health professional investigation occurred or was requested to occur and must be submitted on forms developed by the administrative office of the courts for this purpose. The petition must be accompanied by a sworn declaration from the petitioner, and other witnesses if desired, describing why the person should be detained for evaluation and treatment. The description of why the person should be detained may contain, but is not limited to, the information identified in RCW 71.05.212.

(b) The petition must contain:

(i) A description of the relationship between the petitioner and the person; and

(ii) The date on which an investigation was requested from the designated mental health professional.

~~((3))~~ (4) The court shall, within one judicial day, review the petition to determine whether the petition raises sufficient evidence to support the allegation. If the court so finds, it shall provide a copy of the petition to the designated mental health professional agency with an order for the agency to provide the court, within one judicial day, with a written sworn statement describing the basis for the decision not to seek initial detention and a copy of all information material to the designated mental health professional's current decision.



~~((4))~~ (5) Following the filing of the petition and before the court reaches a decision, any person, including a mental health professional, may submit a sworn declaration to the court in support of or in opposition to initial detention.

~~((5))~~ (6) The court shall dismiss the petition at any time if it finds that a designated mental health professional has filed a petition for the person's initial detention under RCW 71.05.150 or 71.05.153 or that the person has voluntarily accepted appropriate treatment.

~~((6))~~ (7) The court must issue a final ruling on the petition within five judicial days after it is filed. After reviewing all of the information provided to the court, the court may enter an order for initial detention if the court finds that: (a) There is probable cause to support a petition for detention; and (b) the person has refused or failed to accept appropriate evaluation and treatment voluntarily. The court shall transmit its final decision to the petitioner.

~~((7))~~ (8) If the court enters an order for initial detention, it shall provide the order to the designated mental health professional agency (~~(, which shall execute the order without delay)~~) and issue a written order for apprehension of the person by a peace officer for delivery of the person to a facility or emergency room determined by the designated mental health professional. The designated mental health agency serving the jurisdiction of the court must collaborate and coordinate with law enforcement regarding apprehensions and detentions under this subsection, including sharing of information relating to risk and which would assist in locating the person. A person may not be detained to jail pursuant to a written order issued under this subsection. An order for detention under this section should contain the advisement of rights which the person would receive if the person were detained by a designated mental health professional. An order for initial detention under this section expires one hundred eighty days from issuance.

~~((8))~~ (9) Except as otherwise expressly stated in this chapter, all procedures must be followed as if the order had been entered under RCW 71.05.150. RCW 71.05.160 does not apply if detention was initiated under the process set forth in this section.

~~((9))~~ (10) For purposes of this section, "immediate family member" means

a spouse, domestic partner, child, stepchild, parent, stepparent, grandparent, or sibling.

**Sec. 2.** RCW 71.05.201 and 2016 sp.s. c 29 s 222 and 2016 c 107 s 1 are each reenacted and amended to read as follows:

(1) If a designated crisis responder decides not to detain a person for evaluation and treatment under RCW 71.05.150 or 71.05.153 or forty-eight hours have elapsed since a designated crisis responder received a request for investigation and the designated crisis responder has not taken action to have the person detained, an immediate family member or guardian or conservator of the person may petition the superior court for the person's initial detention.

(2) A petition under this section must be filed within ten calendar days following the designated crisis responder investigation or the request for a designated crisis responder investigation. If more than ten days have elapsed, the immediate family member, guardian, or conservator may request a new designated crisis responder investigation.

(3)(a) The petition must be filed in the county in which the designated ~~(mental health professional)~~ crisis responder investigation occurred or was requested to occur and must be submitted on forms developed by the administrative office of the courts for this purpose. The petition must be accompanied by a sworn declaration from the petitioner, and other witnesses if desired, describing why the person should be detained for evaluation and treatment. The description of why the person should be detained may contain, but is not limited to, the information identified in RCW 71.05.212.

(b) The petition must contain:

(i) A description of the relationship between the petitioner and the person; and

(ii) The date on which an investigation was requested from the designated crisis responder.

~~((3))~~ (4) The court shall, within one judicial day, review the petition to determine whether the petition raises sufficient evidence to support the allegation. If the court so finds, it shall provide a copy of the petition to the designated crisis responder agency with an order for the agency to provide the court, within one judicial day, with

a written sworn statement describing the basis for the decision not to seek initial detention and a copy of all information material to the designated crisis responder's current decision.

~~((4))~~ (5) Following the filing of the petition and before the court reaches a decision, any person, including a mental health professional, may submit a sworn declaration to the court in support of or in opposition to initial detention.

~~((5))~~ (6) The court shall dismiss the petition at any time if it finds that a designated crisis responder has filed a petition for the person's initial detention under RCW 71.05.150 or 71.05.153 or that the person has voluntarily accepted appropriate treatment.

~~((6))~~ (7) The court must issue a final ruling on the petition within five judicial days after it is filed. After reviewing all of the information provided to the court, the court may enter an order for initial detention if the court finds that: (a) There is probable cause to support a petition for detention; and (b) the person has refused or failed to accept appropriate evaluation and treatment voluntarily. The court shall transmit its final decision to the petitioner.

~~((7))~~ (8) If the court enters an order for initial detention, it shall provide the order to the designated crisis responder agency ~~(, which shall execute the order without delay)~~ and issue a written order for apprehension of the person by a peace officer for delivery of the person to a facility or emergency room determined by the designated crisis responder. The designated crisis responder agency serving the jurisdiction of the court must collaborate and coordinate with law enforcement regarding apprehensions and detentions under this subsection, including sharing of information relating to risk and which would assist in locating the person. A person may not be detained to jail pursuant to a written order issued under this subsection. An order for detention under this section should contain the advisement of rights which the person would receive if the person were detained by a designated crisis responder. An order for initial detention under this section expires one hundred eighty days from issuance.

~~((8))~~ (9) Except as otherwise expressly stated in this chapter, all procedures must be followed as if the order had been entered under RCW

71.05.150. RCW 71.05.160 does not apply if detention was initiated under the process set forth in this section.

~~((9))~~ (10) For purposes of this section, "immediate family member" means a spouse, domestic partner, child, stepchild, parent, stepparent, grandparent, or sibling.

**Sec. 3.** RCW 71.05.203 and 2015 c 258 s 3 are each amended to read as follows:

(1) The department and each ~~((regional support network))~~ behavioral health organization or agency employing designated mental health professionals shall publish information in an easily accessible format describing the process for an immediate family member, guardian, or conservator to petition for court review of a detention decision under RCW 71.05.201.

(2) A designated mental health professional or designated mental health professional agency that receives a request for investigation for possible detention under this chapter must inquire whether the request comes from an immediate family member, guardian, or conservator who would be eligible to petition under RCW 71.05.201. If the designated mental health professional decides not to detain the person for evaluation and treatment under RCW 71.05.150 or 71.05.153 or forty-eight hours have elapsed since the request for investigation was received and the designated mental health professional has not taken action to have the person detained, the designated mental health professional or designated mental health professional agency must ~~((inform))~~ provide the immediate family member, guardian, or conservator who made the request for investigation with written information about the process to petition for court review under RCW 71.05.201 and document the date on which the written information was provided to the immediate family member, guardian, or conservator.

(3) A designated mental health professional or designated mental health professional agency must, upon request, disclose the date of a designated mental health professional investigation under this chapter to an immediate family member, guardian, or conservator of a person to assist in the preparation of a petition under RCW 71.05.201.

**Sec. 4.** RCW 71.05.203 and 2016 sp.s. c 29 s 223 are each amended to read as follows:

(1) The department and each behavioral health organization or agency employing designated crisis responders shall publish information in an easily accessible format describing the process for an immediate family member, guardian, or conservator to petition for court review of a detention decision under RCW 71.05.201.

(2) A designated crisis responder or designated crisis responder agency that receives a request for investigation for possible detention under this chapter must inquire whether the request comes from an immediate family member, guardian, or conservator who would be eligible to petition under RCW 71.05.201. If the designated crisis responder decides not to detain the person for evaluation and treatment under RCW 71.05.150 or 71.05.153 or forty-eight hours have elapsed since the request for investigation was received and the designated crisis responder has not taken action to have the person detained, the designated crisis responder or designated crisis responder agency must ~~((inform))~~ provide the immediate family member, guardian, or conservator who made the request for investigation with written information about the process to petition for court review under RCW 71.05.201 and document the date on which the written information was provided to the immediate family member, guardian, or conservator.

(3) A designated crisis responder or designated crisis responder agency must, upon request, disclose the date of a designated crisis responder investigation under this chapter to an immediate family member, guardian, or conservator of a person to assist in the preparation of a petition under RCW 71.05.201.

**NEW SECTION. Sec. 5.** By December 15, 2017, the administrative office of the courts, in collaboration with stakeholders, including but not limited to judges, prosecutors, defense attorneys, the department of social and health services, behavioral health advocates, and families, shall: (1) Develop a user's guide to assist pro se litigants in the preparation and filing of a petition under RCW 71.05.201; and (2) develop a model order of detention under RCW 71.05.201 which contains an advisement of rights for the detained person.

**NEW SECTION. Sec. 6.** Sections 1 and 3 of this act expire April 1, 2018.

**NEW SECTION. Sec. 7.** Sections 2 and 4 of this act take effect April 1, 2018.

#### Part Two - Less Restrictive Alternative Revocations

**Sec. 8.** RCW 71.05.590 and 2015 c 250 s 13 are each amended to read as follows:

(1) Either an agency or facility designated to monitor or provide services under a less restrictive alternative order or conditional release order, or a designated mental health professional, may take action to enforce, modify, or revoke a less restrictive alternative order or conditional release order ((if)). The agency, facility, or designated mental health professional ((determines)) must determine that:

(a) The person is failing to adhere to the terms and conditions of the court order;

(b) Substantial deterioration in the person's functioning has occurred;

(c) There is evidence of substantial decompensation with a reasonable probability that the decompensation can be reversed by further evaluation, intervention, or treatment; or

(d) The person poses a likelihood of serious harm.

(2) Actions taken under this section must include a flexible range of responses of varying levels of intensity appropriate to the circumstances and consistent with the interests of the individual and the public in personal autonomy, safety, recovery, and compliance. Available actions may include, but are not limited to, any of the following:

(a) To counsel ~~((or))~~ or advise ~~((, or admonish))~~ the person as to their rights and responsibilities under the court order, and to offer appropriate incentives to motivate compliance;

(b) To increase the intensity of outpatient services provided to the person by increasing the frequency of contacts with the provider, referring the person for an assessment for assertive community services, or by other means;

(c) ~~((To request a court hearing for review and modification of the court order. The request must be made to the court with jurisdiction over the order and specify the circumstances that give rise to the request and what modification is being sought. The county prosecutor shall assist the agency or facility in requesting this hearing and issuing an appropriate summons to the person. This~~

subsection does not limit the inherent authority of a treatment provider to alter conditions of treatment for clinical reasons, and is intended to be used only when court intervention is necessary or advisable to secure the person's compliance and prevent decompensation or deterioration;

~~(d)~~) To cause the person to be transported by a peace officer, designated mental health professional, or other means to the agency or facility monitoring or providing services under the court order, or to a triage facility, crisis stabilization unit, emergency department, or evaluation and treatment facility for up to twelve hours for the purpose of an evaluation to determine whether modification, revocation, or commitment proceedings are necessary and appropriate to stabilize the person and prevent decompensation, deterioration, or physical harm. Temporary detention for evaluation under this subsection is intended to occur only following a pattern of noncompliance or the failure of reasonable attempts at outreach and engagement, and may occur only when in the clinical judgment of a designated mental health professional or the professional person in charge of an agency or facility designated to monitor less restrictive alternative services temporary detention is appropriate. This subsection does not limit the ability or obligation to pursue revocation or modification procedures under ~~(subsection (4) of)~~ this section in appropriate circumstances; and

~~(e)~~) (d) To initiate revocation or modification procedures under ~~(subsection (4) of)~~ this section. This subsection does not limit the inherent authority of a treatment provider to alter conditions of treatment for clinical reasons, and is intended to be used only when court intervention is necessary or advisable to secure the person's compliance and prevent decompensation or deterioration.

(3) The facility or agency designated to provide outpatient treatment shall notify the secretary or designated mental health professional when a person fails to adhere to terms and conditions of court ordered treatment or experiences substantial deterioration in his or her condition and, as a result, presents an increased likelihood of serious harm.

(4)(a) A designated mental health professional or the secretary may upon their own motion or notification by the

facility or agency designated to provide outpatient care order a person subject to a court order under this section to be apprehended and taken into custody and temporary detention in an evaluation and treatment facility in or near the county in which he or she is receiving outpatient treatment, or initiate proceedings under ~~(this)~~ subsection ~~((4))~~ (5) of this section without ordering the apprehension and detention of the person.

(b) A person detained under this subsection (4) must be held until such time, not exceeding five days, as a hearing can be scheduled to determine whether or not the person should be returned to the hospital or facility from which he or she had been released. If the person is not detained, the hearing must be scheduled within five days of service on the person. The designated mental health professional or the secretary may modify or rescind the order at any time prior to commencement of the court hearing.

~~((e))~~ (5)(a) The designated mental health professional or secretary shall ~~((notify the court that originally ordered commitment within two judicial days of a person's detention and))~~ file a petition for revocation ~~((petition))~~ or modification and an order of apprehension and detention, if applicable, with the court ~~((and))~~ of the county where the person is currently located or being detained. The designated mental health professional shall serve the person and their attorney, guardian, and conservator, if any. The person has the same rights with respect to notice, hearing, and counsel as in any involuntary treatment proceeding, except as specifically set forth in this section. There is no right to jury trial. The venue for proceedings ~~((regarding a petition for modification or revocation must be in))~~ is the county ~~((in which))~~ where the petition ~~((was))~~ is filed. Notice of the filing must be provided to the court that originally ordered commitment, if different from the court where the petition for revocation or modification is filed, within two judicial days of the person's detention.

~~((d))~~ (b) The issues for the court to determine are whether: (i) The person adhered to the terms and conditions of the court order; (ii) substantial deterioration in the person's functioning has occurred; (iii) there is evidence of substantial decompensation with a reasonable probability that the

decompensation can be reversed by further inpatient treatment; or (iv) there is a likelihood of serious harm; and, if any of the above conditions apply, whether the court should reinstate or modify the person's less restrictive alternative or conditional release order or order the person's detention for inpatient treatment. The person may waive the court hearing and allow the court to enter a stipulated order upon the agreement of all parties. If the court orders detention for inpatient treatment, the treatment period may be for no longer than the period authorized in the original court order.

~~((e))~~ (c) Revocation proceedings under this subsection ~~((4))~~ (5) are not allowable if the current commitment is solely based on the person being in need of assisted outpatient mental health treatment. In order to obtain a court order for detention for inpatient treatment under this circumstance, a petition must be filed under RCW 71.05.150 or 71.05.153.

~~((5))~~ (6) In determining whether or not to take action under this section the designated mental health professional, agency, or facility must consider the factors specified under RCW 71.05.212 and the court must consider the factors specified under RCW 71.05.245 as they apply to the question of whether to enforce, modify, or revoke a court order for involuntary treatment.

**Sec. 9.** RCW 71.05.590 and 2016 sp.s. c 29 s 242 are each amended to read as follows:

(1) Either an agency or facility designated to monitor or provide services under a less restrictive alternative order or conditional release order, or a designated crisis responder, may take action to enforce, modify, or revoke a less restrictive alternative order or conditional release order ~~((if))~~. The agency, facility, or designated crisis responder ~~((determines))~~ must determine that:

(a) The person is failing to adhere to the terms and conditions of the court order;

(b) Substantial deterioration in the person's functioning has occurred;

(c) There is evidence of substantial decompensation with a reasonable probability that the decompensation can be reversed by further evaluation, intervention, or treatment; or

(d) The person poses a likelihood of serious harm.

(2) Actions taken under this section must include a flexible range of responses of varying levels of intensity appropriate to the circumstances and consistent with the interests of the individual and the public in personal autonomy, safety, recovery, and compliance. Available actions may include, but are not limited to, any of the following:

(a) To counsel ~~((7))~~ or advise ~~((7 or admonish))~~ the person as to their rights and responsibilities under the court order, and to offer appropriate incentives to motivate compliance;

(b) To increase the intensity of outpatient services provided to the person by increasing the frequency of contacts with the provider, referring the person for an assessment for assertive community services, or by other means;

(c) ~~((To request a court hearing for review and modification of the court order. The request must be made to the court with jurisdiction over the order and specify the circumstances that give rise to the request and what modification is being sought. The county prosecutor shall assist the agency or facility in requesting this hearing and issuing an appropriate summons to the person. This subsection does not limit the inherent authority of a treatment provider to alter conditions of treatment for clinical reasons, and is intended to be used only when court intervention is necessary or advisable to secure the person's compliance and prevent decompensation or deterioration;~~

~~((d))~~ To cause the person to be transported by a peace officer, designated crisis responder, or other means to the agency or facility monitoring or providing services under the court order, or to a triage facility, crisis stabilization unit, emergency department, or to an evaluation and treatment facility if the person is committed for mental health treatment, or to a secure detoxification facility with available space or an approved substance use disorder treatment program with available space if the person is committed for substance use disorder treatment. The person may be detained at the facility for up to twelve hours for the purpose of an evaluation to determine whether modification, revocation, or commitment proceedings are necessary and appropriate to stabilize the person and

prevent decompensation, deterioration, or physical harm. Temporary detention for evaluation under this subsection is intended to occur only following a pattern of noncompliance or the failure of reasonable attempts at outreach and engagement, and may occur only when in the clinical judgment of a designated crisis responder or the professional person in charge of an agency or facility designated to monitor less restrictive alternative services temporary detention is appropriate. This subsection does not limit the ability or obligation to pursue revocation or modification procedures under ~~((subsection (4) of))~~ this section in appropriate circumstances; and

~~((e))~~ (d) To initiate revocation or modification procedures under ~~((subsection (4) of))~~ this section. This subsection does not limit the inherent authority of a treatment provider to alter conditions of treatment for clinical reasons, and is intended to be used only when court intervention is necessary or advisable to secure the person's compliance and prevent decompensation or deterioration.

(3) The facility or agency designated to provide outpatient treatment shall notify the secretary or designated crisis responder when a person fails to adhere to terms and conditions of court ordered treatment or experiences substantial deterioration in his or her condition and, as a result, presents an increased likelihood of serious harm.

(4) (a) A designated crisis responder or the secretary may upon their own motion or notification by the facility or agency designated to provide outpatient care order a person subject to a court order under this chapter to be apprehended and taken into custody and temporary detention in an evaluation and treatment facility in or near the county in which he or she is receiving outpatient treatment if the person is committed for mental health treatment, or, if the person is committed for substance use disorder treatment, in a secure detoxification facility or approved substance use disorder treatment program if either is available in or near the county in which he or she is receiving outpatient treatment and has adequate space. Proceedings under ~~((this))~~ subsection ~~((4))~~ (5) of this section may be initiated without ordering the apprehension and detention of the person.

(b) A person detained under this subsection (4) must be held until such

time, not exceeding five days, as a hearing can be scheduled to determine whether or not the person should be returned to the hospital or facility from which he or she had been released. If the person is not detained, the hearing must be scheduled within five days of service on the person. The designated crisis responder or the secretary may modify or rescind the order at any time prior to commencement of the court hearing.

~~((e))~~ (5) (a) The designated crisis responder or secretary shall ~~((notify the court that originally ordered commitment within two judicial days of a person's detention and))~~ file a petition for revocation ~~((petition))~~ or modification and an order of apprehension and detention, if applicable, with the court ~~((and))~~ of the county where the person is currently located or being detained. The designated crisis responder shall serve the person and their attorney, guardian, and conservator, if any. The person has the same rights with respect to notice, hearing, and counsel as in any involuntary treatment proceeding, except as specifically set forth in this section. There is no right to jury trial. The venue for proceedings ~~((regarding a petition for modification or revocation must be in))~~ is the county ~~((in which))~~ where the petition ~~((was))~~ is filed. Notice of the filing must be provided to the court that originally ordered commitment, if different from the court where the petition for revocation or modification is filed, within two judicial days of the person's detention.

~~((d))~~ (b) The issues for the court to determine are whether: (i) The person adhered to the terms and conditions of the court order; (ii) substantial deterioration in the person's functioning has occurred; (iii) there is evidence of substantial decompensation with a reasonable probability that the decompensation can be reversed by further inpatient treatment; or (iv) there is a likelihood of serious harm; and, if any of the above conditions apply, whether the court should reinstate or modify the person's less restrictive alternative or conditional release order or order the person's detention for inpatient treatment. The person may waive the court hearing and allow the court to enter a stipulated order upon the agreement of all parties. If the court orders detention for inpatient treatment, the treatment period may be for no longer than the period authorized in the original court order. A

court may not issue an order to detain a person for inpatient treatment in a secure detoxification facility or approved substance use disorder treatment program under this subsection unless there is a secure detoxification facility or approved substance use disorder treatment program available and with adequate space for the person.

~~((4))~~ (c) Revocation proceedings under this subsection ~~((4))~~ (5) are not allowable if the current commitment is solely based on the person being in need of assisted outpatient mental health treatment. In order to obtain a court order for detention for inpatient treatment under this circumstance, a petition must be filed under RCW 71.05.150 or 71.05.153.

~~((5))~~ (6) In determining whether or not to take action under this section the designated crisis responder, agency, or facility must consider the factors specified under RCW 71.05.212 and the court must consider the factors specified under RCW 71.05.245 as they apply to the question of whether to enforce, modify, or revoke a court order for involuntary treatment.

**Sec. 10.** RCW 71.05.590 and 2016 sp.s. c 29 s 243 are each amended to read as follows:

(1) Either an agency or facility designated to monitor or provide services under a less restrictive alternative order or conditional release order, or a designated crisis responder, may take action to enforce, modify, or revoke a less restrictive alternative order or conditional release order ~~((if))~~. The agency, facility, or designated crisis responder ~~((determines))~~ must determine that:

(a) The person is failing to adhere to the terms and conditions of the court order;

(b) Substantial deterioration in the person's functioning has occurred;

(c) There is evidence of substantial decompensation with a reasonable probability that the decompensation can be reversed by further evaluation, intervention, or treatment; or

(d) The person poses a likelihood of serious harm.

(2) Actions taken under this section must include a flexible range of responses of varying levels of intensity appropriate

to the circumstances and consistent with the interests of the individual and the public in personal autonomy, safety, recovery, and compliance. Available actions may include, but are not limited to, any of the following:

(a) To counsel ~~((7))~~ or advise ~~((7 or admonish))~~ the person as to their rights and responsibilities under the court order, and to offer appropriate incentives to motivate compliance;

(b) To increase the intensity of outpatient services provided to the person by increasing the frequency of contacts with the provider, referring the person for an assessment for assertive community services, or by other means;

(c) ~~((To request a court hearing for review and modification of the court order. The request must be made to the court with jurisdiction over the order and specify the circumstances that give rise to the request and what modification is being sought. The county prosecutor shall assist the agency or facility in requesting this hearing and issuing an appropriate summons to the person. This subsection does not limit the inherent authority of a treatment provider to alter conditions of treatment for clinical reasons, and is intended to be used only when court intervention is necessary or advisable to secure the person's compliance and prevent decompensation or deterioration;~~

~~((d))~~ To cause the person to be transported by a peace officer, designated crisis responder, or other means to the agency or facility monitoring or providing services under the court order, or to a triage facility, crisis stabilization unit, emergency department, or to an evaluation and treatment facility if the person is committed for mental health treatment, or to a secure detoxification facility or an approved substance use disorder treatment program if the person is committed for substance use disorder treatment. The person may be detained at the facility for up to twelve hours for the purpose of an evaluation to determine whether modification, revocation, or commitment proceedings are necessary and appropriate to stabilize the person and prevent decompensation, deterioration, or physical harm. Temporary detention for evaluation under this subsection is intended to occur only following a pattern of noncompliance or the failure of reasonable attempts at outreach and engagement, and may occur only when in the

clinical judgment of a designated crisis responder or the professional person in charge of an agency or facility designated to monitor less restrictive alternative services temporary detention is appropriate. This subsection does not limit the ability or obligation to pursue revocation or modification procedures under ~~((subsection (4) of))~~ this section in appropriate circumstances; and

~~((e))~~ (d) To initiate revocation or modification procedures under ~~((subsection (4) of))~~ this section. This subsection does not limit the inherent authority of a treatment provider to alter conditions of treatment for clinical reasons, and is intended to be used only when court intervention is necessary or advisable to secure the person's compliance and prevent decompensation or deterioration.

(3) The facility or agency designated to provide outpatient treatment shall notify the secretary or designated crisis responder when a person fails to adhere to terms and conditions of court ordered treatment or experiences substantial deterioration in his or her condition and, as a result, presents an increased likelihood of serious harm.

(4) (a) A designated crisis responder or the secretary may upon their own motion or notification by the facility or agency designated to provide outpatient care order a person subject to a court order under this chapter to be apprehended and taken into custody and temporary detention in an evaluation and treatment facility in or near the county in which he or she is receiving outpatient treatment if the person is committed for mental health treatment, or, if the person is committed for substance use disorder treatment, in a secure detoxification facility or approved substance use disorder treatment program if either is available in or near the county in which he or she is receiving outpatient treatment. Proceedings under ~~((this))~~ subsection ~~((4))~~ (5) of this section may be initiated without ordering the apprehension and detention of the person.

(b) A person detained under this subsection (4) must be held until such time, not exceeding five days, as a hearing can be scheduled to determine whether or not the person should be returned to the hospital or facility from which he or she had been released. If the person is not detained, the hearing must be scheduled within five days of service

on the person. The designated crisis responder or the secretary may modify or rescind the order at any time prior to commencement of the court hearing.

~~((e))~~ (5) (a) The designated crisis responder or secretary shall ~~((notify the court that originally ordered commitment within two judicial days of a person's detention and))~~ file a petition for revocation ((petition)) or modification and an order of apprehension and detention, if applicable, with the court ((and)) of the county where the person is currently located or being detained. The designated crisis responder shall serve the person and their attorney, guardian, and conservator, if any. The person has the same rights with respect to notice, hearing, and counsel as in any involuntary treatment proceeding, except as specifically set forth in this section. There is no right to jury trial. The venue for proceedings ((regarding a petition for modification or revocation must be in)) is the county ((in which)) where the petition ~~((was))~~ is filed. Notice of the filing must be provided to the court that originally ordered commitment, if different from the court where the petition for revocation or modification is filed, within two judicial days of the person's detention.

~~((e))~~ (b) The issues for the court to determine are whether: (i) The person adhered to the terms and conditions of the court order; (ii) substantial deterioration in the person's functioning has occurred; (iii) there is evidence of substantial decompensation with a reasonable probability that the decompensation can be reversed by further inpatient treatment; or (iv) there is a likelihood of serious harm; and, if any of the above conditions apply, whether the court should reinstate or modify the person's less restrictive alternative or conditional release order or order the person's detention for inpatient treatment. The person may waive the court hearing and allow the court to enter a stipulated order upon the agreement of all parties. If the court orders detention for inpatient treatment, the treatment period may be for no longer than the period authorized in the original court order.

~~((e))~~ (c) Revocation proceedings under this subsection ~~((4))~~ (5) are not allowable if the current commitment is solely based on the person being in need of assisted outpatient mental health treatment. In order to obtain a court



order for detention for inpatient treatment under this circumstance, a petition must be filed under RCW 71.05.150 or 71.05.153.

~~((45))~~ (6) In determining whether or not to take action under this section the designated crisis responder, agency, or facility must consider the factors specified under RCW 71.05.212 and the court must consider the factors specified under RCW 71.05.245 as they apply to the question of whether to enforce, modify, or revoke a court order for involuntary treatment.

Part Three - Initial Detention Investigations

**Sec. 11.** RCW 71.05.154 and 2013 c 334 s 1 are each amended to read as follows:

((A)) If a person subject to evaluation under RCW 71.05.150 or 71.05.153 is located in an emergency room at the time of evaluation, the designated mental health professional conducting ~~((an))~~ the evaluation ~~((of a person under RCW 71.05.150 or 71.05.153 must consult with any examining emergency room physician regarding the physician's observations and opinions relating to the person's condition, and whether, in the view of the physician, detention is appropriate. The designated mental health professional))~~ shall take serious consideration of observations and opinions by an examining emergency room physician~~((s))~~, advanced registered nurse practitioner, or physician assistant in determining whether detention under this chapter is appropriate. The designated mental health professional must document ~~((the))~~ his or her consultation with ~~((an examining emergency room physician))~~ this professional, ~~((including))~~ if the professional is available, or his or her review of the ~~((physician's))~~ professional's written observations or opinions regarding whether detention of the person is appropriate.

**Sec. 12.** RCW 71.05.154 and 2016 sp.s. c 29 s 214 are each amended to read as follows:

((A)) If a person subject to evaluation under RCW 71.05.150 or 71.05.153 is located in an emergency room at the time of evaluation, the designated crisis responder conducting ~~((an))~~ the evaluation ~~((of a person under RCW 71.05.150 or 71.05.153 must consult with any examining emergency room physician regarding the physician's observations and opinions relating to the person's condition, and~~

~~whether, in the view of the physician, detention is appropriate. The designated crisis responder))~~ shall take serious consideration of observations and opinions by an examining emergency room physician~~((s))~~, advanced registered nurse practitioner, or physician assistant in determining whether detention under this chapter is appropriate. The designated crisis responder must document ~~((the))~~ his or her consultation with ~~((an examining emergency room physician))~~ this professional, ~~((including))~~ if the professional is available, or his or her review of the ~~((physician's))~~ professional's written observations or opinions regarding whether detention of the person is appropriate.

Part Four - Evaluation and Petition by Chemical

Dependency Professionals

**Sec. 13.** RCW 70.96A.140 and 2016 sp.s. c 29 s 102 are each amended to read as follows:

(1)(a) When a designated chemical dependency specialist receives information alleging that a person presents a likelihood of serious harm or is gravely disabled as a result of ~~((chemical dependency))~~ a substance use disorder, the designated chemical dependency specialist, after investigation and evaluation of the specific facts alleged and of the reliability and credibility of the information, may file a petition for commitment of such person with the superior court, district court, or in another court permitted by court rule.

If a petition for commitment is not filed in the case of a minor, the parent, guardian, or custodian who has custody of the minor may seek review of that decision made by the designated chemical dependency specialist in superior or district court. The parent, guardian, or custodian shall file notice with the court and provide a copy of the designated chemical dependency specialist's report.

If the designated chemical dependency specialist finds that the initial needs of such person would be better served by placement within the mental health system, the person shall be referred to either a designated mental health professional or an evaluation and treatment facility as defined in RCW 71.05.020 or 71.34.020.

(b) If placement in a ~~((chemical dependency))~~ substance use disorder

treatment program is available and deemed appropriate, the petition shall allege that: The person is chemically dependent and presents a likelihood of serious harm or is gravely disabled by alcohol or drug addiction, or that the person has twice before in the preceding twelve months been admitted for withdrawal management, sobering services, or ~~((chemical dependency))~~ substance use disorder treatment pursuant to RCW 70.96A.110 or 70.96A.120, and is in need of a more sustained treatment program, or that the person ~~((is chemically dependent))~~ has a substance use disorder and has threatened, attempted, or inflicted physical harm on another and is likely to inflict physical harm on another unless committed. A refusal to undergo treatment, by itself, does not constitute evidence of lack of judgment as to the need for treatment.

(c) If involuntary detention is sought, the petition must state facts that support a finding of the grounds identified in (b) of this subsection and that there are no less restrictive alternatives to detention in the best interest of such person or others. The petition must state specifically that less restrictive alternative treatment was considered and specify why treatment less restrictive than detention is not appropriate. If an involuntary less restrictive alternative is sought, the petition must state facts that support a finding of the grounds for commitment identified in (b) of this subsection and set forth the proposed less restrictive alternative.

(d) (i) The petition must be signed by:

(A) ~~((Two physicians,))~~ One physician, physician assistant, or psychiatric advanced registered nurse practitioner; and

(B) ((One physician and a mental health professional;

(C) One physician assistant and a mental health professional; or

(D) One psychiatric advanced registered nurse practitioner and a mental health professional.

~~((ii) The persons signing the petition must have examined the person))~~ One physician, physician assistant, psychiatric advanced registered nurse practitioner, or designated chemical dependency specialist.

(2) Upon filing the petition, the court shall fix a date for a hearing no less

than two and no more than seven days after the date the petition was filed unless the person petitioned against is presently being detained in a program, pursuant to RCW 70.96A.120, 71.05.210, or 71.34.710, in which case the hearing shall be held within seventy-two hours of the filing of the petition ~~((: PROVIDED, HOWEVER, That))~~. ~~The ((above specified))~~ seventy-two hours shall be computed by excluding Saturdays, Sundays, and holidays ~~((: PROVIDED FURTHER, That,))~~. The court may, upon motion of the person whose commitment is sought, or upon motion of petitioner with written permission of the person whose commitment is sought, or his or her counsel and, upon good cause shown, extend the date for the hearing. A copy of the petition and of the notice of the hearing, including the date fixed by the court, shall be served ~~((by the designated chemical dependency specialist))~~ on the person whose commitment is sought, his or her next of kin, a parent or his or her legal guardian if he or she is a minor, and any other person the court believes advisable. A copy of the petition and certificate shall be delivered to each person notified.

(3) At the hearing the court shall hear all relevant testimony including, if possible, the testimony, which may be telephonic, of at least one licensed physician, psychiatric advanced registered nurse practitioner, physician assistant, or ~~((mental health professional))~~ designated chemical dependency specialist who has examined the person whose commitment is sought. Communications otherwise deemed privileged under the laws of this state are deemed to be waived in proceedings under this chapter when a court of competent jurisdiction in its discretion determines that the waiver is necessary to protect either the detained person or the public. The waiver of a privilege under this section is limited to records or testimony relevant to evaluation of the detained person for purposes of a proceeding under this chapter. Upon motion by the detained person, or on its own motion, the court shall examine a record or testimony sought by a petitioner to determine whether it is within the scope of the waiver.

The record maker shall not be required to testify in order to introduce medical, nursing, or psychological records of detained persons so long as the requirements of RCW 5.45.020 are met, except that portions of the record that contain opinions as to whether the

detailed person (~~is chemically dependent~~) has a substance use disorder shall be deleted from the records unless the person offering the opinions is available for cross-examination. The person shall be present unless the court believes that his or her presence is likely to be injurious to him or her; in this event the court may deem it appropriate to appoint a guardian ad litem to represent him or her throughout the proceeding. If deemed advisable, the court may examine the person out of courtroom. If the person has refused to be examined by a licensed physician, psychiatric advanced registered nurse practitioner, physician assistant, or (~~mental health professional~~) designated chemical dependency specialist, he or she shall be given an opportunity to be examined by a court appointed licensed physician, psychiatric advanced registered nurse practitioner, physician assistant, or other professional person qualified to provide such services. If he or she refuses and there is sufficient evidence to believe that the allegations of the petition are true, or if the court believes that more medical evidence is necessary, the court may make a temporary order committing him or her to the department for a period of not more than five days for purposes of a diagnostic examination.

(4)(a) If, after hearing all relevant evidence, including the results of any diagnostic examination, the court finds that grounds for involuntary commitment have been established by a preponderance of the evidence and, after considering less restrictive alternatives to involuntary detention and treatment, finds that no such alternatives are in the best interest of the person or others, it shall make an order of commitment to an approved substance use disorder treatment program. It shall not order commitment of a person unless it determines that an approved substance use disorder treatment program is available and able to provide adequate and appropriate treatment for him or her.

(b) If the court finds that the grounds for commitment have been established by a preponderance of the evidence, but that treatment in a less restrictive setting than detention is in the best interest of such person or others, the court shall order an appropriate less restrictive course of treatment. The less restrictive order may impose treatment conditions and other conditions that are in the best interest of the respondent and others. A

copy of the less restrictive order must be given to the respondent, the designated chemical dependency specialist, and any program designated to provide less restrictive treatment. If the program designated to provide the less restrictive treatment is other than the program providing the initial involuntary treatment, the program so designated must agree in writing to assume such responsibility. The court may not order commitment of a person to a less restrictive course of treatment unless it determines that an approved substance use disorder treatment program is available and able to provide adequate and appropriate treatment for him or her.

(5) A person committed to inpatient treatment under this section shall remain in the program for treatment for a period of fourteen days unless sooner discharged. A person committed to a less restrictive course of treatment under this section shall remain in the program of treatment for a period of ninety days unless sooner discharged. At the end of the fourteen-day period, or ninety-day period in the case of a less restrictive alternative to inpatient treatment, he or she shall be discharged automatically unless the program or the designated chemical dependency specialist, before expiration of the period, files a petition for his or her recommitment upon the grounds set forth in subsection (1) of this section for a further period of ninety days of inpatient treatment or ninety days of less restrictive alternative treatment unless sooner discharged. The petition for ninety-day inpatient or less restrictive alternative treatment must be filed with the clerk of the court at least three days before expiration of the fourteen-day period of intensive treatment.

If a petition for recommitment is not filed in the case of a minor, the parent, guardian, or custodian who has custody of the minor may seek review of that decision made by the designated chemical dependency specialist in superior or district court. The parent, guardian, or custodian shall file notice with the court and provide a copy of the treatment progress report.

If a person has been committed because he or she (~~is chemically dependent~~) has a substance use disorder and is likely to inflict physical harm on another, the program or designated chemical dependency specialist shall apply for recommitment if after examination it is determined that the likelihood still exists.

(6) Upon the filing of a petition for recommitment under subsection (5) of this section, the court shall fix a date for hearing no less than two and no more than seven days after the date the petition was filed (~~(+ PROVIDED, That,)~~). The court may, upon motion of the person whose commitment is sought and upon good cause shown, extend the date for the hearing. A copy of the petition and of the notice of hearing, including the date fixed by the court, shall be served by the treatment program on the person whose commitment is sought, his or her next of kin, the original petitioner under subsection (1) of this section if different from the petitioner for recommitment, one of his or her parents or his or her legal guardian if he or she is a minor, and his or her attorney and any other person the court believes advisable. At the hearing the court shall proceed as provided in subsections (3) and (4) of this section, except that the burden of proof upon a hearing for recommitment must be proof by clear, cogent, and convincing evidence.

(7) The approved substance use disorder treatment program shall provide for adequate and appropriate treatment of a person committed to its custody on an inpatient or outpatient basis. A person committed under this section may be transferred from one approved public treatment program to another if transfer is medically advisable.

(8) A person committed to a program for treatment shall be discharged at any time before the end of the period for which he or she has been committed and he or she shall be discharged by order of the court if either of the following conditions are met:

(a) In case of a (~~chemically dependent~~) person with a substance use disorder committed on the grounds of likelihood of infliction of physical harm upon himself, herself, or another, the likelihood no longer exists; or further treatment will not be likely to bring about significant improvement in the person's condition, or treatment is no longer adequate or appropriate.

(b) In case of a (~~chemically dependent~~) person with a substance use disorder committed on the grounds of the need of treatment and incapacity, that the incapacity no longer exists.

(9) The court shall inform the person whose commitment or recommitment is sought of his or her right to contest the

application, be represented by counsel at every stage of any proceedings relating to his or her commitment and recommitment, and have counsel appointed by the court or provided by the court, if he or she wants the assistance of counsel and is unable to obtain counsel. If the court believes that the person needs the assistance of counsel, the court shall require, by appointment if necessary, counsel for him or her regardless of his or her wishes. The person shall, if he or she is financially able, bear the costs of such legal service; otherwise such legal service shall be at public expense. The person whose commitment or recommitment is sought shall be informed of his or her right to be examined by a licensed physician, psychiatric advanced registered nurse practitioner, physician assistant, designated chemical dependency specialist, or other professional person of his or her choice who is qualified to provide such services. If the person is unable to obtain a qualified person and requests an examination, the court shall employ a licensed physician, psychiatric advanced registered nurse practitioner, physician assistant, designated chemical dependency specialist, or other professional person to conduct an examination and testify on behalf of the person.

(10) A person committed under this chapter may at any time seek to be discharged from commitment by writ of habeas corpus in a court of competent jurisdiction.

(11) The venue for proceedings under this section is the county in which person to be committed resides or is present.

(12) When in the opinion of the professional person in charge of the program providing involuntary inpatient treatment under this chapter, the committed patient can be appropriately served by less restrictive treatment before expiration of the period of commitment, then the less restrictive care may be required as a condition for early release for a period which, when added to the initial treatment period, does not exceed the period of commitment. If the program designated to provide the less restrictive treatment is other than the program providing the initial involuntary treatment, the program so designated must agree in writing to assume such responsibility. A copy of the conditions for early release shall be given to the patient, the designated chemical

dependency specialist of original commitment, and the court of original commitment. The program designated to provide less restrictive care may modify the conditions for continued release when the modifications are in the best interests of the patient. If the program providing less restrictive care and the designated chemical dependency specialist determine that a conditionally released patient is failing to adhere to the terms and conditions of his or her release, or that substantial deterioration in the patient's functioning has occurred, then the designated chemical dependency specialist shall notify the court of original commitment and request a hearing to be held no less than two and no more than seven days after the date of the request to determine whether or not the person should be returned to more restrictive care. The designated chemical dependency specialist shall file a petition with the court stating the facts substantiating the need for the hearing along with the treatment recommendations. The patient shall have the same rights with respect to notice, hearing, and counsel as for the original involuntary treatment proceedings. The issues to be determined at the hearing are whether the conditionally released patient did or did not adhere to the terms and conditions of his or her release to less restrictive care or that substantial deterioration of the patient's functioning has occurred and whether the conditions of release should be modified or the person should be returned to a more restrictive program. The hearing may be waived by the patient and his or her counsel and his or her guardian or conservator, if any, but may not be waived unless all such persons agree to the waiver. Upon waiver, the person may be returned for involuntary treatment or continued on conditional release on the same or modified conditions. The grounds and procedures for revocation of less restrictive alternative treatment ordered by the court must be the same as those set forth in this section for less restrictive care arranged by an approved substance use disorder treatment program as a condition for early release.

**Sec. 14.** RCW 71.05.020 and 2016 sp.s. c 29 s 204 and 2016 c 155 s 1 are each reenacted and amended to read as follows:

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

(1) "Admission" or "admit" means a decision by a physician, physician assistant, or psychiatric advanced registered nurse practitioner that a person should be examined or treated as a patient in a hospital;

(2) "Alcoholism" means a disease, characterized by a dependency on alcoholic beverages, loss of control over the amount and circumstances of use, symptoms of tolerance, physiological or psychological withdrawal, or both, if use is reduced or discontinued, and impairment of health or disruption of social or economic functioning;

(3) "Antipsychotic medications" means that class of drugs primarily used to treat serious manifestations of mental illness associated with thought disorders, which includes, but is not limited to atypical antipsychotic medications;

(4) "Approved substance use disorder treatment program" means a program for persons with a substance use disorder provided by a treatment program certified by the department as meeting standards adopted under chapter 71.24 RCW;

(5) "Attending staff" means any person on the staff of a public or private agency having responsibility for the care and treatment of a patient;

(6) "Chemical dependency" means:

(a) Alcoholism;

(b) Drug addiction; or

(c) Dependence on alcohol and one or more psychoactive chemicals, as the context requires;

(7) "Chemical dependency professional" means a person certified as a chemical dependency professional by the department of health under chapter 18.205 RCW;

(8) "Commitment" means the determination by a court that a person should be detained for a period of either evaluation or treatment, or both, in an inpatient or a less restrictive setting;

(9) "Conditional release" means a revocable modification of a commitment, which may be revoked upon violation of any of its terms;

(10) "Crisis stabilization unit" means a short-term facility or a portion of a facility licensed by the department of health and certified by the department of social and health services under RCW 71.24.035, such as an evaluation and

treatment facility or a hospital, which has been designed to assess, diagnose, and treat individuals experiencing an acute crisis without the use of long-term hospitalization;

(11) "Custody" means involuntary detention under the provisions of this chapter or chapter 10.77 RCW, uninterrupted by any period of unconditional release from commitment from a facility providing involuntary care and treatment;

(12) "Department" means the department of social and health services;

(13) "Designated crisis responder" means a mental health professional appointed by the behavioral health organization to perform the duties specified in this chapter;

(14) "Detention" or "detain" means the lawful confinement of a person, under the provisions of this chapter;

(15) "Developmental disabilities professional" means a person who has specialized training and three years of experience in directly treating or working with persons with developmental disabilities and is a psychiatrist, physician assistant working with a supervising psychiatrist, psychologist, psychiatric advanced registered nurse practitioner, or social worker, and such other developmental disabilities professionals as may be defined by rules adopted by the secretary;

(16) "Developmental disability" means that condition defined in RCW 71A.10.020(5);

(17) "Discharge" means the termination of hospital medical authority. The commitment may remain in place, be terminated, or be amended by court order;

(18) "Drug addiction" means a disease, characterized by a dependency on psychoactive chemicals, loss of control over the amount and circumstances of use, symptoms of tolerance, physiological or psychological withdrawal, or both, if use is reduced or discontinued, and impairment of health or disruption of social or economic functioning;

(19) "Evaluation and treatment facility" means any facility which can provide directly, or by direct arrangement with other public or private agencies, emergency evaluation and treatment, outpatient care, and timely and appropriate inpatient care to persons

suffering from a mental disorder, and which is certified as such by the department. The department may certify single beds as temporary evaluation and treatment beds under RCW 71.05.745. A physically separate and separately operated portion of a state hospital may be designated as an evaluation and treatment facility. A facility which is part of, or operated by, the department or any federal agency will not require certification. No correctional institution or facility, or jail, shall be an evaluation and treatment facility within the meaning of this chapter;

(20) "Gravely disabled" means a condition in which a person, as a result of a mental disorder, or as a result of the use of alcohol or other psychoactive chemicals: (a) Is in danger of serious physical harm resulting from a failure to provide for his or her essential human needs of health or safety; or (b) manifests severe deterioration in routine functioning evidenced by repeated and escalating loss of cognitive or volitional control over his or her actions and is not receiving such care as is essential for his or her health or safety;

(21) "Habilitative services" means those services provided by program personnel to assist persons in acquiring and maintaining life skills and in raising their levels of physical, mental, social, and vocational functioning. Habilitative services include education, training for employment, and therapy. The habilitative process shall be undertaken with recognition of the risk to the public safety presented by the person being assisted as manifested by prior charged criminal conduct;

(22) "History of one or more violent acts" refers to the period of time ten years prior to the filing of a petition under this chapter, excluding any time spent, but not any violent acts committed, in a mental health facility, a long-term alcoholism or drug treatment facility, or in confinement as a result of a criminal conviction;

(23) "Imminent" means the state or condition of being likely to occur at any moment or near at hand, rather than distant or remote;

(24) "Individualized service plan" means a plan prepared by a developmental disabilities professional with other professionals as a team, for a person with

developmental disabilities, which shall state:

(a) The nature of the person's specific problems, prior charged criminal behavior, and habilitation needs;

(b) The conditions and strategies necessary to achieve the purposes of habilitation;

(c) The intermediate and long-range goals of the habilitation program, with a projected timetable for the attainment;

(d) The rationale for using this plan of habilitation to achieve those intermediate and long-range goals;

(e) The staff responsible for carrying out the plan;

(f) Where relevant in light of past criminal behavior and due consideration for public safety, the criteria for proposed movement to less-restrictive settings, criteria for proposed eventual discharge or release, and a projected possible date for discharge or release; and

(g) The type of residence immediately anticipated for the person and possible future types of residences;

(25) "Information related to mental health services" means all information and records compiled, obtained, or maintained in the course of providing services to either voluntary or involuntary recipients of services by a mental health service provider. This may include documents of legal proceedings under this chapter or chapter 71.34 or 10.77 RCW, or somatic health care information;

(26) "Intoxicated person" means a person whose mental or physical functioning is substantially impaired as a result of the use of alcohol or other psychoactive chemicals;

(27) "In need of assisted outpatient mental health treatment" means that a person, as a result of a mental disorder:

(a) Has been committed by a court to detention for involuntary mental health treatment at least twice during the preceding thirty-six months, or, if the person is currently committed for involuntary mental health treatment, the person has been committed to detention for involuntary mental health treatment at least once during the thirty-six months preceding the date of initial detention of the current commitment cycle; (b) is unlikely to voluntarily participate in

outpatient treatment without an order for less restrictive alternative treatment, in view of the person's treatment history or current behavior; (c) is unlikely to survive safely in the community without supervision; (d) is likely to benefit from less restrictive alternative treatment; and (e) requires less restrictive alternative treatment to prevent a relapse, decompensation, or deterioration that is likely to result in the person presenting a likelihood of serious harm or the person becoming gravely disabled within a reasonably short period of time. For purposes of (a) of this subsection, time spent in a mental health facility or in confinement as a result of a criminal conviction is excluded from the thirty-six month calculation;

(28) "Judicial commitment" means a commitment by a court pursuant to the provisions of this chapter;

(29) "Legal counsel" means attorneys and staff employed by county prosecutor offices or the state attorney general acting in their capacity as legal representatives of public mental health and substance use disorder service providers under RCW 71.05.130;

(30) "Less restrictive alternative treatment" means a program of individualized treatment in a less restrictive setting than inpatient treatment that includes the services described in RCW 71.05.585;

(31) "Licensed physician" means a person licensed to practice medicine or osteopathic medicine and surgery in the state of Washington;

(32) "Likelihood of serious harm" means:

(a) A substantial risk that: (i) Physical harm will be inflicted by a person upon his or her own person, as evidenced by threats or attempts to commit suicide or inflict physical harm on oneself; (ii) physical harm will be inflicted by a person upon another, as evidenced by behavior which has caused such harm or which places another person or persons in reasonable fear of sustaining such harm; or (iii) physical harm will be inflicted by a person upon the property of others, as evidenced by behavior which has caused substantial loss or damage to the property of others; or

(b) The person has threatened the physical safety of another and has a history of one or more violent acts;

(33) "Medical clearance" means a physician or other health care provider has determined that a person is medically stable and ready for referral to the designated crisis responder;

(34) "Mental disorder" means any organic, mental, or emotional impairment which has substantial adverse effects on a person's cognitive or volitional functions;

(35) "Mental health professional" means a psychiatrist, psychologist, physician assistant working with a supervising psychiatrist, 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 pursuant to the provisions of this chapter;

(36) "Mental health service provider" means a public or private agency that provides mental health services to persons with mental disorders or substance use disorders as defined under this section and receives funding from public sources. This includes, but is not limited to, hospitals licensed under chapter 70.41 RCW, evaluation and treatment facilities as defined in this section, community mental health service delivery systems or behavioral health programs as defined in RCW 71.24.025, facilities conducting competency evaluations and restoration under chapter 10.77 RCW, approved substance use disorder treatment programs as defined in this section, secure detoxification facilities as defined in this section, and correctional facilities operated by state and local governments;

(37) "Peace officer" means a law enforcement official of a public agency or governmental unit, and includes persons specifically given peace officer powers by any state law, local ordinance, or judicial order of appointment;

(38) "Physician assistant" means a person licensed as a physician assistant under chapter 18.57A or 18.71A RCW;

(39) "Private agency" means any person, partnership, corporation, or association that is not a public agency, whether or not financed in whole or in part by public funds, which constitutes an evaluation and treatment facility or private institution, or hospital, or approved substance use disorder treatment program, which is conducted for, or includes a department or ward conducted for, the care and treatment of persons with mental illness, substance

use disorders, or both mental illness and substance use disorders;

(40) "Professional person" means a mental health professional, chemical dependency professional, or designated crisis responder and shall also mean a physician, physician assistant, psychiatric advanced registered nurse practitioner, registered nurse, and such others as may be defined by rules adopted by the secretary pursuant to the provisions of this chapter;

(41) "Psychiatric advanced registered nurse practitioner" means a person who is licensed as an advanced registered nurse practitioner pursuant to chapter 18.79 RCW; and who is board certified in advanced practice psychiatric and mental health nursing;

(42) "Psychiatrist" means a person having a license as a physician and surgeon in this state who has in addition completed three years of graduate training in psychiatry in a program approved by the American medical association or the American osteopathic association and is certified or eligible to be certified by the American board of psychiatry and neurology;

(43) "Psychologist" means a person who has been licensed as a psychologist pursuant to chapter 18.83 RCW;

(44) "Public agency" means any evaluation and treatment facility or institution, secure detoxification facility, approved substance use disorder treatment program, or hospital which is conducted for, or includes a department or ward conducted for, the care and treatment of persons with mental illness, substance use disorders, or both mental illness and substance use disorders, if the agency is operated directly by federal, state, county, or municipal government, or a combination of such governments;

(45) "Registration records" include all the records of the department, behavioral health organizations, treatment facilities, and other persons providing services to the department, county departments, or facilities which identify persons who are receiving or who at any time have received services for mental illness or substance use disorders;

(46) "Release" means legal termination of the commitment under the provisions of this chapter;



(47) "Resource management services" has the meaning given in chapter 71.24 RCW;

(48) "Secretary" means the secretary of the department of social and health services, or his or her designee;

(49) "Secure detoxification facility" means a facility operated by either a public or private agency or by the program of an agency that:

(a) Provides for intoxicated persons:

(i) Evaluation and assessment, provided by certified chemical dependency professionals;

(ii) Acute or subacute detoxification services; and

(iii) Discharge assistance provided by certified chemical dependency professionals, including facilitating transitions to appropriate voluntary or involuntary inpatient services or to less restrictive alternatives as appropriate for the individual;

(b) Includes security measures sufficient to protect the patients, staff, and community; and

(c) Is certified as such by the department;

(50) "Serious violent offense" has the same meaning as provided in RCW 9.94A.030;

(51) "Social worker" means a person with a master's or further advanced degree from a social work educational program accredited and approved as provided in RCW 18.320.010;

(52) "Substance use disorder" means a cluster of cognitive, behavioral, and physiological symptoms indicating that an individual continues using the substance despite significant substance-related problems. The diagnosis of a substance use disorder is based on a pathological pattern of behaviors related to the use of the substances;

(53) "Therapeutic court personnel" means the staff of a mental health court or other therapeutic court which has jurisdiction over defendants who are dually diagnosed with mental disorders, including court personnel, probation officers, a court monitor, prosecuting attorney, or defense counsel acting within the scope of therapeutic court duties;

(54) "Treatment records" include registration 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 behavioral health organizations and their staffs, and by treatment facilities. 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. Treatment records do not include notes or records maintained for personal use by a person providing treatment services for the department, behavioral health organizations, or a treatment facility if the notes or records are not available to others;

(55) "Triage facility" means a short-term facility or a portion of a facility licensed by the department of health and certified by the department of social and health services under RCW 71.24.035, which is designed as a facility to assess and stabilize an individual or determine the need for involuntary commitment of an individual, and must meet department of health residential treatment facility standards. A triage facility may be structured as a voluntary or involuntary placement facility;

(56) "Violent act" means behavior that resulted in homicide, attempted suicide, nonfatal injuries, or substantial damage to property.

**Sec. 15.** RCW 71.05.210 and 2016 sp.s. c 29 s 224 and 2016 c 155 s 2 are each reenacted and amended to read as follows:

(1) Each person involuntarily detained and accepted or admitted at an evaluation and treatment facility, secure detoxification facility, or approved substance use disorder treatment program:

(a) Shall, within twenty-four hours of his or her admission or acceptance at the facility, not counting time periods prior to medical clearance, be examined and evaluated by:

(i) One physician (~~and a mental health professional~~), physician assistant, or psychiatric advanced registered nurse practitioner; and

(ii) One (~~physician assistant and a~~) mental health professional (~~or~~

~~(iii) One advanced registered nurse practitioner and a mental health~~). If the person is detained for substance use disorder evaluation and treatment, the person may be examined by a chemical

dependency professional instead of a mental health professional; and

(b) Shall receive such treatment and care as his or her condition requires including treatment on an outpatient basis for the period that he or she is detained, except that, beginning twenty-four hours prior to a trial or hearing pursuant to RCW 71.05.215, 71.05.240, 71.05.310, 71.05.320, 71.05.590, or 71.05.217, the individual may refuse psychiatric medications, but may not refuse: (i) Any other medication previously prescribed by a person licensed under Title 18 RCW; or (ii) emergency lifesaving treatment, and the individual shall be informed at an appropriate time of his or her right of such refusal. The person shall be detained up to seventy-two hours, if, in the opinion of the professional person in charge of the facility, or his or her professional designee, the person presents a likelihood of serious harm, or is gravely disabled. A person who has been detained for seventy-two hours shall no later than the end of such period be released, unless referred for further care on a voluntary basis, or detained pursuant to court order for further treatment as provided in this chapter.

(2) If, after examination and evaluation, the mental health professional or chemical dependency professional and licensed physician, physician assistant, or psychiatric advanced registered nurse practitioner determine that the initial needs of the person, if detained to an evaluation and treatment facility, would be better served by placement in a substance use disorder treatment ((facility)) program, or, if detained to a secure detoxification facility or approved substance use disorder treatment program, would be better served in an evaluation and treatment facility then the person shall be referred to the more appropriate placement; however, a person may only be referred to a secure detoxification facility or approved substance use disorder treatment program if there is an available secure detoxification facility or approved substance use disorder treatment program with adequate space for the person.

(3) An evaluation and treatment center, secure detoxification facility, or approved substance use disorder treatment program admitting or accepting any person pursuant to this chapter whose physical condition reveals the need for hospitalization shall assure that such

person is transferred to an appropriate hospital for evaluation or admission for treatment. Notice of such fact shall be given to the court, the designated attorney, and the designated crisis responder and the court shall order such continuance in proceedings under this chapter as may be necessary, but in no event may this continuance be more than fourteen days.

**Sec. 16.** RCW 71.05.210 and 2016 sp.s. c 29 s 225 are each amended to read as follows:

(1) Each person involuntarily detained and accepted or admitted at an evaluation and treatment facility, secure detoxification facility, or approved substance use disorder treatment program:

(a) Shall, within twenty-four hours of his or her admission or acceptance at the facility, not counting time periods prior to medical clearance, be examined and evaluated by:

(i) One physician ((and a mental health professional)), physician assistant, or psychiatric advanced registered nurse practitioner; and

(ii) One ((physician assistant and a) mental health professional(~~or~~

~~(iii) One advanced registered nurse practitioner and a mental health)). If the person is detained for substance use disorder evaluation and treatment, the person may be examined by a chemical dependency professional instead of a mental health professional; and~~

(b) Shall receive such treatment and care as his or her condition requires including treatment on an outpatient basis for the period that he or she is detained, except that, beginning twenty-four hours prior to a trial or hearing pursuant to RCW 71.05.215, 71.05.240, 71.05.310, 71.05.320, 71.05.590, or 71.05.217, the individual may refuse psychiatric medications, but may not refuse: (i) Any other medication previously prescribed by a person licensed under Title 18 RCW; or (ii) emergency lifesaving treatment, and the individual shall be informed at an appropriate time of his or her right of such refusal. The person shall be detained up to seventy-two hours, if, in the opinion of the professional person in charge of the facility, or his or her professional designee, the person presents a likelihood of serious harm, or is gravely disabled. A person who has been detained for seventy-two hours shall no

later than the end of such period be released, unless referred for further care on a voluntary basis, or detained pursuant to court order for further treatment as provided in this chapter.

(2) If, after examination and evaluation, the mental health professional or chemical dependency professional and licensed physician, physician assistant, or psychiatric advanced registered nurse practitioner determine that the initial needs of the person, if detained to an evaluation and treatment facility, would be better served by placement in a substance use disorder treatment ~~((facility))~~ program, or, if detained to a secure detoxification facility or approved substance use disorder treatment program, would be better served in an evaluation and treatment facility then the person shall be referred to the more appropriate placement.

(3) An evaluation and treatment center, secure detoxification facility, or approved substance use disorder treatment program admitting or accepting any person pursuant to this chapter whose physical condition reveals the need for hospitalization shall assure that such person is transferred to an appropriate hospital for evaluation or admission for treatment. Notice of such fact shall be given to the court, the designated attorney, and the designated crisis responder and the court shall order such continuance in proceedings under this chapter as may be necessary, but in no event may this continuance be more than fourteen days.

**Sec. 17.** RCW 71.05.230 and 2016 sp.s. c 29 s 230, 2016 c 155 s 5, and 2016 c 45 s 1 are each reenacted and amended to read as follows:

A person detained or committed for seventy-two hour evaluation and treatment or for an outpatient evaluation for the purpose of filing a petition for a less restrictive alternative treatment order may be committed for not more than fourteen additional days of involuntary intensive treatment or ninety additional days of a less restrictive alternative to involuntary intensive treatment. A petition may only be filed if the following conditions are met:

(1) The professional staff of the agency or facility providing evaluation services has analyzed the person's condition and finds that the condition is caused by mental disorder or substance use

disorder and results in a likelihood of serious harm, results in the person being gravely disabled, or results in the person being in need of assisted outpatient mental health treatment, and are prepared to testify those conditions are met; and

(2) The person has been advised of the need for voluntary treatment and the professional staff of the facility has evidence that he or she has not in good faith volunteered; and

(3) The agency or facility providing intensive treatment or which proposes to supervise the less restrictive alternative is certified to provide such treatment by the department; and

(4) The professional staff of the agency or facility or the designated crisis responder has filed a petition with the court for a fourteen day involuntary detention or a ninety day less restrictive alternative. The petition must be signed ~~((either))~~ by:

(a) ~~((Two physicians))~~ One physician, physician assistant, or psychiatric advanced registered nurse practitioner; and

(b) One physician ~~((and a))~~, physician assistant, psychiatric advanced registered nurse practitioner, or mental health professional ~~((+))~~

(c) One physician assistant and a mental health professional; or

~~((d) One psychiatric advanced registered nurse practitioner and a mental health professional)).~~ If the petition is for substance use disorder treatment, the petition may be signed by a chemical dependency professional instead of a mental health professional. The persons signing the petition must have examined the person. If involuntary detention is sought the petition shall state facts that support the finding that such person, as a result of a mental disorder or substance use disorder, presents a likelihood of serious harm, or is gravely disabled and that there are no less restrictive alternatives to detention in the best interest of such person or others. The petition shall state specifically that less restrictive alternative treatment was considered and specify why treatment less restrictive than detention is not appropriate. If an involuntary less restrictive alternative is sought, the petition shall state facts that support the finding that such person, as a result of a mental disorder or as a result of a

substance use disorder, presents a likelihood of serious harm, is gravely disabled, or is in need of assisted outpatient mental health treatment, and shall set forth any recommendations for less restrictive alternative treatment services; and

(5) A copy of the petition has been served on the detained or committed person, his or her attorney and his or her guardian or conservator, if any, prior to the probable cause hearing; and

(6) The court at the time the petition was filed and before the probable cause hearing has appointed counsel to represent such person if no other counsel has appeared; and

(7) The petition reflects that the person was informed of the loss of firearm rights if involuntarily committed for mental health treatment; and

(8) At the conclusion of the initial commitment period, the professional staff of the agency or facility or the designated crisis responder may petition for an additional period of either ninety days of less restrictive alternative treatment or ninety days of involuntary intensive treatment as provided in RCW 71.05.290; and

(9) If the hospital or facility designated to provide less restrictive alternative treatment is other than the facility providing involuntary treatment, the outpatient facility so designated to provide less restrictive alternative treatment has agreed to assume such responsibility.

**Sec. 18.** RCW 71.05.290 and 2016 sp.s. c 29 s 235, 2016 c 155 s 6, and 2016 c 45 s 3 are each reenacted and amended to read as follows:

(1) At any time during a person's fourteen day intensive treatment period, the professional person in charge of a treatment facility or his or her professional designee or the designated crisis responder may petition the superior court for an order requiring such person to undergo an additional period of treatment. Such petition must be based on one or more of the grounds set forth in RCW 71.05.280.

(2) The petition shall summarize the facts which support the need for further commitment and shall be supported by affidavits based on an examination of the patient and signed by:

(a) (~~Two physicians~~) One physician, physician assistant, or psychiatric advanced registered nurse practitioner; and

(b) One physician (~~and a~~), physician assistant, psychiatric advanced registered nurse practitioner, or mental health professional (~~+~~

(c) One physician assistant and a mental health professional; or

~~(d) One psychiatric advanced registered nurse practitioner and a mental health professional~~). If the petition is for substance use disorder treatment, the petition may be signed by a chemical dependency professional instead of a mental health professional. The affidavits shall describe in detail the behavior of the detained person which supports the petition and shall explain what, if any, less restrictive treatments which are alternatives to detention are available to such person, and shall state the willingness of the affiant to testify to such facts in subsequent judicial proceedings under this chapter. If less restrictive alternative treatment is sought, the petition shall set forth any recommendations for less restrictive alternative treatment services.

(3) If a person has been determined to be incompetent pursuant to RCW 10.77.086(4), then the professional person in charge of the treatment facility or his or her professional designee or the designated crisis responder may directly file a petition for one hundred eighty day treatment under RCW 71.05.280(3). No petition for initial detention or fourteen day detention is required before such a petition may be filed.

**Sec. 19.** RCW 71.05.760 and 2016 sp.s. c 29 s 201 are each amended to read as follows:

(1)(a) By April 1, 2018, the department, by rule, must combine the functions of a designated mental health professional and designated chemical dependency specialist by establishing a designated crisis responder who is authorized to conduct investigations, detain persons up to seventy-two hours to the proper facility, and carry out the other functions identified in this chapter and chapter 71.34 RCW. The behavioral health organizations shall provide training to the designated crisis responders as required by the department.

(b)(i) To qualify as a designated crisis responder, a person must have received chemical dependency training as determined by the department and be a:

(A) Psychiatrist, psychologist, physician assistant working with a supervising psychiatrist, psychiatric advanced registered nurse practitioner, or social worker;

(B) Person with a master's degree or further advanced degree in counseling or one of the social sciences from an accredited college or university and who have, in addition, at least two years of experience in direct treatment of persons with mental illness or emotional disturbance, such experience gained under the direction of a mental health professional;

(C) Person who meets the waiver criteria of RCW 71.24.260, which waiver was granted before 1986;

(D) Person who had an approved waiver to perform the duties of a mental health professional that was requested by the regional support network and granted by the department before July 1, 2001; or

(E) Person who has been granted an exception of the minimum requirements of a mental health professional by the department consistent with rules adopted by the secretary.

(ii) Training must include chemical dependency training specific to the duties of a designated crisis responder, including diagnosis of substance abuse and dependence and assessment of risk associated with substance use.

(c) The department must develop a transition process for any person who has been designated as a designated mental health professional or a designated chemical dependency specialist before April 1, 2018, to be converted to a designated crisis responder. The behavioral health organizations shall provide training, as required by the department, to persons converting to designated crisis responders, which must include both mental health and chemical dependency training applicable to the designated crisis responder role.

(2)(a) The department must ensure that at least one sixteen-bed secure detoxification facility is operational by April 1, 2018, and that at least two sixteen-bed secure detoxification facilities are operational by April 1,

2019. In addition, the department shall ensure that an additional sixteen-bed secure detoxification facility is operational by April 1st of each year beginning in 2020 until there is adequate capacity to meet the involuntary treatment requirements for substance use disorder clients.

(b) If, at any time during the implementation of secure detoxification facility capacity, federal funding becomes unavailable for federal match for services provided in secure detoxification facilities, then the department must cease any expansion of secure detoxification facilities until further direction is provided by the legislature.

#### Part Five - Technical

NEW SECTION. Sec. 20. Section 13 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.

NEW SECTION. Sec. 21. Sections 8, 11, and 13 of this act expire April 1, 2018.

NEW SECTION. Sec. 22. Sections 9, 12, 14, 15, and 17 through 19 of this act take effect April 1, 2018.

NEW SECTION. Sec. 23. Sections 9 and 15 of this act expire July 1, 2026.

NEW SECTION. Sec. 24. Sections 10 and 16 of this act take effect July 1, 2026."

Correct the title.

Signed by Representatives Ormsby, Chair; Robinson, Vice Chair; Chandler, Ranking Minority Member; MacEwen, Assistant Ranking Minority Member; Stokesbary, Assistant Ranking Minority Member; Bergquist; Cody; Fitzgibbon; Haler; Hansen; Harris; Hudgins; Jinkins; Kagi; Lytton; Nealey; Pettigrew; Pollet; Sawyer; Senn; Springer; Stanford; Sullivan; Tharinger; Vick and Wilcox.

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

Referred to Committee on Rules for second reading.

April 4, 2017

2SSB 5107

Prime Sponsor, Committee on Ways & Means: Facilitating local funding and involvement in expanding early childhood

education and assistance program eligibility. Reported by Committee on Appropriations

MAJORITY recommendation: Do pass. Signed by Representatives Ormsby, Chair; Robinson, Vice Chair; Stokesbary, Assistant Ranking Minority Member; Bergquist; Cody; Fitzgibbon; Haler; Hansen; Hudgins; Jinkins; Kagi; Lytton; Nealey; Pettigrew; Pollet; Sawyer; Senn; Springer; Stanford; Sullivan; Tharinger and Wilcox.

MINORITY recommendation: Do not pass. Signed by Representatives Chandler, Ranking Minority Member; Buys; Condotta; Harris; Manweller; Schmick; Taylor; Vick and Volz.

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

Referred to Committee on Rules for second reading.

April 4, 2017

ESB 5128 Prime Sponsor, Senator Takko: Allowing incremental electricity produced as a result of certain capital investment projects to qualify as an eligible renewable resource under the energy independence act. Reported by Committee on Appropriations

MAJORITY recommendation: Do pass. Signed by Representatives Ormsby, Chair; Robinson, Vice Chair; Chandler, Ranking Minority Member; MacEwen, Assistant Ranking Minority Member; Stokesbary, Assistant Ranking Minority Member; Buys; Cody; Condotta; Fitzgibbon; Haler; Hansen; Harris; Kagi; Lytton; Manweller; Nealey; Pettigrew; Schmick; Springer; Sullivan; Taylor; Tharinger; Vick; Volz and Wilcox.

MINORITY recommendation: Do not pass. Signed by Representatives Bergquist; Hudgins; Pollet; Sawyer; Senn and Stanford.

MINORITY recommendation: Without recommendation. Signed by Representative Jinkins.

Referred to Committee on Rules for second reading.

April 4, 2017

ESSB 5131 Prime Sponsor, Committee on Commerce, Labor & Sports: Concerning marijuana with respect to privileges for research licenses, local authority notifications, the retail licensing merit-based application process, processor wholesale events, certain transfers of plants and seeds, licensing agreements and contracts, residency requirements, and jurisdictional

requirements. (REVISED FOR ENGROSSED: Concerning marijuana with respect to privileges for research licenses, local authority notifications, the retail licensing merit-based application process, certain transfers of plants and seeds, licensing agreements and contracts, advertising, and jurisdictional requirements.) Reported by Committee on Appropriations

MAJORITY recommendation: Do pass as amended by Committee on Appropriations and without amendment by Committee on Commerce & Gaming.

Strike everything after the enacting clause and insert the following:

"Sec. 1. RCW 69.50.325 and 2016 c 170 s 1 are each amended to read as follows:

(1) There shall be a marijuana producer's license regulated by the state liquor and cannabis board and subject to annual renewal. The licensee is authorized to produce: (a) Marijuana for sale at wholesale to marijuana processors and other marijuana producers (~~and to produce marijuana~~); and (b) immature plants or clones and seeds for sale to cooperatives as described under RCW 69.51A.250 (~~regulated by the state liquor and cannabis board and subject to annual renewal~~). The production, possession, delivery, distribution, and sale of marijuana in accordance with the provisions of this chapter and the rules adopted to implement and enforce it, by a validly licensed marijuana producer, shall not be a criminal or civil offense under Washington state law. Every marijuana producer's license shall be issued in the name of the applicant, shall specify the location at which the marijuana producer intends to operate, which must be within the state of Washington, and the holder thereof shall not allow any other person to use the license. The application fee for a marijuana producer's license shall be two hundred fifty dollars. The annual fee for issuance and renewal of a marijuana producer's license shall be one thousand dollars. A separate license shall be required for each location at which a marijuana producer intends to produce marijuana.

(2) There shall be a marijuana processor's license to process, package, and label marijuana concentrates, useable marijuana, and marijuana-infused products for sale at wholesale to marijuana processors and marijuana retailers, regulated by the state liquor and cannabis

board and subject to annual renewal. The processing, packaging, possession, delivery, distribution, and sale of marijuana, useable marijuana, marijuana-infused products, and marijuana concentrates in accordance with the provisions of this chapter and chapter 69.51A RCW and the rules adopted to implement and enforce these chapters, by a validly licensed marijuana processor, shall not be a criminal or civil offense under Washington state law. Every marijuana processor's license shall be issued in the name of the applicant, shall specify the location at which the licensee intends to operate, which must be within the state of Washington, and the holder thereof shall not allow any other person to use the license. The application fee for a marijuana processor's license shall be two hundred fifty dollars. The annual fee for issuance and renewal of a marijuana processor's license shall be one thousand dollars. A separate license shall be required for each location at which a marijuana processor intends to process marijuana.

(3)(a) There shall be a marijuana retailer's license to sell marijuana concentrates, useable marijuana, and marijuana-infused products at retail in retail outlets, regulated by the state liquor and cannabis board and subject to annual renewal. The possession, delivery, distribution, and sale of marijuana concentrates, useable marijuana, and marijuana-infused products in accordance with the provisions of this chapter and the rules adopted to implement and enforce it, by a validly licensed marijuana retailer, shall not be a criminal or civil offense under Washington state law. Every marijuana retailer's license shall be issued in the name of the applicant, shall specify the location of the retail outlet the licensee intends to operate, which must be within the state of Washington, and the holder thereof shall not allow any other person to use the license. The application fee for a marijuana retailer's license shall be two hundred fifty dollars. The annual fee for issuance and renewal of a marijuana retailer's license shall be one thousand dollars. A separate license shall be required for each location at which a marijuana retailer intends to sell marijuana concentrates, useable marijuana, and marijuana-infused products.

(b) An individual retail licensee and all other persons or entities with a financial or other ownership interest in

the business operating under the license are limited, in the aggregate, to holding a collective total of not more than five retail marijuana licenses.

(c)(i) A marijuana retailer's license is subject to forfeiture in accordance with rules adopted by the state liquor and cannabis board pursuant to this section.

(ii) The state liquor and cannabis board shall adopt rules to establish a license forfeiture process for a licensed marijuana retailer that is not fully operational and open to the public within a specified period from the date of license issuance, as established by the state liquor and cannabis board, subject to the following restrictions:

(A) No marijuana retailer's license may be subject to forfeiture within the first nine months of license issuance; and

(B) The state liquor and cannabis board must require license forfeiture on or before twenty-four calendar months of license issuance if a marijuana retailer is not fully operational and open to the public, unless the board determines that circumstances out of the licensee's control are preventing the licensee from becoming fully operational and that, in the board's discretion, the circumstances warrant extending the forfeiture period beyond twenty-four calendar months.

(iii) The state liquor and cannabis board has discretion in adopting rules under this subsection (3)(c).

(iv) This subsection (3)(c) applies to marijuana retailer's licenses issued before and after the effective date of this section. However, no license of a marijuana retailer that otherwise meets the conditions for license forfeiture established pursuant to this subsection (3)(c) may be subject to forfeiture within the first nine calendar months of the effective date of this section.

(v) The board may not require license forfeiture if the licensee has been incapable of opening a fully operational retail marijuana business due to actions by the city, town, or county with jurisdiction over the licensee that include any of the following:

(A) The adoption of a ban or moratorium that prohibits the opening of a retail marijuana business; or

(B) The adoption of an ordinance or regulation related to zoning, business licensing, land use, or other regulatory

measure that has the effect of preventing a licensee from receiving an occupancy permit from the jurisdiction or which otherwise prevents a licensed marijuana retailer from becoming operational.

**Sec. 2.** RCW 69.50.331 and 2015 2nd sp.s. c 4 s 301 are each amended to read as follows:

(1) For the purpose of considering any application for a license to produce, process, research, transport, or deliver marijuana, useable marijuana, marijuana concentrates, or marijuana-infused products subject to the regulations established under RCW 69.50.385, or sell marijuana, or for the renewal of a license to produce, process, research, transport, or deliver marijuana, useable marijuana, marijuana concentrates, or marijuana-infused products subject to the regulations established under RCW 69.50.385, or sell marijuana, the state liquor and cannabis board must conduct a comprehensive, fair, and impartial evaluation of the applications timely received. As part of the licensing application and renewal process, the board must review and report demographic data regarding the race, ethnic background, and gender of the applicants for the licenses authorized under this chapter.

(a) ((The state liquor and cannabis board must develop a competitive, merit-based application process that includes, at a minimum, the opportunity for an applicant to demonstrate experience and qualifications in the marijuana industry. The state liquor and cannabis board must give preference between competing applications in the licensing process to applicants that have the following experience and qualifications, in the following order of priority:

(i) First priority is given to applicants who:

(A) Applied to the state liquor and cannabis board for a marijuana retailer license prior to July 1, 2014;

(B) Operated or were employed by a collective garden before January 1, 2013;

(C) Have maintained a state business license and a municipal business license, as applicable in the relevant jurisdiction; and

(D) Have had a history of paying all applicable state taxes and fees;

(ii) Second priority must be given to applicants who:

(A) Operated or were employed by a collective garden before January 1, 2013;

(B) Have maintained a state business license and a municipal business license, as applicable in the relevant jurisdiction; and

(C) Have had a history of paying all applicable state taxes and fees; and

(iii) Third priority must be given to all other applicants who do not have the experience and qualifications identified in (a) (i) and (ii) of this subsection.

~~(b))~~ The state liquor and cannabis board may cause an inspection of the premises to be made, and may inquire into all matters in connection with the construction and operation of the premises. For the purpose of reviewing any application for a license and for considering the denial, suspension, revocation, or renewal or denial thereof, of any license, the state liquor and cannabis board may consider any prior criminal conduct of the applicant including an administrative violation history record with the state liquor and cannabis board and a criminal history record information check. The state liquor and cannabis board may submit the criminal history record information check to the Washington state patrol and to the identification division of the federal bureau of investigation in order that these agencies may search their records for prior arrests and convictions of the individual or individuals who filled out the forms. The state liquor and cannabis board must require fingerprinting of any applicant whose criminal history record information check is submitted to the federal bureau of investigation. The provisions of RCW 9.95.240 and of chapter 9.96A RCW do not apply to these cases. Subject to the provisions of this section, the state liquor and cannabis board may, in its discretion, grant or deny the renewal or license applied for. Denial may be based on, without limitation, the existence of chronic illegal activity documented in objections submitted pursuant to subsections (7) (c) and (10) of this section. Authority to approve an uncontested or unopposed license may be granted by the state liquor and cannabis board to any staff member the board designates in writing. Conditions for granting this authority must be adopted by rule.

~~((b))~~ (b) No license of any kind may be issued to:



(i) A person under the age of twenty-one years;

(ii) A person doing business as a sole proprietor who has not lawfully resided in the state for at least six months prior to applying to receive a license;

(iii) A partnership, employee cooperative, association, nonprofit corporation, or corporation unless formed under the laws of this state, and unless all of the members thereof are qualified to obtain a license as provided in this section; or

(iv) A person whose place of business is conducted by a manager or agent, unless the manager or agent possesses the same qualifications required of the licensee.

(2)(a) The state liquor and cannabis board may, in its discretion, subject to the provisions of RCW 69.50.334, suspend or cancel any license; and all protections of the licensee from criminal or civil sanctions under state law for producing, processing, researching, or selling marijuana, marijuana concentrates, useable marijuana, or marijuana-infused products thereunder must be suspended or terminated, as the case may be.

(b) The state liquor and cannabis board must immediately suspend the license of a person who has been certified pursuant to RCW 74.20A.320 by the department of social and health services as a person who is not in compliance with a support order. If the person has continued to meet all other requirements for reinstatement during the suspension, reissuance of the license is automatic upon the state liquor and cannabis board's receipt of a release issued by the department of social and health services stating that the licensee is in compliance with the order.

(c) The state liquor and cannabis board may request the appointment of administrative law judges under chapter 34.12 RCW who shall have power to administer oaths, issue subpoenas for the attendance of witnesses and the production of papers, books, accounts, documents, and testimony, examine witnesses, and to receive testimony in any inquiry, investigation, hearing, or proceeding in any part of the state, under rules and regulations the state liquor and cannabis board may adopt.

(d) Witnesses must be allowed fees and mileage each way to and from any inquiry, investigation, hearing, or proceeding at the rate authorized by RCW 34.05.446. Fees

need not be paid in advance of appearance of witnesses to testify or to produce books, records, or other legal evidence.

(e) In case of disobedience of any person to comply with the order of the state liquor and cannabis board or a subpoena issued by the state liquor and cannabis board, or any of its members, or administrative law judges, or on the refusal of a witness to testify to any matter regarding which he or she may be lawfully interrogated, the judge of the superior court of the county in which the person resides, on application of any member of the board or administrative law judge, compels obedience by contempt proceedings, as in the case of disobedience of the requirements of a subpoena issued from said court or a refusal to testify therein.

(3) Upon receipt of notice of the suspension or cancellation of a license, the licensee must forthwith deliver up the license to the state liquor and cannabis board. Where the license has been suspended only, the state liquor and cannabis board must return the license to the licensee at the expiration or termination of the period of suspension. The state liquor and cannabis board must notify all other licensees in the county where the subject licensee has its premises of the suspension or cancellation of the license; and no other licensee or employee of another licensee may allow or cause any marijuana, marijuana concentrates, useable marijuana, or marijuana-infused products to be delivered to or for any person at the premises of the subject licensee.

(4) Every license issued under this chapter is subject to all conditions and restrictions imposed by this chapter or by rules adopted by the state liquor and cannabis board to implement and enforce this chapter. All conditions and restrictions imposed by the state liquor and cannabis board in the issuance of an individual license must be listed on the face of the individual license along with the trade name, address, and expiration date.

(5) Every licensee must post and keep posted its license, or licenses, in a conspicuous place on the premises.

(6) No licensee may employ any person under the age of twenty-one years.

(7)(a) Before the state liquor and cannabis board issues a new or renewed license to an applicant it must give

notice of the application to the chief executive officer of the incorporated city or town, if the application is for a license within an incorporated city or town, or to the county legislative authority, if the application is for a license outside the boundaries of incorporated cities or towns, or to the tribal government if the application is for a license within Indian country, or to the port authority if the application for a license is located on property owned by a port authority.

(b) The incorporated city or town through the official or employee selected by it, ~~((or))~~ the county legislative authority or the official or employee selected by it, the tribal government, or port authority has the right to file with the state liquor and cannabis board within twenty days after the date of transmittal of the notice for applications, or at least thirty days prior to the expiration date for renewals, written objections against the applicant or against the premises for which the new or renewed license is asked. The state liquor and cannabis board may extend the time period for submitting written objections upon request from the authority notified by the state liquor and cannabis board.

(c) The written objections must include a statement of all facts upon which the objections are based, and in case written objections are filed, the city or town or county legislative authority may request, and the state liquor and cannabis board may in its discretion hold, a hearing subject to the applicable provisions of Title 34 RCW. If the state liquor and cannabis board makes an initial decision to deny a license or renewal based on the written objections of an incorporated city or town or county legislative authority, the applicant may request a hearing subject to the applicable provisions of Title 34 RCW. If a hearing is held at the request of the applicant, state liquor and cannabis board representatives must present and defend the state liquor and cannabis board's initial decision to deny a license or renewal.

(d) Upon the granting of a license under this title the state liquor and cannabis board must send written notification to the chief executive officer of the incorporated city or town in which the license is granted, or to the county legislative authority if the license is granted outside the boundaries of incorporated cities or towns.

(8)(a) Except as provided in (b) through (d) of this subsection, the state liquor and cannabis board may not issue a license for any premises within one thousand feet of the perimeter of the grounds of any elementary or secondary school, playground, recreation center or facility, child care center, public park, public transit center, or library, or any game arcade admission to which is not restricted to persons aged twenty-one years or older.

(b) A city, county, or town may permit the licensing of premises within one thousand feet but not less than one hundred feet of the facilities described in (a) of this subsection, except elementary schools, secondary schools, and playgrounds, by enacting an ordinance authorizing such distance reduction, provided that such distance reduction will not negatively impact the jurisdiction's civil regulatory enforcement, criminal law enforcement interests, public safety, or public health.

(c) A city, county, or town may permit the licensing of research premises allowed under RCW 69.50.372 within one thousand feet but not less than one hundred feet of the facilities described in (a) of this subsection by enacting an ordinance authorizing such distance reduction, provided that the ordinance will not negatively impact the jurisdiction's civil regulatory enforcement, criminal law enforcement, public safety, or public health.

(d) The state liquor and cannabis board may license premises located in compliance with the distance requirements set in an ordinance adopted under (b) or (c) of this subsection. Before issuing or renewing a research license for premises within one thousand feet but not less than one hundred feet of an elementary school, secondary school, or playground in compliance with an ordinance passed pursuant to (c) of this subsection, the board must ensure that the facility:

(i) Meets a security standard exceeding that which applies to marijuana producer, processor, or retailer licensees;

(ii) Is inaccessible to the public and no part of the operation of the facility is in view of the general public; and

(iii) Bears no advertising or signage indicating that it is a marijuana research facility.

(e) The state liquor and cannabis board may not issue a license for any premises within Indian country, as defined in 18 U.S.C. Sec. 1151, including any fee patent lands within the exterior boundaries of a reservation, without the consent of the federally recognized tribe associated with the reservation or Indian country.

(9) (~~Subject to section 1601 of this act,~~) A city, town, or county may adopt an ordinance prohibiting a marijuana producer or marijuana processor from operating or locating a business within areas zoned primarily for residential use or rural use with a minimum lot size of five acres or smaller.

(10) In determining whether to grant or deny a license or renewal of any license, the state liquor and cannabis board must give substantial weight to objections from an incorporated city or town or county legislative authority based upon chronic illegal activity associated with the applicant's operations of the premises proposed to be licensed or the applicant's operation of any other licensed premises, or the conduct of the applicant's patrons inside or outside the licensed premises. "Chronic illegal activity" means (a) a pervasive pattern of activity that threatens the public health, safety, and welfare of the city, town, or county including, but not limited to, open container violations, assaults, disturbances, disorderly conduct, or other criminal law violations, or as documented in crime statistics, police reports, emergency medical response data, calls for service, field data, or similar records of a law enforcement agency for the city, town, county, or any other municipal corporation or any state agency; or (b) an unreasonably high number of citations for violations of RCW 46.61.502 associated with the applicant's or licensee's operation of any licensed premises as indicated by the reported statements given to law enforcement upon arrest.

**Sec. 3.** RCW 69.50.372 and 2016 sp.s. c 9 s 1 are each amended to read as follows:

(1) A marijuana research license is established that permits a licensee to produce, process, and possess marijuana for the following limited research purposes:

(a) To test chemical potency and composition levels;

(b) To conduct clinical investigations of marijuana-derived drug products;

(c) To conduct research on the efficacy and safety of administering marijuana as part of medical treatment; and

(d) To conduct genomic or agricultural research.

(2) As part of the application process for a marijuana research license, an applicant must submit to the liquor and cannabis board's designated scientific reviewer a description of the research that is intended to be conducted. The liquor and cannabis board must select a scientific reviewer to review an applicant's research project and determine that it meets the requirements of subsection (1) of this section, as well as assess the following:

(a) Project quality, study design, value, or impact;

(b) Whether applicants have the appropriate personnel, expertise, facilities/infrastructure, funding, and human/animal/other federal approvals in place to successfully conduct the project; and

(c) Whether the amount of marijuana to be grown by the applicant is consistent with the project's scope and goals.

If the scientific reviewer determines that the research project does not meet the requirements of subsection (1) of this section, the application must be denied.

(3) A marijuana research licensee may only sell marijuana grown or within its operation to other marijuana research licensees. The liquor and cannabis board may revoke a marijuana research license for violations of this subsection.

(4) A marijuana research licensee may contract with the University of Washington or Washington State University to perform research in conjunction with the university. All research projects, not including those projects conducted pursuant to a contract entered into under RCW 28B.20.502(3), must be approved by the scientific reviewer and meet the requirements of subsection (1) of this section.

(5) In establishing a marijuana research license, the liquor and cannabis board may adopt rules on the following:

(a) Application requirements;

(b) Marijuana research license renewal requirements, including whether additional research projects may be added or considered;

- (c) Conditions for license revocation;
- (d) Security measures to ensure marijuana is not diverted to purposes other than research;
- (e) Amount of plants, useable marijuana, marijuana concentrates, or marijuana-infused products a licensee may have on its premises;
- (f) Licensee reporting requirements;
- (g) Conditions under which marijuana grown by licensed marijuana producers and other product types from licensed marijuana processors may be donated to marijuana research licensees; and
- (h) Additional requirements deemed necessary by the liquor and cannabis board.
- (6) The production, processing, possession, delivery, donation, and sale of marijuana, including immature plants or clones and seeds, in accordance with this section, RCW 69.50.366(3), and the rules adopted to implement and enforce (~~(11)~~) this section and RCW 69.50.366(3), by a validly licensed marijuana researcher, shall not be a criminal or civil offense under Washington state law. Every marijuana research license must be issued in the name of the applicant, must specify the location at which the marijuana researcher intends to operate, which must be within the state of Washington, and the holder thereof may not allow any other person to use the license.
- (7) The application fee for a marijuana research license is two hundred fifty dollars. The annual fee for issuance and renewal of a marijuana research license is one thousand dollars. The applicant must pay the cost of the review process directly to the scientific reviewer as designated by the liquor and cannabis board.
- (8) The scientific reviewer shall review any reports made by marijuana research licensees under liquor and cannabis board rule and provide the liquor and cannabis board with its determination on whether the research project continues to meet research qualifications under this section.
- (9) For the purposes of this section, "scientific reviewer" means an organization that convenes or contracts with persons who have the training and experience in research practice and research methodology to determine whether a project meets the criteria for a

marijuana research license under this section and to review any reports submitted by marijuana research licensees under liquor and cannabis board rule. "Scientific reviewers" include, but are not limited to, educational institutions, research institutions, peer review bodies, or such other organizations that are focused on science or research in its day-to-day activities.

**Sec. 4.** RCW 66.08.100 and 2012 c 117 s 269 are each amended to read as follows:

No court of the state of Washington other than the superior court of Thurston county shall have jurisdiction over any action or proceeding against the board or any member thereof for anything done or omitted to be done in or arising out of the performance of his or her or their duties under this title. Neither the board nor any member or members thereof shall be personally liable in any action at law for damages sustained by any person because of any acts performed or done or omitted to be done by the board or any employee of the board in the performance of his or her duties and in the administration of this title or chapter 69.50 or 69.51A RCW.

**Sec. 5.** RCW 69.50.101 and 2015 2nd sp.s. c 4 s 901 are each reenacted and amended to read as follows:

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

(a) "Administer" means to apply a controlled substance, whether by injection, inhalation, ingestion, or any other means, directly to the body of a patient or research subject by:

(1) a practitioner authorized to prescribe (or, by the practitioner's authorized agent); or

(2) the patient or research subject at the direction and in the presence of the practitioner.

(b) "Agent" means an authorized person who acts on behalf of or at the direction of a manufacturer, distributor, or dispenser. It does not include a common or contract carrier, public warehouseperson, or employee of the carrier or warehouseperson.

(c) "CBD concentration" has the meaning provided in RCW 69.51A.010.

(d) "Commission" means the pharmacy quality assurance commission.

(e) "Controlled substance" means a drug, substance, or immediate precursor included in Schedules I through V as set forth in federal or state laws, or federal or commission rules.

(f)(1) "Controlled substance analog" means a substance the chemical structure of which is substantially similar to the chemical structure of a controlled substance in Schedule I or II and:

(i) that has a stimulant, depressant, or hallucinogenic effect on the central nervous system substantially similar to the stimulant, depressant, or hallucinogenic effect on the central nervous system of a controlled substance included in Schedule I or II; or

(ii) with respect to a particular individual, that the individual represents or intends to have a stimulant, depressant, or hallucinogenic effect on the central nervous system substantially similar to the stimulant, depressant, or hallucinogenic effect on the central nervous system of a controlled substance included in Schedule I or II.

(2) The term does not include:

(i) a controlled substance;

(ii) a substance for which there is an approved new drug application;

(iii) a substance with respect to which an exemption is in effect for investigational use by a particular person under Section 505 of the federal Food, Drug and Cosmetic Act, 21 U.S.C. Sec. 355, to the extent conduct with respect to the substance is pursuant to the exemption; or

(iv) any substance to the extent not intended for human consumption before an exemption takes effect with respect to the substance.

(g) "Deliver" or "delivery((τ))" means the actual or constructive transfer from one person to another of a substance, whether or not there is an agency relationship.

(h) "Department" means the department of health.

(i) "Designated provider" has the meaning provided in RCW 69.51A.010.

(j) "Dispense" means the interpretation of a prescription or order for a controlled substance and, pursuant to that prescription or order, the proper selection, measuring, compounding, labeling, or packaging necessary to

prepare that prescription or order for delivery.

(k) "Dispenser" means a practitioner who dispenses.

(l) "Distribute" means to deliver other than by administering or dispensing a controlled substance.

(m) "Distributor" means a person who distributes.

(n) "Drug" means (1) a controlled substance recognized as a drug in the official United States pharmacopoeia/national formulary or the official homeopathic pharmacopoeia of the United States, or any supplement to them; (2) controlled substances intended for use in the diagnosis, cure, mitigation, treatment, or prevention of disease in individuals or animals; (3) controlled substances (other than food) intended to affect the structure or any function of the body of individuals or animals; and (4) controlled substances intended for use as a component of any article specified in (1), (2), or (3) of this subsection. The term does not include devices or their components, parts, or accessories.

(o) "Drug enforcement administration" means the drug enforcement administration in the United States Department of Justice, or its successor agency.

(p) "Electronic communication of prescription information" means the transmission of a prescription or refill authorization for a drug of a practitioner using computer systems. The term does not include a prescription or refill authorization verbally transmitted by telephone nor a facsimile manually signed by the practitioner.

(q) "Immature plant or clone" means a plant or clone that has no flowers, is less than twelve inches in height, and is less than twelve inches in diameter.

(r) "Immediate precursor" means a substance:

(1) that the commission has found to be and by rule designates as being the principal compound commonly used, or produced primarily for use, in the manufacture of a controlled substance;

(2) that is an immediate chemical intermediary used or likely to be used in the manufacture of a controlled substance; and

(3) the control of which is necessary to prevent, curtail, or limit the manufacture of the controlled substance.

~~((+r))~~ (s) "Isomer" means an optical isomer, but in subsection ~~((+dd))~~ (ee) (5) of this section, RCW 69.50.204(a) (12) and (34), and 69.50.206(b) (4), the term includes any geometrical isomer; in RCW 69.50.204(a) (8) and (42), and 69.50.210(c) the term includes any positional isomer; and in RCW 69.50.204(a) (35), 69.50.204(c), and 69.50.208(a) the term includes any positional or geometric isomer.

~~((+s))~~ (t) "Lot" means a definite quantity of marijuana, marijuana concentrates, useable marijuana, or marijuana-infused product identified by a lot number, every portion or package of which is uniform within recognized tolerances for the factors that appear in the labeling.

~~((+t))~~ (u) "Lot number" must identify the licensee by business or trade name and Washington state unified business identifier number, and the date of harvest or processing for each lot of marijuana, marijuana concentrates, useable marijuana, or marijuana-infused product.

~~((+u))~~ (v) "Manufacture" means the production, preparation, propagation, compounding, conversion, or processing of a controlled substance, either directly or indirectly or by extraction from substances of natural origin, or independently by means of chemical synthesis, or by a combination of extraction and chemical synthesis, and includes any packaging or repackaging of the substance or labeling or relabeling of its container. The term does not include the preparation, compounding, packaging, repackaging, labeling, or relabeling of a controlled substance:

(1) by a practitioner as an incident to the practitioner's administering or dispensing of a controlled substance in the course of the practitioner's professional practice; or

(2) by a practitioner, or by the practitioner's authorized agent under the practitioner's supervision, for the purpose of, or as an incident to, research, teaching, or chemical analysis and not for sale.

~~((+v))~~ (w) "Marijuana" or "marihuana" means all parts of the plant *Cannabis*, whether growing or not, with a THC concentration greater than 0.3 percent on

a dry weight basis; the seeds thereof; the resin extracted from any part of the plant; and every compound, manufacture, salt, derivative, mixture, or preparation of the plant, its seeds or resin. The term does not include the mature stalks of the plant, fiber produced from the stalks, oil or cake made from the seeds of the plant, any other compound, manufacture, salt, derivative, mixture, or preparation of the mature stalks (except the resin extracted therefrom), fiber, oil, or cake, or the sterilized seed of the plant which is incapable of germination.

~~((+w))~~ (x) "Marijuana concentrates" means products consisting wholly or in part of the resin extracted from any part of the plant *Cannabis* and having a THC concentration greater than ten percent.

~~((+x))~~ (y) "Marijuana processor" means a person licensed by the state liquor and cannabis board to process marijuana into marijuana concentrates, useable marijuana, and marijuana-infused products, package and label marijuana concentrates, useable marijuana, and marijuana-infused products for sale in retail outlets, and sell marijuana concentrates, useable marijuana, and marijuana-infused products at wholesale to marijuana retailers.

~~((+y))~~ (z) "Marijuana producer" means a person licensed by the state liquor and cannabis board to produce and sell marijuana at wholesale to marijuana processors and other marijuana producers.

~~((+z))~~ (aa) "Marijuana products" means useable marijuana, marijuana concentrates, and marijuana-infused products as defined in this section.

~~((+aa))~~ (bb) "Marijuana researcher" means a person licensed by the state liquor and cannabis board to produce, process, and possess marijuana for the purposes of conducting research on marijuana and marijuana-derived drug products.

~~((+bb))~~ (cc) "Marijuana retailer" means a person licensed by the state liquor and cannabis board to sell marijuana concentrates, useable marijuana, and marijuana-infused products in a retail outlet.

~~((+cc))~~ (dd) "Marijuana-infused products" means products that contain marijuana or marijuana extracts, are intended for human use, are derived from marijuana as defined in subsection ~~((+v))~~ (w) of this section, and have a THC

concentration no greater than ten percent. The term "marijuana-infused products" does not include either useable marijuana or marijuana concentrates.

~~((dd))~~ (ee) "Narcotic drug" means any of the following, whether produced directly or indirectly by extraction from substances of vegetable origin, or independently by means of chemical synthesis, or by a combination of extraction and chemical synthesis:

(1) Opium, opium derivative, and any derivative of opium or opium derivative, including their salts, isomers, and salts of isomers, whenever the existence of the salts, isomers, and salts of isomers is possible within the specific chemical designation. The term does not include the isoquinoline alkaloids of opium.

(2) Synthetic opiate and any derivative of synthetic opiate, including their isomers, esters, ethers, salts, and salts of isomers, esters, and ethers, whenever the existence of the isomers, esters, ethers, and salts is possible within the specific chemical designation.

(3) Poppy straw and concentrate of poppy straw.

(4) Coca leaves, except coca leaves and extracts of coca leaves from which cocaine, ecgonine, and derivatives or ecgonine or their salts have been removed.

(5) Cocaine, or any salt, isomer, or salt of isomer thereof.

(6) Cocaine base.

(7) Ecgonine, or any derivative, salt, isomer, or salt of isomer thereof.

(8) Any compound, mixture, or preparation containing any quantity of any substance referred to in subparagraphs (1) through (7).

~~((ee))~~ (ff) "Opiate" means any substance having an addiction-forming or addiction-sustaining liability similar to morphine or being capable of conversion into a drug having addiction-forming or addiction-sustaining liability. The term includes opium, substances derived from opium (opium derivatives), and synthetic opiates. The term does not include, unless specifically designated as controlled under RCW 69.50.201, the dextrorotatory isomer of 3-methoxy-n-methylmorphinan and its salts (dextromethorphan). The term includes the racemic and levorotatory forms of dextromethorphan.

~~((ff))~~ (gg) "Opium poppy" means the plant of the species *Papaver somniferum* L., except its seeds.

~~((gg))~~ (hh) "Person" means individual, corporation, business trust, estate, trust, partnership, association, joint venture, government, governmental subdivision or agency, or any other legal or commercial entity.

~~((hh))~~ (ii) "Plant" has the meaning provided in RCW 69.51A.010.

~~((ii))~~ (jj) "Poppy straw" means all parts, except the seeds, of the opium poppy, after mowing.

~~((jj))~~ (kk) "Practitioner" means:

(1) A physician under chapter 18.71 RCW; a physician assistant under chapter 18.71A RCW; an osteopathic physician and surgeon under chapter 18.57 RCW; an osteopathic physician assistant under chapter 18.57A RCW who is licensed under RCW 18.57A.020 subject to any limitations in RCW 18.57A.040; an optometrist licensed under chapter 18.53 RCW who is certified by the optometry board under RCW 18.53.010 subject to any limitations in RCW 18.53.010; a dentist under chapter 18.32 RCW; a podiatric physician and surgeon under chapter 18.22 RCW; a veterinarian under chapter 18.92 RCW; a registered nurse, advanced registered nurse practitioner, or licensed practical nurse under chapter 18.79 RCW; a naturopathic physician under chapter 18.36A RCW who is licensed under RCW 18.36A.030 subject to any limitations in RCW 18.36A.040; a pharmacist under chapter 18.64 RCW or a scientific investigator under this chapter, licensed, registered or otherwise permitted insofar as is consistent with those licensing laws to distribute, dispense, conduct research with respect to or administer a controlled substance in the course of their professional practice or research in this state.

(2) A pharmacy, hospital or other institution licensed, registered, or otherwise permitted to distribute, dispense, conduct research with respect to or to administer a controlled substance in the course of professional practice or research in this state.

(3) A physician licensed to practice medicine and surgery, a physician licensed to practice osteopathic medicine and surgery, a dentist licensed to practice dentistry, a podiatric physician and surgeon licensed to practice podiatric medicine and surgery, a licensed physician

assistant or a licensed osteopathic physician assistant specifically approved to prescribe controlled substances by his or her state's medical quality assurance commission or equivalent and his or her supervising physician, an advanced registered nurse practitioner licensed to prescribe controlled substances, or a veterinarian licensed to practice veterinary medicine in any state of the United States.

~~((kk))~~ (ll) "Prescription" means an order for controlled substances issued by a practitioner duly authorized by law or rule in the state of Washington to prescribe controlled substances within the scope of his or her professional practice for a legitimate medical purpose.

~~((ll))~~ (mm) "Production" includes the manufacturing, planting, cultivating, growing, or harvesting of a controlled substance.

~~((mm))~~ (nn) "Qualifying patient" has the meaning provided in RCW 69.51A.010.

~~((nn))~~ (oo) "Recognition card" has the meaning provided in RCW 69.51A.010.

~~((oo))~~ (pp) "Retail outlet" means a location licensed by the state liquor and cannabis board for the retail sale of marijuana concentrates, useable marijuana, and marijuana-infused products.

~~((pp))~~ (qq) "Secretary" means the secretary of health or the secretary's designee.

~~((qq))~~ (rr) "State," unless the context otherwise requires, means a state of the United States, the District of Columbia, the Commonwealth of Puerto Rico, or a territory or insular possession subject to the jurisdiction of the United States.

~~((rr))~~ (ss) "THC concentration" means percent of delta-9 tetrahydrocannabinol content per dry weight of any part of the plant *Cannabis*, or per volume or weight of marijuana product, or the combined percent of delta-9 tetrahydrocannabinol and tetrahydrocannabinolic acid in any part of the plant *Cannabis* regardless of moisture content.

~~((ss))~~ (tt) "Ultimate user" means an individual who lawfully possesses a controlled substance for the individual's own use or for the use of a member of the individual's household or for administering to an animal owned by the

individual or by a member of the individual's household.

~~((tt))~~ (uu) "Useable marijuana" means dried marijuana flowers. The term "useable marijuana" does not include either marijuana-infused products or marijuana concentrates.

**Sec. 6.** RCW 69.50.366 and 2015 c 207 s 8 are each amended to read as follows:

The following acts, when performed by a validly licensed marijuana producer or employee of a validly licensed marijuana producer in compliance with rules adopted by the state liquor ~~((control))~~ and cannabis board to implement and enforce this chapter ((3, Laws of 2013)), do not constitute criminal or civil offenses under Washington state law:

(1) Production or possession of quantities of marijuana that do not exceed the maximum amounts established by the state liquor ~~((control))~~ and cannabis board under RCW 69.50.345(3);

(2) Delivery, distribution, and sale of marijuana to a marijuana processor or another marijuana producer validly licensed under this chapter ((3, Laws of 2013)); ~~((and))~~

(3) Delivery, distribution, and sale of immature plants or clones and marijuana seeds to a licensed marijuana researcher, and to receive or purchase immature plants or clones and seeds from a licensed marijuana researcher; and

(4) Delivery, distribution, and sale of marijuana or useable marijuana to a federally recognized Indian tribe as permitted under an agreement between the state and the tribe entered into under RCW 43.06.490.

**Sec. 7.** RCW 69.50.382 and 2015 2nd sp.s. c 4 s 501 are each amended to read as follows:

(1) A licensed marijuana producer, marijuana processor, marijuana researcher, or marijuana retailer, or their employees, in accordance with the requirements of this chapter and the administrative rules adopted thereunder, may use the services of a common carrier subject to regulation under chapters 81.28 and 81.29 RCW and licensed in compliance with the regulations established under RCW 69.50.385, to physically transport or deliver, as authorized under this chapter, marijuana, useable marijuana, marijuana concentrates, immature plants or clones, marijuana seeds, and marijuana-infused



products between licensed marijuana businesses located within the state.

(2) An employee of a common carrier engaged in marijuana-related transportation or delivery services authorized under subsection (1) of this section is prohibited from carrying or using a firearm during the course of providing such services, unless:

(a) Pursuant to RCW 69.50.385, the state liquor and cannabis board explicitly authorizes the carrying or use of firearms by such employee while engaged in the transportation or delivery services;

(b) The employee has an armed private security guard license issued pursuant to RCW 18.170.040; and

(c) The employee is in full compliance with the regulations established by the state liquor and cannabis board under RCW 69.50.385.

(3) A common carrier licensed under RCW 69.50.385 may, for the purpose of transporting and delivering marijuana, useable marijuana, marijuana concentrates, and marijuana-infused products, utilize Washington state ferry routes for such transportation and delivery.

(4) The possession of marijuana, useable marijuana, marijuana concentrates, and marijuana-infused products being physically transported or delivered within the state, in amounts not exceeding those that may be established under RCW 69.50.385(3), by a licensed employee of a common carrier when performing the duties authorized under, and in accordance with, this section and RCW 69.50.385, is not a violation of this section, this chapter, or any other provision of Washington state law.

**Sec. 8.** RCW 69.51A.250 and 2016 c 170 s 2 are each amended to read as follows:

(1) Qualifying patients or designated providers may form a cooperative and share responsibility for acquiring and supplying the resources needed to produce and process marijuana only for the medical use of members of the cooperative. No more than four qualifying patients or designated providers may become members of a cooperative under this section and all members must hold valid recognition cards. All members of the cooperative must be at least twenty-one years old. The designated provider of a qualifying patient who is under twenty-one years old may be a member

of a cooperative on the qualifying patient's behalf. All plants grown in the cooperative must be (~~((purchased or cloned))~~) from an immature plant or clone purchased from a licensed marijuana producer as defined in RCW 69.50.101. Cooperatives may also purchase marijuana seeds from a licensed marijuana producer.

(2) Qualifying patients and designated providers who wish to form a cooperative must register the location with the state liquor and cannabis board and this is the only location where cooperative members may grow or process marijuana. This registration must include the names of all participating members and copies of each participant's recognition card. Only qualifying patients or designated providers registered with the state liquor and cannabis board in association with the location may participate in growing or receive useable marijuana or marijuana-infused products grown at that location.

(3) No cooperative may be located in any of the following areas:

(a) Within one mile of a marijuana retailer;

(b) Within the smaller of either:

(i) One thousand feet of the perimeter of the grounds of any elementary or secondary school, playground, recreation center or facility, child care center, public park, public transit center, library, or any game arcade that admission to which is not restricted to persons aged twenty-one years or older; or

(ii) The area restricted by ordinance, if the cooperative is located in a city, county, or town that has passed an ordinance pursuant to RCW 69.50.331(8); or

(c) Where prohibited by a city, town, or county zoning provision.

(4) The state liquor and cannabis board must deny the registration of any cooperative if the location does not comply with the requirements set forth in subsection (3) of this section.

(5) If a qualifying patient or designated provider no longer participates in growing at the location, he or she must notify the state liquor and cannabis board within fifteen days of the date the qualifying patient or designated provider ceases participation. The state liquor and cannabis board must remove his or her name from connection to the cooperative. Additional qualifying patients or designated providers may not join the

cooperative until sixty days have passed since the date on which the last qualifying patient or designated provider notifies the state liquor and cannabis board that he or she no longer participates in that cooperative.

(6) Qualifying patients or designated providers who participate in a cooperative under this section:

(a) May grow up to the total amount of plants for which each participating member is authorized on their recognition cards, up to a maximum of sixty plants. At the location, the qualifying patients or designated providers may possess the amount of useable marijuana that can be produced with the number of plants permitted under this subsection, but no more than seventy-two ounces;

(b) May only participate in one cooperative;

(c) May only grow plants in the cooperative and if he or she grows plants in the cooperative may not grow plants elsewhere;

(d) Must provide assistance in growing plants. A monetary contribution or donation is not to be considered assistance under this section. Participants must provide nonmonetary resources and labor in order to participate; and

(e) May not sell, donate, or otherwise provide marijuana, marijuana concentrates, useable marijuana, or marijuana-infused products to a person who is not participating under this section.

(7) The location of the cooperative must be the domicile of one of the participants. Only one cooperative may be located per property tax parcel. A copy of each participant's recognition card must be kept at the location at all times.

(8) The state liquor and cannabis board may adopt rules to implement this section including:

(a) Any security requirements necessary to ensure the safety of the cooperative and to reduce the risk of diversion from the cooperative;

(b) A seed to sale traceability model that is similar to the seed to sale traceability model used by licensees that will allow the state liquor and cannabis board to track all marijuana grown in a cooperative.

(9) The state liquor and cannabis board or law enforcement may inspect a cooperative registered under this section to ensure members are in compliance with this section. The state liquor and cannabis board must adopt rules on reasonable inspection hours and reasons for inspections.

**Sec. 9.** RCW 15.120.020 and 2016 sp.s. c 11 s 3 are each amended to read as follows:

Except as otherwise provided in this chapter, industrial hemp is an agricultural product that may be grown, produced, possessed, processed, and exchanged in the state solely and exclusively as part of an industrial hemp research program supervised by the department. Processing any part of industrial hemp, except seed, as food, extract, oil, cake, concentrate, resin, or other preparation for topical use, oral consumption, or inhalation by humans is prohibited, unless the processing is both authorized by the department under section 10 of this act and in compliance with section 7606 of the federal agricultural act of 2014 (128 Stat. 649, 912; 7 U.S.C. Sec. 5940).

**NEW SECTION. Sec. 10.** A new section is added to chapter 15.120 RCW to read as follows:

(1) The department may allow a person holding an industrial hemp license authorizing the licensee to grow, produce, possess, or process industrial hemp to sell or transfer industrial hemp to a marijuana processor licensed under chapter 69.50 RCW and the rules adopted by the state liquor and cannabis board, for use by the marijuana processor.

(2) A licensed marijuana processor is required to obtain an industrial hemp license from the department in order to possess or process industrial hemp for the purposes authorized under this section.

(3) A licensed marijuana processor may use any part of industrial hemp obtained in accordance with this section. A licensee's use of industrial hemp must comply with the requirements of chapter 69.50 RCW, the rules adopted by the state liquor and cannabis board, and the rules adopted by the department of health for marijuana products. However, such rules adopted by the state liquor and cannabis board or the department of health may not prohibit the processing or sale of any specific type of marijuana product because such specific type of marijuana product is

derived, in whole or in part, from industrial hemp.

(4) The department may adopt rules, in consultation with the state liquor and cannabis board, to implement this section.

**NEW SECTION. Sec. 11.** The legislature finds that protecting the state's children, youth, and young adults under the legal age to purchase and consume marijuana, by establishing limited restrictions on the advertising of marijuana and marijuana products, is necessary to assist the state's efforts to discourage and prevent underage consumption and the potential risks associated with underage consumption. The legislature finds that these restrictions assist the state in maintaining a strong and effective regulatory and enforcement system as specified by the federal government. The legislature finds this act leaves ample opportunities for licensed marijuana businesses to market their products to those who are of legal age to purchase them, without infringing on the free speech rights of business owners. Finally, the legislature finds that the state has a substantial and compelling interest in enacting this act aimed at protecting Washington's children, youth, and young adults.

**Sec. 12.** RCW 69.50.357 and 2016 c 171 s 1 are each amended to read as follows:

(1) Retail outlets may not sell products or services other than marijuana concentrates, useable marijuana, marijuana-infused products, or paraphernalia intended for the storage or use of marijuana concentrates, useable marijuana, or marijuana-infused products.

(2) Licensed marijuana retailers may not employ persons under twenty-one years of age or allow persons under twenty-one years of age to enter or remain on the premises of a retail outlet. However, qualifying patients between eighteen and twenty-one years of age with a recognition card may enter and remain on the premises of a retail outlet holding a medical marijuana endorsement and may purchase products for their personal medical use. Qualifying patients who are under the age of eighteen with a recognition card and who accompany their designated providers may enter and remain on the premises of a retail outlet holding a medical marijuana endorsement, but may not purchase products for their personal medical use.

(3)(a) Licensed marijuana retailers must ensure that all employees are trained

on the rules adopted to implement this chapter, identification of persons under the age of twenty-one, and other requirements adopted by the state liquor and cannabis board to ensure that persons under the age of twenty-one are not permitted to enter or remain on the premises of a retail outlet.

(b) Licensed marijuana retailers with a medical marijuana endorsement must ensure that all employees are trained on the subjects required by (a) of this subsection as well as identification of authorizations and recognition cards. Employees must also be trained to permit qualifying patients who hold recognition cards and are between the ages of eighteen and twenty-one to enter the premises and purchase marijuana for their personal medical use and to permit qualifying patients who are under the age of eighteen with a recognition card to enter the premises if accompanied by their designated providers.

(4) Except as otherwise provided under RCW 69.50.369, licensed marijuana retailers may not display any signage outside of the licensed premises, other than two signs identifying the retail outlet by the licensee's business or trade name, stating the location of the business, and identifying the nature of the business. Each sign must be no larger than one thousand six hundred square inches, be permanently affixed to a building or other structure, and be posted not less than one thousand feet from any elementary school, secondary school, or playground. Such signs may not contain any depictions of marijuana plants, marijuana products, or images that might be appealing to children. The content of the signs authorized under this subsection (4) are subject to all requirements and restrictions applicable to outdoor signs as set forth in RCW 69.50.369.

(5) Except for the purposes of disposal as authorized by the state liquor and cannabis board, no licensed marijuana retailer or employee of a retail outlet may open or consume, or allow to be opened or consumed, any marijuana concentrates, useable marijuana, or marijuana-infused product on the outlet premises.

(6) The state liquor and cannabis board must fine a licensee one thousand dollars for each violation of any subsection of this section. Fines collected under this section must be deposited into the dedicated marijuana account created under RCW 69.50.530.

**Sec. 13.** RCW 69.50.369 and 2015 2nd sp.s. c 4 s 204 are each amended to read as follows:

(1) No licensed marijuana producer, processor, researcher, or retailer may place or maintain, or cause to be placed or maintained, an advertisement of marijuana, useable marijuana, marijuana concentrates, or a marijuana-infused product in any form or through any medium whatsoever( (+

~~(a)~~) within one thousand feet of the perimeter of a school grounds, playground, recreation center or facility, child care center, public park, or library, or any game arcade admission to which is not restricted to persons aged twenty-one years or older(( +

(b) On or in a public transit vehicle or public transit shelter; or

(c) On or in a publicly owned or operated property)).

(2) A marijuana licensee may not utilize transit advertisements for the purpose of advertising its business or product line. "Transit advertisements" means advertising on or within private or public vehicles and all advertisements placed at, on, or within any bus stop, taxi stand, transportation waiting area, train station, airport, or any similar transit-related location.

(3) A marijuana licensee may not engage in advertising or other marketing practice that specifically targets persons residing outside of the state of Washington.

(4) All signs, billboards, or other print advertising for marijuana businesses or marijuana products must contain text stating that marijuana products may be purchased or possessed only by persons twenty-one years of age or older.

(5) A marijuana licensee may not:

(a) Take any action, directly or indirectly, to target youth in the advertising, promotion, or marketing of marijuana and marijuana products, or take any action the primary purpose of which is to initiate, maintain, or increase the incidence of youth use of marijuana or marijuana products;

(b) Use objects such as toys or inflatables, movie or cartoon characters, or any other depiction or image likely to be appealing to youth, where such objects, images, or depictions indicate an intent to cause youth to become interested in the

purchase or consumption of marijuana products; or

(c) Use or employ a commercial mascot outside of, and in proximity to, a licensed marijuana business. A "commercial mascot" means live human being, animal, or mechanical device used for attracting the attention of motorists and passersby so as to make them aware of marijuana products or the presence of a marijuana business. Commercial mascots include, but are not limited to, inflatable tube displays, persons in costume, or wearing, holding, or spinning a sign with a marijuana-related commercial message or image, where the intent is to draw attention to a marijuana business or its products.

(6) A marijuana licensee that engages in outdoor advertising is subject to the advertising requirements and restrictions set forth in this subsection (6) and elsewhere in this chapter.

(a) All outdoor advertising signs, including billboards, are limited to text that identifies the retail outlet by the licensee's business or trade name, states the location of the business, and identifies the type or nature of the business. Such signs may not contain any depictions of marijuana plants, marijuana products, or images that might be appealing to children. The state liquor and cannabis board is granted rule-making authority to regulate the text and images that are permissible on outdoor advertising. Such rule making must be consistent with other administrative rules generally applicable to the advertising of marijuana businesses and products.

(b) Outdoor advertising is prohibited:

(i) On signs and placards in arenas, stadiums, shopping malls, fairs that receive state allocations, farmers markets, and video game arcades, whether any of the foregoing are open air or enclosed, but not including any such sign or placard located in an adult only facility; and

(ii) Billboards that are visible from any street, road, highway, right-of-way, or public parking area are prohibited, except as provided in (c) of this subsection.

(c)(i) Until July 1, 2018, licensed retail outlets may use a billboard or outdoor sign solely for the purpose of identifying the name of the business, the nature of the business, and providing the public with directional information to the

licensed retail outlet. Billboards advertising is subject to the same requirements and restrictions as set forth in (a) of this subsection.

(ii) After July 1, 2018, the use of a billboard for the advertising or promotion of a retail marijuana business or any marijuana-related product is prohibited.

(d) Advertising signs within the premises of a retail marijuana business outlet that are visible to the public from outside the premises must meet the signage regulations and requirements applicable to outdoor signs as set forth in this section.

(e) The restrictions and regulations applicable to outdoor advertising under this section are not applicable to:

(i) An advertisement inside a licensed retail establishment that sells marijuana products that is not placed on the inside surface of a window facing outward; or

(ii) An outdoor advertisement at the site of an event to be held at an adult only facility that is placed at such site during the period the facility or enclosed area constitutes an adult only facility, but in no event more than fourteen days before the event, and that does not advertise any marijuana product other than by using a brand name to identify the event.

(7) Merchandising within a retail outlet is not advertising for the purposes of this section.

~~((3))~~ (8) This section does not apply to a noncommercial message.

~~((4))~~ (9)(a) The state liquor and cannabis board must:

(i) Adopt rules implementing this section and specifically including provisions regulating the billboards and outdoor signs authorized under this section; and

(ii) Fine a licensee one thousand dollars for each violation of ~~((subsection (1) of))~~ this section until the state liquor and cannabis board adopts rules prescribing penalties for violations of this section. The rules must establish escalating penalties including fines and up to suspension or revocation of a marijuana license for subsequent violations.

(b) Fines collected under this subsection must be deposited into the

dedicated marijuana account created under RCW 69.50.530.

(10) A city, town, or county may adopt rules of outdoor advertising by licensed marijuana retailers that are more restrictive than the advertising restrictions imposed under this chapter. Enforcement of restrictions to advertising by a city, town, or county is the responsibility of the city, town, or county.

**Sec. 14.** RCW 69.50.4013 and 2015 2nd sp.s. c 4 s 503 are each amended to read as follows:

(1) It is unlawful for any person to possess a controlled substance unless the substance was obtained directly from, or pursuant to, a valid prescription or order of a practitioner while acting in the course of his or her professional practice, or except as otherwise authorized by this chapter.

(2) Except as provided in RCW 69.50.4014, any person who violates this section is guilty of a class C felony punishable under chapter 9A.20 RCW.

(3)(a) The possession, by a person twenty-one years of age or older, of useable marijuana, marijuana concentrates, or marijuana-infused products in amounts that do not exceed those set forth in RCW 69.50.360(3) is not a violation of this section, this chapter, or any other provision of Washington state law.

(b) The possession of marijuana, useable marijuana, marijuana concentrates, and marijuana-infused products being physically transported or delivered within the state, in amounts not exceeding those that may be established under RCW 69.50.385(3), by a licensed employee of a common carrier when performing the duties authorized in accordance with RCW 69.50.382 and 69.50.385, is not a violation of this section, this chapter, or any other provision of Washington state law.

(4) The delivery by a person twenty-one years of age or older to one or more persons twenty-one years of age or older, during a twenty-four hour period, for noncommercial purposes and not conditioned upon or done in connection with the provision or receipt of financial consideration, of any of the following marijuana products, is not a violation of this section, this chapter, or any other provisions of Washington state law:

(a) One-half ounce of useable marijuana;

(b) Eight ounces of marijuana-infused product in solid form;

(c) Thirty-six ounces of marijuana-infused product in liquid form; or

(d) Three and one-half grams of marijuana concentrates.

(5) No person under twenty-one years of age may possess, manufacture, sell, or distribute marijuana, marijuana-infused products, or marijuana concentrates, regardless of THC concentration. This does not include qualifying patients with a valid authorization.

~~((5))~~ (6) The possession by a qualifying patient or designated provider of marijuana concentrates, useable marijuana, marijuana-infused products, or plants in accordance with chapter 69.51A RCW is not a violation of this section, this chapter, or any other provision of Washington state law.

NEW SECTION. **Sec. 15.** A new section is added to chapter 69.50 RCW to read as follows:

(1) A licensed marijuana business may enter into a licensing agreement, or consulting contract, with any individual, partnership, employee cooperative, association, nonprofit corporation, or corporation, for:

(a) Any goods or services that are registered as a trademark under federal law or under chapter 19.77 RCW;

(b) Any unregistered trademark, trade name, or trade dress; or

(c) Any trade secret, technology, or proprietary information used to manufacture a cannabis product or used to provide a service related to a marijuana business.

(2) All agreements or contracts entered into by a licensed marijuana business, as authorized under this section, must be disclosed to the state liquor and cannabis board.

**Sec. 16.** RCW 42.56.270 and 2016 sp.s. c 9 s 3, 2016 sp.s. c 8 s 1, and 2016 c 178 s 1 are each reenacted and 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 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), marijuana producer, processor, or retailer license, liquor license, gambling license, or lottery retail license;

(b) Internal control documents, independent auditors' reports and financial statements, and supporting documents: (i) Of house-banked social card game licensees required by the gambling commission pursuant to rules adopted under chapter 9.46 RCW; or (ii) submitted by tribes with an approved tribal/state compact for class III gaming;

(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 supplying information under this subsection and the locations being considered 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 decision" means the decision to acquire or not to acquire a site;

(d) If there is no written contact for a period of sixty days to the department of commerce from a person connected with siting, recruitment, expansion, retention, or relocation of that person's business, information described in (a) (ii) of this subsection will be available to the public under this chapter;

(13) Financial and proprietary information submitted to or obtained by the department of ecology or the authority created under chapter 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) Market share data submitted by a manufacturer under RCW 70.95N.190(4);

(22) Financial information supplied to the department of financial institutions or to a portal under RCW 21.20.883, when filed by or on behalf of an issuer of securities for the purpose of obtaining the exemption from state securities registration for small securities offerings provided under RCW 21.20.880 or when filed by or on behalf of an investor for the purpose of purchasing such securities;

(23) Unaggregated or individual notices of a transfer of crude oil that is financial, proprietary, or commercial information, submitted to the department of ecology pursuant to RCW 90.56.565(1)(a), and that is in the possession of the department of ecology or any entity with which the department of ecology has shared the notice pursuant to RCW 90.56.565;

(24) Financial institution and retirement account information, and building security plan information, supplied to the liquor and cannabis board pursuant to RCW 69.50.325, 69.50.331, 69.50.342, and 69.50.345, when filed by or on behalf of a licensee or prospective licensee for the purpose of obtaining, maintaining, or renewing a license to produce, process, transport, or sell marijuana as allowed under chapter 69.50 RCW; (~~and~~)

(25) Marijuana transport information, vehicle and driver identification data, and account numbers or unique access identifiers issued to private entities for traceability system access, submitted by an individual or business to the liquor and cannabis board under the requirements of RCW 69.50.325, 69.50.331, 69.50.342, and 69.50.345 for the purpose of marijuana product traceability. Disclosure to local,

state, and federal officials is not considered public disclosure for purposes of this section; (~~and~~)

(26) Financial and commercial information submitted to or obtained by the retirement board of any city that is responsible for the management of an employees' retirement system pursuant to the authority of chapter 35.39 RCW, when the information relates to investments in private funds, to the extent that such information, if revealed, would reasonably be expected to result in loss to the retirement fund or to result in private loss to the providers of this information except that (a) the names and commitment amounts of the private funds in which retirement funds are invested and (b) the aggregate quarterly performance results for a retirement fund's portfolio of investments in such funds are subject to disclosure; (~~and~~)

(27) Proprietary financial, commercial, operations, and technical and research information and data submitted to or obtained by the liquor and cannabis board in applications for marijuana research licenses under RCW 69.50.372, or in reports submitted by marijuana research licensees in accordance with rules adopted by the liquor and cannabis board under RCW 69.50.372; and

(28) Trade secrets, technology, proprietary information, and financial considerations contained in any agreements or contracts, entered into by a licensed marijuana business under section 15 of this act, which may be submitted to or obtained by the state liquor and cannabis board.

**Sec. 17.** RCW 69.07.010 and 1992 c 34 s 3 are each amended to read as follows:

For the purposes of this chapter:

(1) "Department" means the department of agriculture of the state of Washington;

(2) "Director" means the director of the department;

(3) "Food" means any substance used for food or drink by any person, including ice, bottled water, and any ingredient used for components of any such substance regardless of the quantity of such component;

(4) "Sale" means selling, offering for sale, holding for sale, preparing for sale, trading, bartering, offering a gift as an inducement for sale of, and advertising for sale in any media;



(5) "Food processing" means the handling or processing of any food in any manner in preparation for sale for human consumption: PROVIDED, That it shall not include fresh fruit or vegetables merely washed or trimmed while being prepared or packaged for sale in their natural state;

(6) "Food processing plant" includes but is not limited to any premises, plant, establishment, building, room, area, facilities and the appurtenances thereto, in whole or in part, where food is prepared, handled or processed in any manner for distribution or sale for resale by retail outlets, restaurants, and any such other facility selling or distributing to the ultimate consumer: PROVIDED, That, as set forth herein, establishments processing foods in any manner for resale shall be considered a food processing plant as to such processing;

(7) "Food service establishment" shall mean any fixed or mobile restaurant, coffee shop, cafeteria, short order cafe, luncheonette, grill, tearoom, sandwich shop, soda fountain, tavern, bar, cocktail lounge, night club, roadside stand, industrial-feeding establishment, retail grocery, retail food market, retail meat market, retail bakery, private, public, or nonprofit organization routinely serving food, catering kitchen, commissary or similar place in which food or drink is prepared for sale or for service on the premises or elsewhere, and any other eating or drinking establishment or operation where food is served or provided for the public with or without charge.

For the purpose of this chapter any custom cannery or processing plant where raw food products, food, or food products are processed for the owner thereof, or the food processing facilities are made available to the owners or persons in control of raw food products or food or food products for processing in any manner, shall be considered to be food processing plants;

(8) "Person" means an individual, partnership, corporation, or association;

(9) "Board" means the state liquor and cannabis board;

(10) "Marijuana" has the meaning provided in RCW 69.50.101;

(11) "Marijuana-infused edible" means "marijuana-infused products," which is defined in RCW 69.50.101, but limited to products intended for oral consumption;

(12) "Marijuana-infused edible processing" means processing, packaging, or making marijuana-infused edibles using marijuana, marijuana extract, or marijuana concentrates as an ingredient. The term does not include preparation of marijuana as an ingredient including, but not limited to, processing marijuana extracts or marijuana concentrates;

(13) "Marijuana processor" has the meaning provided in RCW 69.50.101.

**Sec. 18.** RCW 69.07.020 and 1969 c 68 s 1 are each amended to read as follows:

(1) The department shall enforce and carry out the provisions of this chapter, and may adopt the necessary rules to carry out its purposes.

(2) Such rules may include:

(a) Standards for temperature controls in the storage of foods, so as to provide proper refrigeration.

(b) Standards for temperatures at which low acid foods must be processed and the length of time such temperatures must be applied and at what pressure in the processing of such low acid foods.

(c) Standards and types of recording devices that must be used in providing records of the processing of low acid foods, and how they shall be made available to the department of agriculture for inspection.

(d) Requirements for the keeping of records of the temperatures, times and pressures at which foods were processed, or for the temperatures at which refrigerated products were stored by the licensee and the furnishing of such records to the department.

(e) Standards that must be used to establish the temperature and purity of water used in the processing of foods.

(3) The department may adopt rules specific to marijuana-infused edibles. The rules must be written and interpreted to be consistent with rules adopted by the board and the department of health.

**Sec. 19.** RCW 19.02.110 and 2013 c 144 s 25 are each amended to read as follows:

(1) In addition to the licenses processed under the business licensing system prior to April 1, 1982, on July 1, 1982, use of the business licensing system is expanded as provided by this section.

(2) Applications for the following must be filed with the business licensing service and must be processed, and renewals must be issued, under the business licensing system:

(a) Nursery dealer's licenses required by chapter 15.13 RCW;

(b) Seed dealer's licenses required by chapter 15.49 RCW;

(c) Pesticide dealer's licenses required by chapter 15.58 RCW;

(d) Shopkeeper's licenses required by chapter 18.64 RCW;

(e) Egg dealer's licenses required by chapter 69.25 RCW; and

(f) Marijuana-infused edible endorsements required by chapter 69.07 RCW.

**NEW SECTION. Sec. 20.** A new section is added to chapter 69.07 RCW to read as follows:

(1) In addition to the requirements administered by the board under chapter 69.50 RCW, the department shall regulate marijuana-infused edible processing the same as other food processing under this chapter, except:

(a) The department shall not consider foods containing marijuana to be adulterated when produced in compliance with chapter 69.50 RCW and the rules adopted by the board;

(b) Initial issuance and renewal for an annual marijuana-infused edible endorsement in lieu of a food processing license under RCW 69.07.040 must be made through the business licensing system under chapter 19.02 RCW;

(c) Renewal of the endorsement must coincide with renewal of the endorsement holder's marijuana processor license;

(d) The department shall adopt a penalty schedule specific to marijuana processors, which may have values equivalent to the penalty schedule adopted by the board. The penalties are in addition to any penalties imposed under the penalty schedule adopted by the board; and

(e) The department shall notify the board of violations by marijuana processors under this chapter.

(2) A marijuana processor that processes, packages, or makes marijuana-infused edibles must obtain an annual

marijuana-infused edible endorsement, as provided in this subsection (2).

(a) The marijuana processor must apply for issuance and renewal for the endorsement from the department through the business licensing system under chapter 19.02 RCW.

(b) The marijuana processor must have a valid marijuana processor license before submitting an application for initial endorsement. The application and initial endorsement fees total eight hundred ninety-five dollars. Applicants for endorsement otherwise must meet the same requirements as applicants for a food processing license under this chapter including, but not limited to, successful completion of inspection by the department.

(c) Annual renewal of the endorsement must coincide with renewal of the endorsement holder's marijuana processor license. The endorsement renewal fee is eight hundred ninety-five dollars.

(d) A marijuana processor must obtain a separate endorsement for each location at which the marijuana processor intends to process marijuana-infused edibles. Premises used for marijuana-infused edible processing may not be used for processing food that does not use marijuana as an ingredient, with the exception of edibles produced solely for tasting samples or internal product testing.

(3) The department may deny, suspend, or revoke a marijuana-infused edible endorsement on the same grounds as the department may deny, suspend, or revoke a food processing license under this chapter.

(4) Information about processors otherwise exempt from public inspection and copying under chapter 42.56 RCW is also exempt from public inspection and copying if submitted to or used by the department.

**NEW SECTION. Sec. 21.** The department of agriculture, state liquor and cannabis board, and department of revenue shall take the necessary steps to ensure that section 20 of this act is implemented on its effective date.

**NEW SECTION. Sec. 22.** The definitions in this section apply throughout this chapter unless the context clearly requires otherwise.

(1) "Board" means the state liquor and cannabis board.

(2) "Licensee facilities" means any premises regulated by the board for producing, processing, or retailing marijuana or marijuana products.

(3) "Marijuana" has the meaning provided in RCW 69.50.101.

(4) "Marijuana processor" has the meaning provided in RCW 69.50.101.

(5) "Marijuana producer" has the meaning provided in RCW 69.50.101.

(6) "Marijuana products" has the meaning provided in RCW 69.50.101.

(7) "Marijuana retailer" has the meaning provided in RCW 69.50.101.

(8) "Person" means any natural person, firm, partnership, association, private or public corporation, governmental entity, or other business entity.

NEW SECTION. **Sec. 23.** (1) The department may adopt rules establishing:

(a) Standards for marijuana and marijuana products produced and processed in a manner consistent with, to the extent practicable, 7 C.F.R. Part 205;

(b) A self-sustaining program for certifying marijuana producers and marijuana processors as meeting the standards established under (a) of this subsection; and

(c) Other rules as necessary for administration of this chapter.

(2) To the extent practicable, the program must be consistent with the program established by the director under chapter 15.86 RCW.

(3) The rules must include a fee schedule that will provide for the recovery of the full cost of the program including, but not limited to, application processing, inspections, sampling and testing, notifications, public awareness programs, and enforcement.

NEW SECTION. **Sec. 24.** (1) No marijuana or marijuana product may be labeled, sold, or represented as produced or processed under the standards established under this chapter unless produced or processed by a person certified by the department under the program established under this chapter.

(2) No person may represent, sell, or offer for sale any marijuana or marijuana products as produced or processed under standards adopted under this chapter if the person knows, or has reason to know,

that the marijuana or marijuana product has not been produced or processed in conformance with the standards established under this chapter.

(3) No person may represent, sell, or offer for sale any marijuana or marijuana products as "organic products" as that term has meaning under chapter 15.86 RCW.

NEW SECTION. **Sec. 25.** (1) The department may inspect licensee facilities to verify compliance with this chapter and rules adopted under it.

(2) The department may deny, suspend, or revoke a certification provided for in this chapter if the department determines that an applicant or certified person has violated this chapter or rules adopted under it.

(3) The department may impose on and collect from any person who has violated this chapter or rules adopted under it a civil fine not exceeding the total of:

(a) The state's estimated costs of investigating and taking appropriate administrative and enforcement actions for the violation; and

(b) One thousand dollars.

(4) The board may take enforcement actions against a marijuana producer, marijuana processor, or marijuana retailer license issued by the board, including suspension or revocation of the license, when a licensee continues to violate this chapter after revocation of its certification or, if uncertified, receiving written notice from the department of certification requirements.

(5) The provisions of this chapter are cumulative and nonexclusive and do not affect any other remedy at law.

NEW SECTION. **Sec. 26.** Information about marijuana producers, marijuana processors, and marijuana retailers otherwise exempt from public inspection and copying under chapter 42.56 RCW is also exempt from public inspection and copying if submitted to or used by the department.

NEW SECTION. **Sec. 27.** All fees collected under this chapter must be deposited in an account within the agricultural local fund. The revenue from the fees must be used solely for carrying out the provisions of this chapter, and no appropriation is required for disbursement from the fund.

NEW SECTION. **Sec. 28.** This act applies prospectively only and not retroactively. It applies only to causes of action that arise (if change is substantive) or that are commenced (if change is procedural) on or after the effective date of this section.

NEW SECTION. **Sec. 29.** 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. 30.** Sections 22 through 27 of this act constitute a new chapter in Title 15 RCW.

NEW SECTION. **Sec. 31.** Section 20 of this act takes effect April 1, 2018."

Correct the title.

Signed by Representatives Ormsby, Chair; Robinson, Vice Chair; MacEwen, Assistant Ranking Minority Member; Stokesbary, Assistant Ranking Minority Member; Cody; Condotta; Fitzgibbon; Hansen; Harris; Jinkins; Lytton; Nealey; Pollet; Sawyer; Senn; Springer; Stanford; Sullivan; Tharinger; Vick and Volz.

MINORITY recommendation: Do not pass. Signed by Representatives Chandler, Ranking Minority Member; Bergquist; Buys; Haler; Hudgins; Kagi; Manweller; Schmick; Taylor and Wilcox.

MINORITY recommendation: Without recommendation. Signed by Representative Pettigrew.

Referred to Committee on Rules for second reading.

April 4, 2017

ESSB 5198 Prime Sponsor, Committee on Ways & Means: Concerning fire suppression methodologies. Reported by Committee on Appropriations

MAJORITY recommendation: Do pass. Signed by Representatives Ormsby, Chair; Robinson, Vice Chair; Chandler, Ranking Minority Member; Bergquist; Cody; Fitzgibbon; Hansen; Hudgins; Jinkins; Kagi; Lytton; Pettigrew; Pollet; Sawyer; Senn; Springer; Stanford; Sullivan; Tharinger and Wilcox.

MINORITY recommendation: Do not pass. Signed by Representatives MacEwen, Assistant Ranking Minority Member; Buys; Condotta; Haler; Nealey; Schmick; Taylor; Vick and Volz.

MINORITY recommendation: Without recommendation. Signed by Representatives

Stokesbary, Assistant Ranking Minority Member; Harris and Manweller.

Referred to Committee on Rules for second reading.

April 4, 2017

2SSB 5201 Prime Sponsor, Committee on Ways & Means: Concerning individuals receiving both employment and community access services. Reported by Committee on Appropriations

MAJORITY recommendation: Do pass as amended by Committee on Early Learning & Human Services. Signed by Representatives Robinson, Vice Chair; Chandler, Ranking Minority Member; MacEwen, Assistant Ranking Minority Member; Stokesbary, Assistant Ranking Minority Member; Bergquist; Buys; Cody; Condotta; Fitzgibbon; Haler; Hansen; Harris; Hudgins; Jinkins; Kagi; Lytton; Manweller; Nealey; Pettigrew; Pollet; Sawyer; Schmick; Springer; Stanford; Sullivan; Taylor; Tharinger; Vick; Volz and Wilcox.

MINORITY recommendation: Do not pass. Signed by Representative Ormsby, Chair.

MINORITY recommendation: Without recommendation. Signed by Representative Senn.

Referred to Committee on Rules for second reading.

April 4, 2017

SB 5252 Prime Sponsor, Senator Angel: Addressing the effectiveness of document recording fee surcharge funds that support homeless programs. Reported by Committee on Appropriations

MAJORITY recommendation: Do pass. Signed by Representatives Ormsby, Chair; Robinson, Vice Chair; MacEwen, Assistant Ranking Minority Member; Stokesbary, Assistant Ranking Minority Member; Bergquist; Cody; Condotta; Fitzgibbon; Haler; Hansen; Harris; Hudgins; Jinkins; Kagi; Lytton; Manweller; Nealey; Pettigrew; Pollet; Sawyer; Schmick; Senn; Springer; Stanford; Sullivan; Tharinger; Vick; Volz and Wilcox.

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

Referred to Committee on Rules for second reading.

April 4, 2017

2SSB 5258 Prime Sponsor, Committee on Ways & Means: Creating the Washington academic, innovation, and mentoring

(AIM) program. Reported by Committee on Appropriations

**MAJORITY recommendation:** Do pass as amended by Committee on Appropriations and without amendment by Committee on Education.

Strike everything after the enacting clause and insert the following:

**"NEW SECTION. Sec. 1.** A new section is added to chapter 28A.215 RCW to read as follows:

(1) The Washington academic, innovation, and mentoring program is established.

(2) The purpose of the program is to enable eligible neighborhood youth development entities to provide out-of-school time programs for youth ages six to eighteen years of age that include educational services, social emotional learning, mentoring, and linkages to positive, prosocial leisure, and recreational activities. The programs must be designed for mentoring and academic enrichment.

(3) Eligible entities must meet the following requirements:

(a) Ensure that sixty percent or more of the academic, innovation, and mentoring program participants must qualify for free or reduced-price lunch;

(b) Have an existing partnership with the school district and a commitment to develop a formalized data-sharing agreement;

(c) Be facility based;

(d) Combine, or have a plan to combine, academics and social emotional learning;

(e) Engage in a continuous program quality improvement process;

(f) Conduct national criminal background checks for all employees and volunteers who work with children; and

(g) Have adopted standards for care including staff training, health and safety standards, and mechanisms for assessing and enforcing the program's compliance with the standards.

(4) Nonprofit entities applying for funding as a statewide network must:

(a) Have an existing infrastructure or network of academic, innovation, and mentoring program grant-eligible entities;

(b) Provide after-school and summer programs with youth development services; and

(c) Provide proven and tested recreational, educational, and character-building programs for children ages six to eighteen years of age.

(5) The office of the superintendent of public instruction must submit a report to the appropriate education and fiscal committees of the legislature by December 31, 2018, and an annual update by December 31 each year thereafter. The report must outline the programs established, target populations, and pretesting and posttesting results.

**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, 2017, in the omnibus appropriations act, this act is null and void."

Correct the title.

Signed by Representatives Ormsby, Chair; Robinson, Vice Chair; Chandler, Ranking Minority Member; Stokesbary, Assistant Ranking Minority Member; Bergquist; Cody; Fitzgibbon; Haler; Hansen; Harris; Hudgins; Jenkins; Kagi; Lytton; Manweller; Pettigrew; Pollet; Sawyer; Senn; Springer; Stanford; Sullivan; Tharinger and Wilcox.

**MINORITY recommendation:** Do not pass. Signed by Representatives MacEwen, Assistant Ranking Minority Member; Buys; Condotta; Schmick; Taylor and Volz.

**MINORITY recommendation:** Without recommendation. Signed by Representatives Nealey and Vick.

Referred to Committee on Rules for second reading.

April 4, 2017

**SB 5268**

Prime Sponsor, Senator Takko: Concerning notice to the licensee before a concealed pistol license expires. Reported by Committee on Appropriations

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

Strike everything after the enacting clause and insert the following:

**"Sec. 1.** RCW 9.41.070 and 2011 c 294 s 1 are each amended to read as follows:

(1) The chief of police of a municipality or the sheriff of a county shall within thirty days after the filing of an application of any person, issue a

license to such person to carry a pistol concealed on his or her person within this state for five years from date of issue, for the purposes of protection or while engaged in business, sport, or while traveling. However, if the applicant does not have a valid permanent Washington driver's license or Washington state identification card or has not been a resident of the state for the previous consecutive ninety days, the issuing authority shall have up to sixty days after the filing of the application to issue a license. The issuing authority shall not refuse to accept completed applications for concealed pistol licenses during regular business hours.

The applicant's constitutional right to bear arms shall not be denied, unless:

(a) He or she is ineligible to possess a firearm under the provisions of RCW 9.41.040 or 9.41.045, or is prohibited from possessing a firearm under federal law;

(b) The applicant's concealed pistol license is in a revoked status;

(c) He or she is under twenty-one years of age;

(d) He or she is subject to a court order or injunction regarding firearms pursuant to RCW 9A.46.080, 10.14.080, 10.99.040, 10.99.045, 26.09.050, 26.09.060, 26.10.040, 26.10.115, 26.26.130, 26.50.060, 26.50.070, or 26.26.590;

(e) He or she is free on bond or personal recognizance pending trial, appeal, or sentencing for a felony offense;

(f) He or she has an outstanding warrant for his or her arrest from any court of competent jurisdiction for a felony or misdemeanor; or

(g) He or she has been ordered to forfeit a firearm under RCW 9.41.098(1) (e) within one year before filing an application to carry a pistol concealed on his or her person.

No person convicted of a felony may have his or her right to possess firearms restored or his or her privilege to carry a concealed pistol restored, unless the person has been granted relief from disabilities by the attorney general under 18 U.S.C. Sec. 925(c), or RCW 9.41.040 (3) or (4) applies.

(2)(a) The issuing authority shall conduct a check through the national instant criminal background check system, the Washington state patrol electronic database, the department of social and health services electronic database, and with other agencies or resources as appropriate, to determine whether the applicant is ineligible under RCW 9.41.040 or 9.41.045 to possess a firearm, or is prohibited from possessing a firearm under federal law, and therefore ineligible for a concealed pistol license.

(b) The issuing authority shall deny a permit to anyone who is found to be prohibited from possessing a firearm under federal or state law.

(c) This subsection applies whether the applicant is applying for a new concealed pistol license or to renew a concealed pistol license.

(3) Any person whose firearms rights have been restricted and who has been granted relief from disabilities by the attorney general under 18 U.S.C. Sec. 925(c) or who is exempt under 18 U.S.C. Sec. 921(a)(20)(A) shall have his or her right to acquire, receive, transfer, ship, transport, carry, and possess firearms in accordance with Washington state law restored except as otherwise prohibited by this chapter.

(4) The license application shall bear the full name, residential address, telephone number at the option of the applicant, email address at the option of the applicant, date and place of birth, race, gender, description, a complete set of fingerprints, and signature of the licensee, and the licensee's driver's license number or state identification card number if used for identification in applying for the license. A signed application for a concealed pistol license shall constitute a waiver of confidentiality and written request that the department of social and health services, mental health institutions, and other health care facilities release information relevant to the applicant's eligibility for a concealed pistol license to an inquiring court or law enforcement agency.

The application for an original license shall include two complete sets of fingerprints to be forwarded to the Washington state patrol.

The license and application shall contain a warning substantially as follows:

CAUTION: Although state and local laws do not differ, federal law and state law on the possession of firearms differ. If you are prohibited by federal law from possessing a firearm, you may be prosecuted in federal court. A state license is not a defense to a federal prosecution.

The license shall contain a description of the major differences between state and federal law and an explanation of the fact that local laws and ordinances on firearms are preempted by state law and must be consistent with state law.

The application shall contain questions about the applicant's eligibility under RCW 9.41.040 and federal law to possess a pistol, the applicant's place of birth, and whether the applicant is a United States citizen. If the applicant is not a United States citizen, the applicant must provide the applicant's country of citizenship, United States issued alien number or admission number, and the basis on which the applicant claims to be exempt from federal prohibitions on firearm possession by aliens. The applicant shall not be required to produce a birth certificate or other evidence of citizenship. A person who is not a citizen of the United States shall, if applicable, meet the additional requirements of RCW 9.41.173 and produce proof of compliance with RCW 9.41.173 upon application. The license may be in triplicate or in a form to be prescribed by the department of licensing.

The original thereof shall be delivered to the licensee, the duplicate shall within seven days be sent to the director of licensing and the triplicate shall be preserved for six years, by the authority issuing the license.

The department of licensing shall make available to law enforcement and corrections agencies, in an on-line format, all information received under this subsection.

(5) The nonrefundable fee, paid upon application, for the original five-year license shall be thirty-six dollars plus additional charges imposed by the federal bureau of investigation that are passed on to the applicant. No other state or local branch or unit of government may impose any additional charges on the applicant for the issuance of the license.

The fee shall be distributed as follows:

(a) Fifteen dollars shall be paid to the state general fund;

(b) Four dollars shall be paid to the agency taking the fingerprints of the person licensed;

(c) Fourteen dollars shall be paid to the issuing authority for the purpose of enforcing this chapter; and

(d) Three dollars to the firearms range account in the general fund.

(6) The nonrefundable fee for the renewal of such license shall be thirty-two dollars. No other branch or unit of government may impose any additional charges on the applicant for the renewal of the license.

The renewal fee shall be distributed as follows:

(a) Fifteen dollars shall be paid to the state general fund;

(b) Fourteen dollars shall be paid to the issuing authority for the purpose of enforcing this chapter; and

(c) Three dollars to the firearms range account in the general fund.

(7) The nonrefundable fee for replacement of lost or damaged licenses is ten dollars to be paid to the issuing authority.

(8) Payment shall be by cash, check, or money order at the option of the applicant. Additional methods of payment may be allowed at the option of the issuing authority.

(9) If the licensee provides an email address at the time of application, the department of licensing must send notice of the license expiration to the licensee's email address within sixty days prior to the expiration of the license. A licensee may renew a license if the licensee applies for renewal within ninety days before or after the expiration date of the license. A license so renewed shall take effect on the expiration date of the prior license. A licensee renewing after the expiration date of the license must pay a late renewal penalty of ten dollars in addition to the renewal fee specified in subsection (6) of this section. The fee shall be distributed as follows:

(a) Three dollars shall be deposited in the state wildlife account and used exclusively first for the printing and distribution of a pamphlet on the legal limits of the use of firearms, firearms

safety, and the preemptive nature of state law, and subsequently the support of volunteer instructors in the basic firearms safety training program conducted by the department of fish and wildlife. The pamphlet shall be given to each applicant for a license; and

(b) Seven dollars shall be paid to the issuing authority for the purpose of enforcing this chapter.

(10) Notwithstanding the requirements of subsections (1) through (9) of this section, the chief of police of the municipality or the sheriff of the county of the applicant's residence may issue a temporary emergency license for good cause pending review under subsection (1) of this section. However, a temporary emergency license issued under this subsection shall not exempt the holder of the license from any records check requirement. Temporary emergency licenses shall be easily distinguishable from regular licenses.

(11) A political subdivision of the state shall not modify the requirements of this section or chapter, nor may a political subdivision ask the applicant to voluntarily submit any information not required by this section.

(12) A person who knowingly makes a false statement regarding citizenship or identity on an application for a concealed pistol license is guilty of false swearing under RCW 9A.72.040. In addition to any other penalty provided for by law, the concealed pistol license of a person who knowingly makes a false statement shall be revoked, and the person shall be permanently ineligible for a concealed pistol license.

(13) A person may apply for a concealed pistol license:

(a) To the municipality or to the county in which the applicant resides if the applicant resides in a municipality;

(b) To the county in which the applicant resides if the applicant resides in an unincorporated area; or

(c) Anywhere in the state if the applicant is a nonresident.

(14) Any person who, as a member of the armed forces, including the national guard and armed forces reserves, is unable to renew his or her license under subsections (6) and (9) of this section because of the person's assignment, reassignment, or deployment for out-of-state military

service may renew his or her license within ninety days after the person returns to this state from out-of-state military service, if the person provides the following to the issuing authority no later than ninety days after the person's date of discharge or assignment, reassignment, or deployment back to this state: (a) A copy of the person's original order designating the specific period of assignment, reassignment, or deployment for out-of-state military service, and (b) if appropriate, a copy of the person's discharge or amended or subsequent assignment, reassignment, or deployment order back to this state. A license so renewed under this subsection (14) shall take effect on the expiration date of the prior license. A licensee renewing after the expiration date of the license under this subsection (14) shall pay only the renewal fee specified in subsection (6) of this section and shall not be required to pay a late renewal penalty in addition to the renewal fee.

NEW SECTION. **Sec. 2.** The sum of seventy-five thousand dollars is appropriated for the fiscal biennium ending June 30, 2019, from the firearms range account to the department of licensing solely for the purposes of section 1 of this act."

Correct the title.

Signed by Representatives Ormsby, Chair; Robinson, Vice Chair; Chandler, Ranking Minority Member; MacEwen, Assistant Ranking Minority Member; Stokesbary, Assistant Ranking Minority Member; Bergquist; Buys; Cody; Condotta; Fitzgibbon; Haler; Hansen; Harris; Hudgins; Jinkins; Kagi; Lytton; Manweller; Nealey; Pettigrew; Pollet; Sawyer; Schmick; Senn; Springer; Stanford; Sullivan; Taylor; Tharinger; Vick; Volz and Wilcox.

Referred to Committee on Rules for second reading.

April 4, 2017

SB 5274

Prime Sponsor, Senator Conway: Defining salary for purposes of the Washington state patrol retirement system. Reported by Committee on Transportation

MAJORITY recommendation: Do pass as amended by Committee on Appropriations. Signed by Representatives Clibborn, Chair; Fey, Vice Chair; Wylie, Vice Chair; Orcutt, Ranking Minority Member; Hargrove, Assistant Ranking Minority Member; Harmsworth, Assistant Ranking Minority Member; Chapman; Gregerson; Hayes; Irwin; Kloba; Lovick; McBride; Morris; Ortiz-Self; Pellicciotti; Pike; Riccelli;



Shea; Stambaugh; Tarleton; Van Werven; Young Farrell, Member.

Referred to Committee on Rules for second reading.

April 4, 2017

2SSB 5285 Prime Sponsor, Committee on Ways & Means: Conducting a workforce study of employment opportunities in the agriculture, environment, outdoor recreation, and natural resources economic sectors intended to provide educators with the information needed for informing students about employment opportunities in the studied fields. Reported by Committee on Appropriations

MAJORITY recommendation: Do pass as amended by Committee on Higher Education. Signed by Representatives Ormsby, Chair; Robinson, Vice Chair; Chandler, Ranking Minority Member; MacEwen, Assistant Ranking Minority Member; Stokesbary, Assistant Ranking Minority Member; Bergquist; Cody; Fitzgibbon; Haler; Hansen; Harris; Hudgins; Jinkins; Kagi; Lytton; Manweller; Nealey; Pettigrew; Pollet; Sawyer; Schmick; Senn; Springer; Stanford; Sullivan; Tharinger; Vick; Volz and Wilcox.

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

Referred to Committee on Rules for second reading.

April 4, 2017

SSB 5289 Prime Sponsor, Committee on Transportation: Modifying the infraction of and penalties for distracted driving. Reported by Committee on Transportation

MAJORITY recommendation: Do pass as amended.

Strike everything after the enacting clause and insert the following:

"NEW SECTION. Sec. 1. A new section is added to chapter 46.61 RCW to read as follows:

(1) A person who uses a personal electronic device while driving a motor vehicle on a public highway is guilty of a traffic infraction and must pay a fine as provided in RCW 46.63.110(3).

(2) Subsection (1) of this section does not apply to:

(a) A driver who is using a personal electronic device to contact emergency services;

(b) The use of a system by a transit system employee for time-sensitive relay communication between the transit system employee and the transit system's dispatch services;

(c) An individual employed as a commercial motor vehicle driver who uses a personal electronic device within the scope of such individual's employment if such use is permitted under 49 U.S.C. Sec. 31136 as it existed on the effective date of this section; and

(d) A person operating an authorized emergency vehicle.

(3) The state preempts the field of regulating the use of personal electronic devices in motor vehicles while driving, and this section supersedes any local laws, ordinances, orders, rules, or regulations enacted by any political subdivision or municipality to regulate the use of a personal electronic device by the operator of a motor vehicle.

(4) A second or subsequent offense under this section is subject to two times the penalty amount under RCW 46.63.110.

(5) A finding that a person has committed an offense under this section, if that offense is the first such offense committed within five years, must not be made available to insurance companies.

(6) For purposes of this section:

(a) "Driving" means to operate a motor vehicle on a public highway, including while temporarily stationary because of traffic, a traffic control device, or other momentary delays. "Driving" does not include when the vehicle has pulled over to the side of, or off of, an active roadway and has stopped in a location where it can safely remain stationary.

(b) "Personal electronic device" means any portable electronic device that is capable of wireless communication or electronic data retrieval and is not manufactured primarily for hands-free use in a motor vehicle. "Personal electronic device" includes, but is not limited to, a cell phone, tablet, laptop, two-way messaging device, or electronic game. "Personal electronic device" does not include two-way radio, citizens band radio, or amateur radio equipment.

(c) "Use" or "uses" means:

(i) Holding a personal electronic device in either hand or both hands;

(ii) Using your hand or finger to compose, send, read, view, access, browse, transmit, save, or retrieve email, text messages, instant messages, photographs, or other electronic data; however, this does not preclude the minimal use of a finger to activate, deactivate, or initiate a function of the device;

(iii) Watching video on a personal electronic device.

NEW SECTION. **Sec. 2.** The following acts or parts of acts are each repealed:

(1) RCW 46.61.667 (Using a wireless communications device or handheld mobile telephone while driving) and 2013 c 224 s 15, 2010 c 223 s 3, & 2007 c 417 s 2; and

(2) RCW 46.61.668 (Sending, reading, or writing a text message while driving) and 2013 c 224 s 16, 2010 c 223 s 4, & 2007 c 416 s 1.

NEW SECTION. **Sec. 3.** A new section is added to chapter 46.61 RCW to read as follows:

(1)(a) It is a traffic infraction to drive dangerously distracted. Any driver who commits this infraction must be assessed a base penalty of thirty dollars.

(b) Enforcement of the infraction of driving dangerously distracted may be accomplished only as a secondary action when a driver of a motor vehicle has been detained for a suspected violation of a separate traffic infraction or an equivalent local ordinance.

(c) For the purposes of this section, "dangerously distracted" means a person who engages in any activity not related to the actual operation of a motor vehicle in a manner that interferes with the safe operation of such motor vehicle on any highway.

(2) The additional monetary penalty imposed under this section must be deposited into the distracted driving prevention account created in subsection (3) of this section.

(3) The distracted driving prevention account is created in the state treasury. All receipts from the base penalty in subsection (1) of this section must be deposited into the account. Moneys in the account may be spent only after appropriation. Expenditures from the account may be used only to support programs dedicated to reducing distracted driving and improving driver education on distracted driving.

**Sec. 4.** RCW 46.25.010 and 2013 c 224 s 3 are each amended to read as follows:

The definitions set forth in this section apply throughout this chapter.

(1) "Alcohol" means any substance containing any form of alcohol, including but not limited to ethanol, methanol, propanol, and isopropanol.

(2) "Alcohol concentration" means:

(a) The number of grams of alcohol per one hundred milliliters of blood; or

(b) The number of grams of alcohol per two hundred ten liters of breath.

(3) "Commercial driver's license" (CDL) means a license issued to an individual under chapter 46.20 RCW that has been endorsed in accordance with the requirements of this chapter to authorize the individual to drive a class of commercial motor vehicle.

(4) The "commercial driver's license information system" (CDLIS) is the information system established pursuant to 49 U.S.C. Sec. 31309 to serve as a clearinghouse for locating information related to the licensing and identification of commercial motor vehicle drivers.

(5) "Commercial learner's permit" (CLP) means a permit issued under RCW 46.25.052 for the purposes of behind-the-wheel training.

(6) "Commercial motor vehicle" means a motor vehicle or combination of motor vehicles used in commerce to transport passengers or property if the motor vehicle:

(a) Has a gross combination weight rating or gross combination weight of 11,794 kilograms or more (26,001 pounds or more), whichever is greater, inclusive of a [any] towed unit [or units] with a gross vehicle weight rating or gross vehicle weight of more than 4,536 kilograms (10,000 pounds or more), whichever is greater; or

(b) Has a gross vehicle weight rating or gross vehicle weight of 11,794 kilograms or more (26,001 pounds or more), whichever is greater; or

(c) Is designed to transport sixteen or more passengers, including the driver; or

(d) Is of any size and is used in the transportation of hazardous materials as defined in this section; or

(e) Is a school bus regardless of weight or size.

(7) "Conviction" means an unvacated adjudication of guilt, or a determination that a person has violated or failed to comply with the law in a court of original jurisdiction or by an authorized administrative tribunal, an unvacated forfeiture of bail or collateral deposited to secure the person's appearance in court, a plea of guilty or nolo contendere accepted by the court, the payment of a fine or court cost, entry into a deferred prosecution program under chapter 10.05 RCW, or violation of a condition of release without bail, regardless of whether or not the penalty is rebated, suspended, or probated.

(8) "Disqualification" means a prohibition against driving a commercial motor vehicle.

(9) "Drive" means to drive, operate, or be in physical control of a motor vehicle in any place open to the general public for purposes of vehicular traffic. For purposes of RCW 46.25.100, 46.25.110, and 46.25.120, "drive" includes operation or physical control of a motor vehicle anywhere in the state.

(10) "Drugs" are those substances as defined by RCW 69.04.009, including, but not limited to, those substances defined by 49 C.F.R. Sec. 40.3.

(11) "Employer" means any person, including the United States, a state, or a political subdivision of a state, who owns or leases a commercial motor vehicle, or assigns a person to drive a commercial motor vehicle.

(12) "Gross vehicle weight rating" (GVWR) means the value specified by the manufacturer as the maximum loaded weight of a single vehicle. The GVWR of a combination or articulated vehicle, commonly referred to as the "gross combined weight rating" or GCWR, is the GVWR of the power unit plus the GVWR of the towed unit or units. If the GVWR of any unit cannot be determined, the actual gross weight will be used. If a vehicle with a GVWR of less than 11,794 kilograms (26,001 pounds or less) has been structurally modified to carry a heavier load, then the actual gross weight capacity of the modified vehicle, as determined by RCW 46.44.041 and 46.44.042, will be used as the GVWR.

(13) "Hazardous materials" means any material that has been designated as

hazardous under 49 U.S.C. Sec. 5103 and is required to be placarded under subpart F of 49 C.F.R. Part 172 or any quantity of a material listed as a select agent or toxin in 42 C.F.R. Part 73.

(14) "Motor vehicle" means a vehicle, machine, tractor, trailer, or semitrailer propelled or drawn by mechanical power used on highways, or any other vehicle required to be registered under the laws of this state, but does not include a vehicle, machine, tractor, trailer, or semitrailer operated exclusively on a rail.

(15) "Out-of-service order" means a declaration by an authorized enforcement officer of a federal, state, Canadian, Mexican, or local jurisdiction that a driver, a commercial motor vehicle, or a motor carrier operation is out-of-service pursuant to 49 C.F.R. Secs. 386.72, 392.5, 395.13, 396.9, or compatible laws, or the North American uniform out-of-service criteria.

(16) "Positive alcohol confirmation test" means an alcohol confirmation test that:

(a) Has been conducted by a breath alcohol technician under 49 C.F.R. Part 40; and

(b) Indicates an alcohol concentration of 0.04 or more.

A report that a person has refused an alcohol test, under circumstances that constitute the refusal of an alcohol test under 49 C.F.R. Part 40, will be considered equivalent to a report of a positive alcohol confirmation test for the purposes of this chapter.

(17) "School bus" means a commercial motor vehicle used to transport preprimary, primary, or secondary school students from home to school, from school to home, or to and from school-sponsored events. School bus does not include a bus used as a common carrier.

(18) "Serious traffic violation" means:

(a) Excessive speeding, defined as fifteen miles per hour or more in excess of the posted limit;

(b) Reckless driving, as defined under state or local law;

(c) Driving while using a (~~handheld wireless communications device~~ [handheld mobile telephone], defined as a violation of ~~RCW 46.61.667(1)(b))~~ personal electronic device, defined as a violation

of section 1 of this act, which includes in the activities it prohibits driving while holding a personal electronic device in either or both hands and using a hand or finger for texting, or an equivalent administrative rule or local law, ordinance, rule, or resolution;

(d) ((Texting, defined as a violation of RCW 46.61.668(1)(b) or an equivalent administrative rule or local law, ordinance, rule, or resolution;

~~(e))~~) A violation of a state or local law relating to motor vehicle traffic control, other than a parking violation, arising in connection with an accident or collision resulting in death to any person;

~~((f))~~) (e) Driving a commercial motor vehicle without obtaining a commercial driver's license;

~~((g))~~) (f) Driving a commercial motor vehicle without a commercial driver's license in the driver's possession; however, any individual who provides proof to the court by the date the individual must appear in court or pay any fine for such a violation, that the individual held a valid CDL on the date the citation was issued, is not guilty of a "serious traffic violation";

~~((h))~~) (g) Driving a commercial motor vehicle without the proper class of commercial driver's license endorsement or endorsements for the specific vehicle group being operated or for the passenger or type of cargo being transported; and

~~((i))~~) (h) Any other violation of a state or local law relating to motor vehicle traffic control, other than a parking violation, that the department determines by rule to be serious.

(19) "State" means a state of the United States and the District of Columbia.

(20) "Substance abuse professional" means an alcohol and drug specialist meeting the credentials, knowledge, training, and continuing education requirements of 49 C.F.R. Sec. 40.281.

(21) "Tank vehicle" means any commercial motor vehicle that is designed to transport any liquid or gaseous materials within a tank or tanks having an individual rated capacity of more than one hundred nineteen gallons and an aggregate rated capacity of one thousand gallons or more that is either permanently or temporarily attached to the vehicle or the chassis. A commercial motor vehicle

transporting an empty storage container tank, not designed for transportation, with a rated capacity of one thousand gallons or more that is temporarily attached to a flatbed trailer is not considered a tank vehicle.

(22) "Type of driving" means one of the following:

(a) "Nonexcepted interstate," which means the CDL or CLP holder or applicant operates or expects to operate in interstate commerce, is both subject to and meets the qualification requirements under 49 C.F.R. Part 391 as it existed on July 8, 2014, or such subsequent date as may be provided by the department by rule, consistent with the purposes of this section, and is required to obtain a medical examiner's certificate under 49 C.F.R. Sec. 391.45 as it existed on July 8, 2014, or such subsequent date as may be provided by the department by rule, consistent with the purposes of this section;

(b) "Excepted interstate," which means the CDL or CLP holder or applicant operates or expects to operate in interstate commerce, but engages exclusively in transportation or operations excepted under 49 C.F.R. Secs. 390.3(f), 391.2, 391.68, or 398.3, as they existed on July 8, 2014, or such subsequent date as may be provided by the department by rule, consistent with the purposes of this section, from all or parts of the qualification requirements of 49 C.F.R. Part 391 as it existed on July 8, 2014, or such subsequent date as may be provided by the department by rule, consistent with the purposes of this section, and is therefore not required to obtain a medical examiner's certificate under 49 C.F.R. Sec. 391.45 as it existed on July 8, 2014, or such subsequent date as may be provided by the department by rule, consistent with the purposes of this section;

(c) "Nonexcepted intrastate," which means the CDL or CLP holder or applicant operates only in intrastate commerce and is therefore subject to state driver qualification requirements; or

(d) "Excepted intrastate," which means the CDL or CLP holder or applicant operates in intrastate commerce, but engages exclusively in transportation or operations excepted from all or parts of the state driver qualification requirements.

(23) "United States" means the fifty states and the District of Columbia.

(24) "Verified positive drug test" means a drug test result or validity testing result from a laboratory certified under the authority of the federal department of health and human services that:

(a) Indicates a drug concentration at or above the cutoff concentration established under 49 C.F.R. Sec. 40.87; and

(b) Has undergone review and final determination by a medical review officer.

A report that a person has refused a drug test, under circumstances that constitute the refusal of a federal department of transportation drug test under 49 C.F.R. Part 40, will be considered equivalent to a report of a verified positive drug test for the purposes of this chapter.

**Sec. 5.** RCW 46.52.130 and 2015 2nd sp.s. c 3 s 12 are each amended to read as follows:

Upon a proper request, the department may furnish an abstract of a person's driving record as permitted under this section.

(1) **Contents of abstract of driving record.** An abstract of a person's driving record, whenever possible, must include:

(a) An enumeration of motor vehicle accidents in which the person was driving, including:

(i) The total number of vehicles involved;

(ii) Whether the vehicles were legally parked or moving;

(iii) Whether the vehicles were occupied at the time of the accident; and

(iv) Whether the accident resulted in a fatality;

(b) Any reported convictions, forfeitures of bail, or findings that an infraction was committed based upon a violation of any motor vehicle law;

(c) The status of the person's driving privilege in this state; and

(d) Any reports of failure to appear in response to a traffic citation or failure to respond to a notice of infraction served upon the named individual by an arresting officer.

(2) **Release of abstract of driving record.** An abstract of a person's driving record may be furnished to the following persons or entities:

(a) **Named individuals.** (i) An abstract of the full driving record maintained by the department may be furnished to the individual named in the abstract.

(ii) Nothing in this section prevents a court from providing a copy of the driver's abstract to the individual named in the abstract or that named individual's attorney, provided that the named individual has a pending or open infraction or criminal case in that court. A pending case includes criminal cases that have not reached a disposition by plea, stipulation, trial, or amended charge. An open infraction or criminal case includes cases on probation, payment agreement or subject to, or in collections. Courts may charge a reasonable fee for the production and copying of the abstract for the individual.

(b) **Employers or prospective employers.**

(i) (A) An abstract of the full driving record maintained by the department may be furnished to an employer or prospective employer or an agent acting on behalf of an employer or prospective employer of the named individual for purposes related to driving by the individual as a condition of employment or otherwise at the direction of the employer.

(B) Release of an abstract of the driving record of an employee or prospective employee requires a statement signed by: (I) The employee or prospective employee that authorizes the release of the record; and (II) the employer attesting that the information is necessary for employment purposes related to driving by the individual as a condition of employment or otherwise at the direction of the employer. If the employer or prospective employer authorizes an agent to obtain this information on their behalf, this must be noted in the statement. The statement must also note that any information contained in the abstract related to an adjudication that is subject to a court order sealing the juvenile record of an employee or prospective employee may not be used by the employer or prospective employer, or an agent authorized to obtain this information on their behalf, unless required by federal regulation or law. The employer or prospective employer must afford the employee or prospective

employee an opportunity to demonstrate that an adjudication contained in the abstract is subject to a court order sealing the juvenile record.

(C) Upon request of the person named in the abstract provided under this subsection, and upon that same person furnishing copies of court records ruling that the person was not at fault in a motor vehicle accident, the department must indicate on any abstract provided under this subsection that the person was not at fault in the motor vehicle accident.

(D) No employer or prospective employer, nor any agent of an employer or prospective employer, may use information contained in the abstract related to an adjudication that is subject to a court order sealing the juvenile record of an employee or prospective employee for any purpose unless required by federal regulation or law. The employee or prospective employee must furnish a copy of the court order sealing the juvenile record to the employer or prospective employer, or the agent of the employer or prospective employer, as may be required to ensure the application of this subsection.

(ii) In addition to the methods described in (b)(i) of this subsection, the director may enter into a contractual agreement with an employer or its agent for the purpose of reviewing the driving records of existing employees for changes to the record during specified periods of time. The department shall establish a fee for this service, which must be deposited in the highway safety fund. The fee for this service must be set at a level that will not result in a net revenue loss to the state. Any information provided under this subsection must be treated in the same manner and is subject to the same restrictions as driving record abstracts.

(c) **Volunteer organizations.** (i) An abstract of the full driving record maintained by the department may be furnished to a volunteer organization or an agent for a volunteer organization for which the named individual has submitted an application for a position that would require driving by the individual at the direction of the volunteer organization.

(ii) Release of an abstract of the driving record of a prospective volunteer requires a statement signed by: (A) The prospective volunteer that authorizes the release of the record; and (B) the volunteer organization attesting that the

information is necessary for purposes related to driving by the individual at the direction of the volunteer organization. If the volunteer organization authorizes an agent to obtain this information on their behalf, this must be noted in the statement.

(d) **Transit authorities.** An abstract of the full driving record maintained by the department may be furnished to an employee or agent of a transit authority checking prospective volunteer vanpool drivers for insurance and risk management needs.

(e) **Insurance carriers.** (i) An abstract of the driving record maintained by the department covering the period of not more than the last three years may be furnished to an insurance company or its agent:

(A) That has motor vehicle or life insurance in effect covering the named individual;

(B) To which the named individual has applied; or

(C) That has insurance in effect covering the employer or a prospective employer of the named individual.

(ii) The abstract provided to the insurance company must:

(A) Not contain any information related to actions committed by law enforcement officers or firefighters, as both terms are defined in RCW 41.26.030, or by Washington state patrol officers, while driving official vehicles in the performance of their occupational duty. This does not apply to any situation where the vehicle was used in the commission of a misdemeanor or felony;

(B) Not include any information related to a finding that a person has committed an offense for using a personal electronic device while driving a motor vehicle on a public highway under section 1 of this act if that offense is the first such offense committed within five years;

(C) Include convictions under RCW 46.61.5249 and 46.61.525, except that the abstract must report the convictions only as negligent driving without reference to whether they are for first or second degree negligent driving; and

~~((C))~~ (D) Exclude any deferred prosecution under RCW 10.05.060, except that if a person is removed from a deferred prosecution under RCW 10.05.090, the abstract must show the deferred prosecution as well as the removal.

(iii) Any policy of insurance may not be canceled, nonrenewed, denied, or have the rate increased on the basis of information regarding an accident included in the abstract of a driving record, unless the policyholder was determined to be at fault.

(iv) Any insurance company or its agent, for underwriting purposes relating to the operation of commercial motor vehicles, may not use any information contained in the abstract relative to any person's operation of motor vehicles while not engaged in such employment. Any insurance company or its agent, for underwriting purposes relating to the operation of noncommercial motor vehicles, may not use any information contained in the abstract relative to any person's operation of commercial motor vehicles.

(v) The director may enter into a contractual agreement with an insurance company or its agent for the limited purpose of reviewing the driving records of existing policyholders for changes to the record during specified periods of time. The department shall establish a fee for this service, which must be deposited in the highway safety fund. The fee for this service must be set at a level that will not result in a net revenue loss to the state. Any information provided under this subsection must be treated in the same manner and is subject to the same restrictions as driving record abstracts.

(f) **Alcohol/drug assessment or treatment agencies.** An abstract of the driving record maintained by the department covering the period of not more than the last five years may be furnished to an alcohol/drug assessment or treatment agency approved by the department of social and health services to which the named individual has applied or been assigned for evaluation or treatment, for purposes of assisting employees in making a determination as to what level of treatment, if any, is appropriate, except that the abstract must:

(i) Also include records of alcohol-related offenses, as defined in RCW 46.01.260(2), covering a period of not more than the last ten years; and

(ii) Indicate whether an alcohol-related offense was originally charged as a violation of either RCW 46.61.502 or 46.61.504.

(g) **Attorneys—City attorneys, county prosecuting attorneys, and named individual's attorney of record.** An

abstract of the full driving record maintained by the department, including whether a recorded violation is an alcohol-related offense, as defined in RCW 46.01.260(2), that was originally charged as a violation of either RCW 46.61.502 or 46.61.504, may be furnished to city attorneys, county prosecuting attorneys, or the named individual's attorney of record. City attorneys, county prosecuting attorneys, or the named individual's attorney of record may provide the driving record to alcohol/drug assessment or treatment agencies approved by the department of social and health services to which the named individual has applied or been assigned for evaluation or treatment.

(h) **State colleges, universities, or agencies, or units of local government.** An abstract of the full driving record maintained by the department may be furnished to (i) state colleges, universities, or agencies for employment and risk management purposes or (ii) units of local government authorized to self-insure under RCW 48.62.031 for employment and risk management purposes.

(i) **Superintendent of public instruction.** An abstract of the full driving record maintained by the department may be furnished to the superintendent of public instruction for review of public school bus driver records. The superintendent or superintendent's designee may discuss information on the driving record with an authorized representative of the employing school district for employment and risk management purposes.

(3) **Release to third parties prohibited.** Any person or entity receiving an abstract of a person's driving record under subsection (2)(b) through (i) of this section shall use the abstract exclusively for his, her, or its own purposes or as otherwise expressly permitted under this section, and shall not divulge any information contained in the abstract to a third party.

(4) **Fee.** The director shall collect a thirteen dollar fee for each abstract of a person's driving record furnished by the department. Fifty percent of the fee must be deposited in the highway safety fund, and fifty percent of the fee must be deposited according to RCW 46.68.038.

(5) **Violation.** (a) Any negligent violation of this section is a gross misdemeanor.

(b) Any intentional violation of this section is a class C felony.

(6) Effective July 1, 2019, the contents of a driving abstract pursuant to this section shall not include any information related to sealed juvenile records unless that information is required by federal law or regulation.

NEW SECTION. **Sec. 6.** This act takes effect January 1, 2019."

Correct the title.

Signed by Representatives Clibborn, Chair; Fey, Vice Chair; Wylie, Vice Chair; Chapman; Gregerson; Kloba; Lovick; McBride; Morris; Ortiz-Self; Pellicciotti; Riccelli; Tarleton; Young Farrell, Member.

MINORITY recommendation: Do not pass. Signed by Representatives Orcutt, Ranking Minority Member; Hargrove, Assistant Ranking Minority Member; Harmsworth, Assistant Ranking Minority Member; Irwin; Pike; Shea; Stambaugh and Van Werven.

MINORITY recommendation: Without recommendation. Signed by Representative Hayes.

Referred to Committee on Rules for second reading.

April 4, 2017

ESSB 5293 Prime Sponsor, Committee on Human Services, Mental Health & Housing: Concerning court-based and school-based efforts to promote attendance and reduce truancy. Reported by Committee on Appropriations

MAJORITY recommendation: Do pass. Signed by Representatives Ormsby, Chair; Robinson, Vice Chair; MacEwen, Assistant Ranking Minority Member; Stokesbary, Assistant Ranking Minority Member; Bergquist; Buys; Cody; Fitzgibbon; Haler; Hansen; Harris; Hudgins; Jinkins; Kagi; Lytton; Manweller; Nealey; Pettigrew; Pollet; Sawyer; Schmick; Senn; Springer; Stanford; Sullivan; Tharinger; Vick; Volz and Wilcox.

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

Referred to Committee on Rules for second reading.

April 4, 2017

2ESSB 5294 Prime Sponsor, Committee on Law & Justice: Concerning the department of corrections. Reported by Committee on Appropriations

MAJORITY recommendation: Do pass as amended by Committee on Public Safety. Signed by Representatives Ormsby, Chair; Stokesbary, Assistant Ranking Minority Member; Bergquist; Buys; Cody; Fitzgibbon; Haler; Hansen; Hudgins; Jinkins; Kagi; Lytton; Manweller; Pettigrew; Pollet; Sawyer; Schmick; Senn; Springer; Stanford; Sullivan; Tharinger; Vick; Volz and Wilcox.

MINORITY recommendation: Do not pass. Signed by Representatives Chandler, Ranking Minority Member; MacEwen, Assistant Ranking Minority Member; Condotta; Harris and Taylor.

MINORITY recommendation: Without recommendation. Signed by Representatives Robinson, Vice Chair and Nealey.

Referred to Committee on Rules for second reading.

April 4, 2017

ESSB 5312 Prime Sponsor, Committee on Commerce, Labor & Sports: Prohibiting certain employers from including any question on an application about an applicant's criminal record, inquiring either orally or in writing about an applicant's criminal records, or obtaining information from a criminal background check, until after the employer initially determines that the applicant is otherwise qualified. Reported by Committee on Appropriations

MAJORITY recommendation: Do pass as amended by Committee on Labor & Workplace Standards. Signed by Representatives Ormsby, Chair; Robinson, Vice Chair; Bergquist; Cody; Fitzgibbon; Hansen; Harris; Hudgins; Jinkins; Kagi; Lytton; Pettigrew; Pollet; Sawyer; Senn; Springer; Stanford; Sullivan and Tharinger.

MINORITY recommendation: Do not pass. Signed by Representatives Chandler, Ranking Minority Member; MacEwen, Assistant Ranking Minority Member; Stokesbary, Assistant Ranking Minority Member; Buys; Condotta; Haler; Schmick; Taylor; Vick; Volz and Wilcox.

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

Referred to Committee on Rules for second reading.

April 4, 2017

SSB 5322 Prime Sponsor, Committee on Health Care: Concerning agreements between dentists and third parties that provide supportive services to dentists. Reported by Committee on Appropriations



MAJORITY recommendation: Do pass. Signed by Representatives Ormsby, Chair; Robinson, Vice Chair; Chandler, Ranking Minority Member; MacEwen, Assistant Ranking Minority Member; Stokesbary, Assistant Ranking Minority Member; Bergquist; Buys; Cody; Condotta; Fitzgibbon; Haler; Hansen; Harris; Hudgins; Jinkins; Kagi; Lytton; Manweller; Nealey; Pettigrew; Pollet; Sawyer; Schmick; Senn; Springer; Stanford; Sullivan; Tharinger; Vick; Volz and Wilcox.

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

Referred to Committee on Rules for second reading.

April 4, 2017

SSB 5357 Prime Sponsor, Committee on Ways & Means: Establishing a pilot project to license outdoor early learning and child care programs. Reported by Committee on Appropriations

MAJORITY recommendation: Do pass. Signed by Representatives Ormsby, Chair; Robinson, Vice Chair; Chandler, Ranking Minority Member; Stokesbary, Assistant Ranking Minority Member; Bergquist; Cody; Fitzgibbon; Hansen; Harris; Hudgins; Jinkins; Kagi; Lytton; Pettigrew; Pollet; Sawyer; Senn; Springer; Stanford; Sullivan and Tharinger.

MINORITY recommendation: Do not pass. Signed by Representatives MacEwen, Assistant Ranking Minority Member; Buys; Condotta; Haler; Schmick; Taylor; Vick; Volz and Wilcox.

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

Referred to Committee on Rules for second reading.

April 4, 2017

2SSB 5474 Prime Sponsor, Committee on Ways & Means: Initiating proactive steps to address elk hoof disease. Reported by Committee on Appropriations

MAJORITY recommendation: Do pass as amended by Committee on Agriculture & Natural Resources. Signed by Representatives Ormsby, Chair; Robinson, Vice Chair; Chandler, Ranking Minority Member; MacEwen, Assistant Ranking Minority Member; Stokesbary, Assistant Ranking Minority Member; Bergquist; Buys; Cody; Condotta; Fitzgibbon; Haler; Hansen; Harris; Hudgins; Jinkins; Kagi; Lytton; Manweller; Nealey; Pettigrew; Sawyer; Schmick; Senn; Springer; Stanford; Sullivan; Taylor; Tharinger; Vick; Volz and Wilcox.

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

Referred to Committee on Rules for second reading.

April 4, 2017

2SSB 5546 Prime Sponsor, Committee on Ways & Means: Concerning proactively addressing wildfire risk by creating a forest health treatment assessment. Reported by Committee on Appropriations

MAJORITY recommendation: Do pass. Signed by Representatives Ormsby, Chair; Robinson, Vice Chair; Chandler, Ranking Minority Member; MacEwen, Assistant Ranking Minority Member; Stokesbary, Assistant Ranking Minority Member; Bergquist; Buys; Cody; Condotta; Fitzgibbon; Haler; Hansen; Harris; Hudgins; Jinkins; Kagi; Lytton; Manweller; Nealey; Pettigrew; Pollet; Sawyer; Schmick; Senn; Springer; Stanford; Sullivan; Tharinger; Vick; Volz and Wilcox.

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

Referred to Committee on Rules for second reading.

April 4, 2017

3SSB 5558 Prime Sponsor, Committee on Ways & Means: Issuing a two-year identicard for offenders released from prison facilities. Reported by Committee on Appropriations

MAJORITY recommendation: Do pass. Signed by Representatives Ormsby, Chair; Robinson, Vice Chair; Chandler, Ranking Minority Member; MacEwen, Assistant Ranking Minority Member; Stokesbary, Assistant Ranking Minority Member; Bergquist; Buys; Cody; Condotta; Fitzgibbon; Haler; Hansen; Harris; Jinkins; Kagi; Lytton; Manweller; Nealey; Pettigrew; Pollet; Sawyer; Schmick; Senn; Springer; Stanford; Sullivan; Taylor; Tharinger; Vick; Volz and Wilcox.

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

Referred to Committee on Rules for second reading.

April 4, 2017

2SSB 5577 Prime Sponsor, Committee on Ways & Means: Concerning the rights and obligations associated with incapacitated persons and other vulnerable adults. Reported by Committee on Appropriations

MAJORITY recommendation: Do pass as amended by Committee on Judiciary. Signed by Representatives Ormsby, Chair; Robinson, Vice Chair; MacEwen, Assistant Ranking Minority Member; Stokesbary, Assistant Ranking Minority Member; Bergquist; Buys; Cody; Condotta; Fitzgibbon; Haler; Hansen; Harris;

Hudgins; Jinkins; Kagi; Lytton; Manweller; Nealey; Pettigrew; Pollet; Sawyer; Schmick; Senn; Springer; Stanford; Sullivan; Taylor; Tharinger; Vick; Volz and Wilcox.

MINORITY recommendation: Do not pass. Signed by Representative Chandler, Ranking Minority Member.

Referred to Committee on Rules for second reading.

April 4, 2017

SB 5632 Prime Sponsor, Senator O'Ban: Modifying organized retail theft provisions. Reported by Committee on Appropriations

MAJORITY recommendation: Do pass as amended by Committee on Public Safety. Signed by Representatives Ormsby, Chair; Robinson, Vice Chair; MacEwen, Assistant Ranking Minority Member; Stokesbary, Assistant Ranking Minority Member; Bergquist; Buys; Cody; Fitzgibbon; Haler; Hansen; Harris; Hudgins; Jinkins; Kagi; Lytton; Manweller; Nealey; Pettigrew; Pollet; Sawyer; Schmick; Senn; Springer; Stanford; Sullivan; Tharinger; Vick; Volz and Wilcox.

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

Referred to Committee on Rules for second reading.

April 4, 2017

SB 5635 Prime Sponsor, Senator Padden: Concerning retail theft with special circumstances. Reported by Committee on Appropriations

MAJORITY recommendation: Do pass as amended by Committee on Public Safety. Signed by Representatives Ormsby, Chair; Robinson, Vice Chair; Chandler, Ranking Minority Member; MacEwen, Assistant Ranking Minority Member; Stokesbary, Assistant Ranking Minority Member; Bergquist; Buys; Cody; Condotta; Fitzgibbon; Haler; Hansen; Harris; Hudgins; Jinkins; Kagi; Lytton; Manweller; Nealey; Pettigrew; Pollet; Sawyer; Schmick; Senn; Springer; Stanford; Sullivan; Taylor; Tharinger; Vick; Volz and Wilcox.

Referred to Committee on Rules for second reading.

April 4, 2017

SB 5639 Prime Sponsor, Senator Conway: Concerning alternative student assessments. Reported by Committee on Appropriations

MAJORITY recommendation: Do pass as amended by Committee on Appropriations and without amendment by Committee on Education.

Strike everything after the enacting clause and insert the following:

"PART I

DISCONTINUING CERTIFICATES OF ACADEMIC AND INDIVIDUAL ACHIEVEMENT AS GRADUATION REQUIREMENTS

**Sec. 101.** RCW 28A.155.045 and 2007 c 354 s 3 are each amended to read as follows:

Beginning with the graduating class of 2008, students served under this chapter, who are not appropriately assessed by the high school Washington assessment system ~~((as defined in RCW 28A.655.061))~~ established in accordance with RCW 28A.655.070, even with accommodations, may ~~((earn a certificate of individual achievement. The certificate may be earned using multiple ways to))~~, through multiple options, demonstrate skills and abilities commensurate with their individual education programs. The determination of whether the high school assessment system is appropriate shall be made by the student's individual education program team. ~~((Except as provided in RCW 28A.655.0611, for these students, the certificate of individual achievement is required for graduation from a public high school, but need not be the only requirement for graduation.))~~ When measures other than the high school assessment system ~~((as defined in RCW 28A.655.061))~~ established in accordance with RCW 28A.655.070 are used, the measures shall be in agreement with the appropriate educational opportunity provided for the student as required by this chapter. The superintendent of public instruction shall develop the guidelines for determining which students should not be required to participate in the high school assessment system and which types of assessments are appropriate to use.

When measures other than the high school assessment system ~~((as defined in RCW 28A.655.061))~~ established in accordance with RCW 28A.655.070 are used for high school graduation purposes, the student's high school transcript shall note whether that student ~~((has earned a certificate of individual achievement))~~ was assessed with alternative assessments.

Nothing in this section shall be construed to deny a student the right to participation in the high school assessment system ~~((as defined in RCW~~

28A.655.061, and, upon successfully meeting the high school standard, receipt of the certificate of academic achievement)) established in accordance with RCW 28A.655.070.

**Sec. 102.** RCW 28A.155.170 and 2007 c 318 s 2 are each amended to read as follows:

(1) Beginning July 1, 2007, each school district that operates a high school shall establish a policy and procedures that permit any student who is receiving special education or related services under an individualized education program pursuant to state and federal law and who will continue to receive such services between the ages of eighteen and twenty-one to participate in the graduation ceremony and activities after four years of high school attendance with his or her age-appropriate peers and receive a certificate of attendance.

(2) Participation in a graduation ceremony and receipt of a certificate of attendance under this section does not preclude a student from continuing to receive special education and related services under an individualized education program beyond the graduation ceremony.

(3) A student's participation in a graduation ceremony and receipt of a certificate of attendance under this section shall not be construed as the student's receipt of ~~((either:~~

~~(a))~~ a high school diploma pursuant to RCW 28A.230.120 ~~((or~~

(b) A certificate of individual achievement pursuant to RCW 28A.155.045)).

**Sec. 103.** RCW 28A.230.090 and 2016 c 162 s 2 are each amended to read as follows:

(1) The state board of education shall establish high school graduation requirements or equivalencies for students, except as provided in RCW 28A.230.122 and except those equivalencies established by local high schools or school districts under RCW 28A.230.097. The purpose of a high school diploma is to declare that a student is ready for success in postsecondary education, gainful employment, and citizenship, and is equipped with the skills to be a lifelong learner.

(a) Any course in Washington state history and government used to fulfill high school graduation requirements shall consider including information on the

culture, history, and government of the American Indian peoples who were the first inhabitants of the state.

(b) ((The certificate of academic achievement requirements under RCW 28A.655.061 or the certificate of individual achievement requirements under RCW 28A.155.045 are required for graduation from a public high school but are not the only requirements for graduation.

~~(e))~~ Any decision on whether a student has met the state board's high school graduation requirements for a high school and beyond plan shall remain at the local level. Effective with the graduating class of 2015, the state board of education may not establish a requirement for students to complete a culminating project for graduation.

~~((d))~~ (c)(i) The state board of education shall adopt rules to implement the career and college ready graduation requirement proposal adopted under board resolution on November 10, 2010, and revised on January 9, 2014, to take effect beginning with the graduating class of 2019 or as otherwise provided in this subsection (1) ~~((d))~~ (c). The rules must include authorization for a school district to waive up to two credits for individual students based on unusual circumstances and in accordance with written policies that must be adopted by each board of directors of a school district that grants diplomas. The rules must also provide that the content of the third credit of mathematics and the content of the third credit of science may be chosen by the student based on the student's interests and high school and beyond plan with agreement of the student's parent or guardian or agreement of the school counselor or principal.

(ii) School districts may apply to the state board of education for a waiver to implement the career and college ready graduation requirement proposal beginning with the graduating class of 2020 or 2021 instead of the graduating class of 2019. In the application, a school district must describe why the waiver is being requested, the specific impediments preventing timely implementation, and efforts that will be taken to achieve implementation with the graduating class proposed under the waiver. The state board of education shall grant a waiver under this subsection (1) ~~((d))~~ (c) to an applying school district at the next

subsequent meeting of the board after receiving an application.

(2)(a) In recognition of the statutory authority of the state board of education to establish and enforce minimum high school graduation requirements, the state board shall periodically reevaluate the graduation requirements and shall report such findings to the legislature in a timely manner as determined by the state board.

(b) The state board shall reevaluate the graduation requirements for students enrolled in vocationally intensive and rigorous career and technical education programs, particularly those programs that lead to a certificate or credential that is state or nationally recognized. The purpose of the evaluation is to ensure that students enrolled in these programs have sufficient opportunity to (~~earn a certificate of academic achievement,~~) complete the program and earn the program's certificate or credential, and complete other state and local graduation requirements.

(c) The state board shall forward any proposed changes to the high school graduation requirements to the education committees of the legislature for review. The legislature shall have the opportunity to act during a regular legislative session before the changes are adopted through administrative rule by the state board. Changes that have a fiscal impact on school districts, as identified by a fiscal analysis prepared by the office of the superintendent of public instruction, shall take effect only if formally authorized and funded by the legislature through the omnibus appropriations act or other enacted legislation.

(3) Pursuant to any requirement for instruction in languages other than English established by the state board of education or a local school district, or both, for purposes of high school graduation, students who receive instruction in American sign language or one or more American Indian languages shall be considered to have satisfied the state or local school district graduation requirement for instruction in one or more languages other than English.

(4) If requested by the student and his or her family, a student who has completed high school courses before attending high school shall be given high school credit which shall be applied to fulfilling high school graduation requirements if:

(a) The course was taken with high school students, if the academic level of the course exceeds the requirements for seventh and eighth grade classes, and the student has successfully passed by completing the same course requirements and examinations as the high school students enrolled in the class; or

(b) The academic level of the course exceeds the requirements for seventh and eighth grade classes and the course would qualify for high school credit, because the course is similar or equivalent to a course offered at a high school in the district as determined by the school district board of directors.

(5) Students who have taken and successfully completed high school courses under the circumstances in subsection (4) of this section shall not be required to take an additional competency examination or perform any other additional assignment to receive credit.

(6) At the college or university level, five quarter or three semester hours equals one high school credit.

**Sec. 104.** RCW 28A.230.122 and 2011 c 203 s 1 are each amended to read as follows:

(1) A student who fulfills the requirements specified in subsection (3) of this section toward completion of an international baccalaureate diploma programme is considered to have satisfied state minimum requirements for graduation from a public high school, except that (+

(a) The provisions of RCW 28A.655.061 regarding the certificate of academic achievement or RCW 28A.155.045 regarding the certificate of individual achievement apply to students under this section; and

~~(b))~~ the provisions of RCW 28A.230.170 regarding study of the United States Constitution and the Washington state Constitution apply to students under this section.

(2) School districts may require students under this section to complete local graduation requirements that are in addition to state minimum requirements before issuing a high school diploma under RCW 28A.230.120. However, school districts are encouraged to waive local requirements as necessary to encourage students to pursue an international baccalaureate diploma.

(3) To receive a high school diploma under this section, a student must

complete and pass all required international baccalaureate diploma programme courses as scored at the local level; pass all internal assessments as scored at the local level; successfully complete all required projects and products as scored at the local level; and complete the final examinations administered by the international baccalaureate organization in each of the required subjects under the diploma programme.

**Sec. 105.** RCW 28A.230.125 and 2014 c 102 s 3 are each amended to read as follows:

(1) The superintendent of public instruction, in consultation with the four-year institutions as defined in RCW 28B.76.020, the state board for community and technical colleges, and the workforce training and education coordinating board, shall develop for use by all public school districts a standardized high school transcript. The superintendent shall establish clear definitions for the terms "credits" and "hours" so that school programs operating on the quarter, semester, or trimester system can be compared.

(2) ((The standardized high school transcript shall include a notation of whether the student has earned a certificate of individual achievement or a certificate of academic achievement.

~~(3)~~) The standardized high school transcript may include a notation of whether the student has earned the Washington state seal of biliteracy established under RCW 28A.300.575.

**Sec. 106.** RCW 28A.655.070 and 2015 c 211 s 3 are each amended to read as follows:

(1) The superintendent of public instruction shall develop essential academic learning requirements that identify the knowledge and skills all public school students need to know and be able to do based on the student learning goals in RCW 28A.150.210, develop student assessments, and implement the accountability recommendations and requests regarding assistance, rewards, and recognition of the state board of education.

(2) The superintendent of public instruction shall:

(a) Periodically revise the essential academic learning requirements, as needed,

based on the student learning goals in RCW 28A.150.210. Goals one and two shall be considered primary. To the maximum extent possible, the superintendent shall integrate goal four and the knowledge and skill areas in the other goals in the essential academic learning requirements; and

(b) Review and prioritize the essential academic learning requirements and identify, with clear and concise descriptions, the grade level content expectations to be assessed on the statewide student assessment and used for state or federal accountability purposes. The review, prioritization, and identification shall result in more focus and targeting with an emphasis on depth over breadth in the number of grade level content expectations assessed at each grade level. Grade level content expectations shall be articulated over the grades as a sequence of expectations and performances that are logical, build with increasing depth after foundational knowledge and skills are acquired, and reflect, where appropriate, the sequential nature of the discipline. The office of the superintendent of public instruction, within seven working days, shall post on its web site any grade level content expectations provided to an assessment vendor for use in constructing the statewide student assessment.

(3) (a) In consultation with the state board of education, the superintendent of public instruction shall maintain and continue to develop and revise a statewide academic assessment system in the content areas of reading, writing, mathematics, and science for use in the elementary, middle, and high school years designed to determine if each student has mastered the essential academic learning requirements identified in subsection (1) of this section. School districts shall administer the assessments under guidelines adopted by the superintendent of public instruction. The academic assessment system may include a variety of assessment methods, including criterion-referenced and performance-based measures.

(b) Effective with the 2009 administration of the Washington assessment of student learning and continuing with the statewide student assessment, the superintendent shall redesign the assessment in the content areas of reading, mathematics, and science in all grades except high school by shortening test administration and

reducing the number of short answer and extended response questions.

(c) By the 2014-15 school year, the superintendent of public instruction, in consultation with the state board of education, shall modify the statewide student assessment system to transition to assessments developed with a multistate consortium, as provided in this subsection:

(i) The assessments developed with a multistate consortium to assess student proficiency in English language arts and mathematics shall be administered beginning in the 2014-15 school year. The reading and writing assessments shall not be administered by the superintendent of public instruction or schools after the 2013-14 school year.

(ii) The high school assessments in English language arts and mathematics in (c)(i) of this subsection shall be used for ((the purposes of earning a certificate of academic achievement for high school graduation under the timeline established in RCW 28A.655.061 and for)) assessing student career and college readiness.

((iii) During the transition period specified in RCW 28A.655.061, the superintendent of public instruction shall use test items and other resources from the consortium assessment to develop and administer a tenth grade high school English language arts assessment, an end-of-course mathematics assessment to assess the standards common to algebra I and integrated mathematics I, and an end-of-course mathematics assessment to assess the standards common to geometry and integrated mathematics II.))

(4) If the superintendent proposes any modification to the essential academic learning requirements or the statewide assessments, then the superintendent shall, upon request, provide opportunities for the education committees of the house of representatives and the senate to review the assessments and proposed modifications to the essential academic learning requirements before the modifications are adopted.

(5) The assessment system shall be designed so that the results under the assessment system are used by educators as tools to evaluate instructional practices, and to initiate appropriate educational support for students who have not mastered the essential academic learning

requirements at the appropriate periods in the student's educational development.

(6) By September 2007, the results for reading and mathematics shall be reported in a format that will allow parents and teachers to determine the academic gain a student has acquired in those content areas from one school year to the next.

(7) To assist parents and teachers in their efforts to provide educational support to individual students, the superintendent of public instruction shall provide as much individual student performance information as possible within the constraints of the assessment system's item bank. The superintendent shall also provide to school districts:

(a) Information on classroom-based and other assessments that may provide additional achievement information for individual students; and

(b) A collection of diagnostic tools that educators may use to evaluate the academic status of individual students. The tools shall be designed to be inexpensive, easily administered, and quickly and easily scored, with results provided in a format that may be easily shared with parents and students.

(8) To the maximum extent possible, the superintendent shall integrate knowledge and skill areas in development of the assessments.

(9) Assessments for goals three and four of RCW 28A.150.210 shall be integrated in the essential academic learning requirements and assessments for goals one and two.

(10) The superintendent shall develop assessments that are directly related to the essential academic learning requirements, and are not biased toward persons with different learning styles, racial or ethnic backgrounds, or on the basis of gender.

(11) The superintendent shall consider methods to address the unique needs of special education students when developing the assessments under this section.

(12) The superintendent shall consider methods to address the unique needs of highly capable students when developing the assessments under this section.

(13) The superintendent shall post on the superintendent's web site lists of resources and model assessments in social studies, the arts, and health and fitness.

(14) The superintendent shall integrate financial education skills and content knowledge into the state learning standards pursuant to RCW 28A.300.460 (2) (d).

## PART II

### MODIFICATIONS TO PROVISIONS OF EDUCATION AGENCIES

**Sec. 201.** RCW 28A.180.100 and 2004 c 19 s 105 are each amended to read as follows:

The office of the superintendent of public instruction and the state board for community and technical colleges shall jointly develop a program plan to provide a continuing education option for students who are eligible for the state transitional bilingual instruction program and who need more time to develop language proficiency but who are more age-appropriately suited for a postsecondary learning environment than for a high school. In developing the plan, the superintendent of public instruction shall consider options to formally recognize the accomplishments of students in the state transitional bilingual instruction program who have completed the twelfth grade but have not ~~((earned a certificate of academic achievement))~~ met all applicable graduation requirements. By December 1, 2004, the agencies shall report to the legislative education and fiscal committees with any recommendations for legislative action and any resources necessary to implement the plan.

**Sec. 202.** RCW 28A.195.010 and 2009 c 548 s 303 are each amended to read as follows:

The legislature hereby recognizes that private schools should be subject only to those minimum state controls necessary to insure the health and safety of all the students in the state and to insure a sufficient basic education to meet usual graduation requirements. The state, any agency or official thereof, shall not restrict or dictate any specific educational or other programs for private schools except as hereinafter in this section provided.

Principals of private schools or superintendents of private school districts shall file each year with the state superintendent of public instruction a statement certifying that the minimum requirements hereinafter set forth are being met, noting any deviations. After review of the statement, the state

superintendent will notify schools or school districts of those deviations which must be corrected. In case of major deviations, the school or school district may request and the state board of education may grant provisional status for one year in order that the school or school district may take action to meet the requirements. The state board of education shall not require private school students to meet the student learning goals, ~~((obtain a certificate of academic achievement, or a certificate of individual achievement to graduate from high school,))~~ to master the essential academic learning requirements, or to be assessed pursuant to RCW ~~((28A.655.061))~~ 28A.655.070. However, private schools may choose, on a voluntary basis, to have their students master these essential academic learning requirements ~~((, and obtain a certificate of academic achievement or a certificate of individual achievement))~~. Minimum requirements shall be as follows:

(1) The minimum school year for instructional purposes shall consist of no less than one hundred eighty school days or the equivalent in annual minimum instructional hour offerings, with a school-wide annual average total instructional hour offering of one thousand hours for students enrolled in grades one through twelve, and at least four hundred fifty hours for students enrolled in kindergarten.

(2) The school day shall be the same as defined in RCW 28A.150.203.

(3) All classroom teachers shall hold appropriate Washington state certification except as follows:

(a) Teachers for religious courses or courses for which no counterpart exists in public schools shall not be required to obtain a state certificate to teach those courses.

(b) In exceptional cases, people of unusual competence but without certification may teach students so long as a certified person exercises general supervision. Annual written statements shall be submitted to the office of the superintendent of public instruction reporting and explaining such circumstances.

(4) An approved private school may operate an extension program for parents, guardians, or persons having legal custody of a child to teach children in their

custody. The extension program shall require at a minimum that:

(a) The parent, guardian, or custodian be under the supervision of an employee of the approved private school who is certified under chapter 28A.410 RCW;

(b) The planning by the certified person and the parent, guardian, or person having legal custody include objectives consistent with this subsection and subsections (1), (2), (5), (6), and (7) of this section;

(c) The certified person spend a minimum average each month of one contact hour per week with each student under his or her supervision who is enrolled in the approved private school extension program;

(d) Each student's progress be evaluated by the certified person; and

(e) The certified employee shall not supervise more than thirty students enrolled in the approved private school's extension program.

(5) Appropriate measures shall be taken to safeguard all permanent records against loss or damage.

(6) The physical facilities of the school or district shall be adequate to meet the program offered by the school or district: PROVIDED, That each school building shall meet reasonable health and fire safety requirements. A residential dwelling of the parent, guardian, or custodian shall be deemed to be an adequate physical facility when a parent, guardian, or person having legal custody is instructing his or her child under subsection (4) of this section.

(7) Private school curriculum shall include instruction of the basic skills of occupational education, science, mathematics, language, social studies, history, health, reading, writing, spelling, and the development of appreciation of art and music, all in sufficient units for meeting state board of education graduation requirements.

(8) Each school or school district shall be required to maintain up-to-date policy statements related to the administration and operation of the school or school district.

All decisions of policy, philosophy, selection of books, teaching material, curriculum, except as in subsection (7) of this section provided, school rules and administration, or other matters not

specifically referred to in this section, shall be the responsibility of the administration and administrators of the particular private school involved.

**Sec. 203.** RCW 28A.200.010 and 2004 c 19 s 107 are each amended to read as follows:

(1) Each parent whose child is receiving home-based instruction under RCW 28A.225.010(4) shall have the duty to:

(a) File annually a signed declaration of intent that he or she is planning to cause his or her child to receive home-based instruction. The statement shall include the name and age of the child, shall specify whether a certificated person will be supervising the instruction, and shall be written in a format prescribed by the superintendent of public instruction. Each parent shall file the statement by September 15th of the school year or within two weeks of the beginning of any public school quarter, trimester, or semester with the superintendent of the public school district within which the parent resides or the district that accepts the transfer, and the student shall be deemed a transfer student of the nonresident district. Parents may apply for transfer under RCW 28A.225.220;

(b) Ensure that test scores or annual academic progress assessments and immunization records, together with any other records that are kept relating to the instructional and educational activities provided, are forwarded to any other public or private school to which the child transfers. At the time of a transfer to a public school, the superintendent of the local school district in which the child enrolls may require a standardized achievement test to be administered and shall have the authority to determine the appropriate grade and course level placement of the child after consultation with parents and review of the child's records; and

(c) Ensure that a standardized achievement test approved by the state board of education is administered annually to the child by a qualified individual or that an annual assessment of the student's academic progress is written by a certificated person who is currently working in the field of education. The state board of education shall not require these children to meet the student learning goals((7)) or master the essential academic learning requirements,



to take the assessments (~~(, or to obtain a certificate of academic achievement or a certificate of individual achievement pursuant to RCW 28A.655.061 and 28A.155.045)~~). The standardized test administered or the annual academic progress assessment written shall be made a part of the child's permanent records. If, as a result of the annual test or assessment, it is determined that the child is not making reasonable progress consistent with his or her age or stage of development, the parent shall make a good faith effort to remedy any deficiency.

(2) Failure of a parent to comply with the duties in this section shall be deemed a failure of such parent's child to attend school without valid justification under RCW 28A.225.020. Parents who do comply with the duties set forth in this section shall be presumed to be providing home-based instruction as set forth in RCW 28A.225.010 (4).

**Sec. 204.** RCW 28A.305.130 and 2013 2nd sp.s. c 22 s 7 are each amended to read as follows:

The purpose of the state board of education is to provide advocacy and strategic oversight of public education; implement a standards-based accountability framework that creates a unified system of increasing levels of support for schools in order to improve student academic achievement; provide leadership in the creation of a system that personalizes education for each student and respects diverse cultures, abilities, and learning styles; and promote achievement of the goals of RCW 28A.150.210. In addition to any other powers and duties as provided by law, the state board of education shall:

(1) Hold regularly scheduled meetings at such time and place within the state as the board shall determine and may hold such special meetings as may be deemed necessary for the transaction of public business;

(2) Form committees as necessary to effectively and efficiently conduct the work of the board;

(3) Seek advice from the public and interested parties regarding the work of the board;

(4) For purposes of statewide accountability:

(a) Adopt and revise performance improvement goals in reading, writing,

science, and mathematics, by subject and grade level, once assessments in these subjects are required statewide; academic and technical skills, as appropriate, in secondary career and technical education programs; and student attendance, as the board deems appropriate to improve student learning. The goals shall be consistent with student privacy protection provisions of RCW 28A.655.090(7) and shall not conflict with requirements contained in Title I of the federal elementary and secondary education act of 1965, or the requirements of the Carl D. Perkins vocational education act of 1998, each as amended. The goals may be established for all students, economically disadvantaged students, limited English proficient students, students with disabilities, and students from disproportionately academically underachieving racial and ethnic backgrounds. The board may establish school and school district goals addressing high school graduation rates and dropout reduction goals for students in grades seven through twelve. The board shall adopt the goals by rule. However, before each goal is implemented, the board shall present the goal to the education committees of the house of representatives and the senate for the committees' review and comment in a time frame that will permit the legislature to take statutory action on the goal if such action is deemed warranted by the legislature;

(b)(i) Identify the scores students must achieve in order to meet the standard on the statewide student assessment (~~(and, for high school students, to obtain a certificate of academic achievement)~~). The board shall also determine student scores that identify levels of student performance below and beyond the standard. (~~(The board shall consider the incorporation of the standard error of measurement into the decision regarding the award of the certificates.)~~) The board shall set such performance standards and levels in consultation with the superintendent of public instruction and after consideration of any recommendations that may be developed by any advisory committees that may be established for this purpose.

(ii) ((By the end of the 2014-15 school year, establish the scores students must achieve to meet the standard and earn a certificate of academic achievement on the tenth grade English language arts assessment and the end-of-course mathematics assessments developed in accordance with RCW 28A.655.070 to be used

as the state transitions to high school assessments developed with a multistate consortium.

(iii) By the end of the 2014-15 school year, establish the scores students must achieve to meet the standard and earn a certificate of academic achievement on the high school English language arts assessment and the comprehensive mathematics assessment developed with a multistate consortium in accordance with RCW 28A.655.070. To determine the appropriate score, the state board shall review the transition experience of Washington students to the consortium-developed assessments, examine the student scores used in other states that are administering the consortium-developed assessments, and review the scores in other states that require passage of an eleventh grade assessment as a high school graduation requirement. The scores established by the state board of education for the purposes of earning a certificate of academic achievement and graduation from high school may be different from the scores used for the purpose of determining a student's career and college readiness.

~~(iv)~~) The legislature shall be advised of the initial performance standards for the high school statewide student assessment. Any changes recommended by the board in the performance standards for the high school assessment shall be presented to the education committees of the house of representatives and the senate by November 30th of the school year in which the changes will take place to permit the legislature to take statutory action before the changes are implemented if such action is deemed warranted by the legislature. The legislature shall be advised of the initial performance standards and any changes made to the elementary level performance standards and the middle school level performance standards. The board must provide an explanation of and rationale for all initial performance standards and any changes, for all grade levels of the statewide student assessment. If the board changes the performance standards for any grade level or subject, the superintendent of public instruction must recalculate the results from the previous ten years of administering that assessment regarding students below, meeting, and beyond the state standard, to the extent that this data is available, and post a comparison of the original and recalculated results on the superintendent's web site;

(c) Annually review the assessment reporting system to ensure fairness, accuracy, timeliness, and equity of opportunity, especially with regard to schools with special circumstances and unique populations of students, and a recommendation to the superintendent of public instruction of any improvements needed to the system; and

(d) Include in the biennial report required under RCW 28A.305.035, information on the progress that has been made in achieving goals adopted by the board;

(5) Accredit, subject to such accreditation standards and procedures as may be established by the state board of education, all private schools that apply for accreditation, and approve, subject to the provisions of RCW 28A.195.010, private schools carrying out a program for any or all of the grades kindergarten through twelve. However, no private school may be approved that operates a kindergarten program only and no private school shall be placed upon the list of accredited schools so long as secret societies are knowingly allowed to exist among its students by school officials;

(6) Articulate with the institutions of higher education, workforce representatives, and early learning policymakers and providers to coordinate and unify the work of the public school system;

(7) Hire an executive director and an administrative assistant to reside in the office of the superintendent of public instruction for administrative purposes. Any other personnel of the board shall be appointed as provided by RCW 28A.300.020. The board may delegate to the executive director by resolution such duties as deemed necessary to efficiently carry on the business of the board including, but not limited to, the authority to employ necessary personnel and the authority to enter into, amend, and terminate contracts on behalf of the board. The executive director, administrative assistant, and all but one of the other personnel of the board are exempt from civil service, together with other staff as now or hereafter designated as exempt in accordance with chapter 41.06 RCW; and

(8) Adopt a seal that shall be kept in the office of the superintendent of public instruction.

**Sec. 205.** RCW 28A.320.208 and 2013 2nd sp.s. c 22 s 8 are each amended to read as follows:

(1) At the beginning of each school year, school districts must notify parents and guardians of enrolled students from eighth through twelfth grade about each student assessment required by the state, the minimum state-level graduation requirements, and any additional school district graduation requirements. The information may be provided when the student is enrolled, contained in the student or parent handbook, or posted on the school district's web site. The notification must include the following:

(a) When each assessment will be administered;

(b) ((Which assessments will be required for graduation and what options students have to meet graduation requirements if they do not pass a given assessment;

~~(c))~~ Whether the results of the assessment will be used for program placement or grade-level advancement;

~~((d))~~ (c) When the assessment results will be released to parents or guardians and whether there will be an opportunity for parents and teachers to discuss strategic adjustments; and

~~((e))~~ (d) Whether the assessment is required by the school district, state, federal government, or more than one of these entities.

(2) The office of the superintendent of public instruction shall provide information to the school districts to enable the districts to provide the information to the parents and guardians in accordance with subsection (1) of this section.

### PART III

#### ADDITIONAL AND REPEALED PROVISIONS

**Sec. 301.** RCW 28A.415.360 and 2009 c 548 s 403 are each amended to read as follows:

(1) Subject to funds appropriated for this purpose, targeted professional development programs, to be known as learning improvement days, are authorized to further the development of outstanding mathematics, science, and reading teaching and learning opportunities in the state of Washington. The intent of this section is to provide guidance for the learning improvement days in the omnibus

appropriations act. The learning improvement days authorized in this section shall not be considered part of the definition of basic education.

(2) A school district is eligible to receive funding for learning improvement days that are limited to specific activities related to student learning that contribute to the following outcomes:

(a) Provision of meaningful, targeted professional development for all teachers in mathematics, science, or reading;

(b) Increased knowledge and instructional skill for mathematics, science, or reading teachers;

(c) Increased use of curriculum materials with supporting diagnostic and supplemental materials that align with state standards;

(d) ((Skillful guidance for students participating in alternative assessment activities;

~~(e))~~ Increased rigor of course offerings especially in mathematics, science, and reading;

~~((f))~~ (e) Increased student opportunities for focused, applied mathematics and science classes;

~~((g))~~ (f) Increased student success on state achievement measures; and

~~((h))~~ (g) Increased student appreciation of the value and uses of mathematics, science, and reading knowledge and exploration of related careers.

(3) School districts receiving resources under this section shall submit reports to the superintendent of public instruction documenting how the use of the funds contributes to measurable improvement in the outcomes described under subsection (2) of this section; and how other professional development resources and programs authorized in statute or in the omnibus appropriations act contribute to the expected outcomes. The superintendent of public instruction and the office of financial management shall collaborate on required report content and format.

**Sec. 302.** RCW 28A.600.310 and 2015 c 202 s 4 are each amended to read as follows:

(1)(a) Eleventh and twelfth grade students or students who have not yet received the credits required for the

award of a high school diploma and are eligible to be in the eleventh or twelfth grades may apply to a participating institution of higher education to enroll in courses or programs offered by the institution of higher education.

(b) The course sections and programs offered as running start courses must also be open for registration to matriculated students at the participating institution of higher education and may not be a course consisting solely of high school students offered at a high school campus.

(c) A student receiving home-based instruction enrolling in a public high school for the sole purpose of participating in courses or programs offered by institutions of higher education shall not be counted by the school district in any required state or federal accountability reporting if the student's parents or guardians filed a declaration of intent to provide home-based instruction and the student received home-based instruction during the school year before the school year in which the student intends to participate in courses or programs offered by the institution of higher education. Students receiving home-based instruction under chapter 28A.200 RCW and students attending private schools approved under chapter 28A.195 RCW shall not be required to meet the student learning goals (~~(, obtain a certificate of academic achievement or a certificate of individual achievement to graduate from high school,)~~) or to master the essential academic learning requirements. However, students are eligible to enroll in courses or programs in participating universities only if the board of directors of the student's school district has decided to participate in the program. Participating institutions of higher education, in consultation with school districts, may establish admission standards for these students. If the institution of higher education accepts a secondary school pupil for enrollment under this section, the institution of higher education shall send written notice to the pupil and the pupil's school district within ten days of acceptance. The notice shall indicate the course and hours of enrollment for that pupil.

(2)(a) In lieu of tuition and fees, as defined in RCW 28B.15.020 and 28B.15.041:

(i) Running start students shall pay to the community or technical college all other mandatory fees as established by each community or technical college and,

in addition, the state board for community and technical colleges may authorize a fee of up to ten percent of tuition and fees as defined in RCW 28B.15.020 and 28B.15.041; and

(ii) All other institutions of higher education operating a running start program may charge running start students a fee of up to ten percent of tuition and fees as defined in RCW 28B.15.020 and 28B.15.041 in addition to technology fees.

(b) The fees charged under this subsection (2) shall be prorated based on credit load.

(c) Students may pay fees under this subsection with advanced college tuition payment program tuition units at a rate set by the advanced college tuition payment program governing body under chapter 28B.95 RCW.

(3)(a) The institutions of higher education must make available fee waivers for low-income running start students. Each institution must establish a written policy for the determination of low-income students before offering the fee waiver. A student shall be considered low income and eligible for a fee waiver upon proof that the student is currently qualified to receive free or reduced-price lunch. Acceptable documentation of low-income status may also include, but is not limited to, documentation that a student has been deemed eligible for free or reduced-price lunches in the last five years, or other criteria established in the institution's policy.

(b) Institutions of higher education, in collaboration with relevant student associations, shall aim to have students who can benefit from fee waivers take advantage of these waivers. Institutions shall make every effort to communicate to students and their families the benefits of the waivers and provide assistance to students and their families on how to apply. Information about waivers shall, to the greatest extent possible, be incorporated into financial aid counseling, admission information, and individual billing statements. Institutions also shall, to the greatest extent possible, use all means of communication, including but not limited to web sites, online catalogues, admission and registration forms, mass email messaging, social media, and outside marketing to ensure that information about waivers is visible, compelling, and

reaches the maximum number of students and families that can benefit.

(4) The pupil's school district shall transmit to the institution of higher education an amount per each full-time equivalent college student at statewide uniform rates for vocational and nonvocational students. The superintendent of public instruction shall separately calculate and allocate moneys appropriated for basic education under RCW 28A.150.260 to school districts for purposes of making such payments and for granting school districts seven percent thereof to offset program related costs. The calculations and allocations shall be based upon the estimated statewide annual average per full-time equivalent high school student allocations under RCW 28A.150.260, excluding small high school enhancements, and applicable rules adopted under chapter 34.05 RCW. The superintendent of public instruction, participating institutions of higher education, and the state board for community and technical colleges shall consult on the calculation and distribution of the funds. The funds received by the institution of higher education from the school district shall not be deemed tuition or operating fees and may be retained by the institution of higher education. A student enrolled under this subsection shall be counted for the purpose of meeting enrollment targets in accordance with terms and conditions specified in the omnibus appropriations act.

**NEW SECTION. Sec. 303.** A new section is added to chapter 28A.655 RCW to read as follows:

To help assure continued progress in academic achievement as a foundation for high school graduation and to assure that students are on track for high school graduation, each school district must prepare plans for and notify students and their parents or legal guardians as provided in this section. Student learning plans are required for eighth grade students who were not successful on any or all of the content areas of the state assessment during the previous school year or who may not be on track to graduate due to credit deficiencies or absences. The parent or legal guardian must be notified about the information in the student learning plan, preferably through a parent conference and at least annually. To the extent feasible, schools serving English language learner students and their

parents must translate the plan into the primary language of the family. The plan must include the following information as applicable:

(1) The student's results on the state assessment;

(2) If the student is in the transitional bilingual instruction program, the score on his or her Washington language proficiency test II;

(3) Any credit deficiencies;

(4) The student's attendance rates over the previous two years;

(5) The student's progress toward meeting state and local graduation requirements;

(6) The courses, competencies, and other steps needed to be taken by the student to meet state academic standards and stay on track for graduation;

(7) Remediation strategies and alternative education options available to students, including informing students of the option to continue to receive instructional services after grade twelve or until the age of twenty-one;

(8) School district programs, high school courses, and career and technical education options available for students to meet graduation requirements; and

(9) Available programs offered through skill centers or community and technical colleges, including the college high school diploma options under RCW 28B.50.535.

**NEW SECTION. Sec. 304.** The following acts or parts of acts are each repealed:

(1)RCW 28A.600.405 (Participation in high school completion pilot program—Eligible students—Funding allocations—Rules—Information for students and parents) and 2012 1st sp.s. c 10 s 4 & 2007 c 355 s 4;

(2)RCW 28A.655.061 (High school assessment system—Certificate of academic achievement—Exemptions—Options to retake high school assessment—Objective alternative assessment—Student learning plans) and 2015 3rd sp.s. c 42 s 2, 2013 2nd sp.s. c 22 s 2, 2011 1st sp.s. c 22 s 2, 2010 c 244 s 1, 2009 c 524 s 5, & 2008 c 321 s 2;

(3)RCW 28A.655.063 (Objective alternative assessments—Reimbursement of

costs—Testing fee waivers) and 2007 c 354 s 7 & 2006 c 115 s 5;

(4)RCW 28A.655.065 (Objective alternative assessment methods—Appeals from assessment scores—Waivers and appeals from assessment requirements—Rules) and 2009 c 556 s 19, 2008 c 170 s 205, 2007 c 354 s 6, & 2006 c 115 s 1;

(5)RCW 28A.655.066 (Statewide end-of-course assessments for high school mathematics) and 2013 2nd sp.s. c 22 s 3, 2011 c 25 s 2, 2009 c 310 s 3, & 2008 c 163 s 3; and

(6)RCW 28A.655.068 (Statewide high school assessment in science) and 2013 2nd sp.s. c 22 s 4 & 2011 1st sp.s. c 22 s 3.

NEW SECTION. **Sec. 305.** This act applies beginning with the graduating class of 2014.

NEW SECTION. **Sec. 306.** 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 Ormsby, Chair; Robinson, Vice Chair; MacEwen, Assistant Ranking Minority Member; Bergquist; Buys; Cody; Condotta; Fitzgibbon; Haler; Hansen; Harris; Hudgins; Jinkins; Kagi; Lytton; Manweller; Nealey; Pettigrew; Pollet; Sawyer; Schmick; Senn; Springer; Stanford; Sullivan; Taylor; Tharinger; Vick and Volz.

MINORITY recommendation: Do not pass. Signed by Representatives Chandler, Ranking Minority Member; Stokesbary, Assistant Ranking Minority Member and Wilcox.

Referred to Committee on Rules for second reading.

April 3, 2017

ESB 5647 Prime Sponsor, Senator Honeyford: Creating a low-income home rehabilitation revolving loan program. Reported by Committee on Capital Budget

MAJORITY recommendation: Do pass as amended.

Strike everything after the enacting clause and insert the following:

"NEW SECTION. **Sec. 1.** A new section is added to chapter 43.330 RCW to read as follows:

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

(1) "Home" means a single-family residential structure.

(2) "Home rehabilitation" means residential repairs and improvements that address health, safety, and durability issues in existing housing in rural areas.

(3) "Homeowner" means a person who owns and resides permanently in the home the person occupies.

(4) "Low-income" means persons or households with income at or below two hundred percent of the federal poverty level as adjusted for family size and determined annually by the federal department of health and human services.

(5) "Rehabilitation agency" means any approved department grantee, tribal nation, or any public service company, municipality, public utility district, mutual or cooperative, or other entity that bears the responsibility for rehabilitating residences under this chapter and has been approved by the department.

(6) "Rural areas" means areas of Washington state defined as non-entitlement areas by the United States department of housing and urban development.

NEW SECTION. **Sec. 2.** A new section is added to chapter 43.330 RCW to read as follows:

(1) Subject to availability of amounts appropriated for this specific purpose, the low-income home rehabilitation revolving loan program is created within the department.

(2) The program must include the following elements:

(a) Eligible homeowners must be low-income and live in rural areas.

(b) Homeowners who are senior citizens, persons with disabilities, families with children five years old and younger, and veterans must receive priority for loans.

(c) The cost of the home rehabilitation must be the lesser of eighty percent of the assessed value of the property post rehabilitation or forty thousand dollars.

(d) The maximum amount that may be loaned under this program may not exceed the cost of the home rehabilitation as

provided in (c) of this subsection, and must not result in total loans borrowed against the property equaling more than eighty percent of the assessed value.

(e) The interest rate of the loan must be equal to the previous calendar year's annual average consumer price index compiled by the bureau of labor statistics, United States department of labor.

(f) The department must allow participating homeowners to defer repayment of the loan principal and interest and any fees related to the administration or issuance of the loan. Any amounts deferred pursuant to this section become a lien in favor of the state. The lien is subordinate to liens for general taxes, amounts deferred under chapter 84.37 or 84.38 RCW, or special assessments as defined in RCW 84.38.020. The lien is also subordinate to the first deed of trust or the first mortgage on the real property but has priority over all other privileges, liens, monetary encumbrances, or other security interests affecting the real property, whenever incurred, filed, or recorded. The department must take such necessary action to file and perfect the state's lien. All amounts due under the loan become due and payable upon the sale of the home or upon change in ownership of the home.

(3) All moneys from repayments must be deposited into the low-income home rehabilitation revolving loan program account created in section 4 of this act.

(4) The department must adopt rules for implementation of this program.

**NEW SECTION. Sec. 3.** A new section is added to chapter 43.330 RCW to read as follows:

(1) The department must contract with rehabilitation agencies to provide home rehabilitation to participating homeowners. Preference must be given to local agencies delivering programs and services with similar eligibility criteria.

(2) Any rehabilitation agency may charge participating homeowners an administrative fee of no more than seven percent of the home rehabilitation loan amount. The administrative fee must become a component of the total loan amount to be repaid by the participating homeowner.

(3) Any rehabilitation agency receiving funding under this section must report to

the department at least quarterly, or in alignment with federal reporting, whichever is the greater frequency, the project costs and the number of homes repaired or rehabilitated. The director must review the accuracy of these reports.

**NEW SECTION. Sec. 4.** A new section is added to chapter 43.330 RCW to read as follows:

The low-income home rehabilitation revolving loan program account is created in the custody of the state treasury. All transfers and appropriations by the legislature, repayments of loans, private contributions, and all other sources must be deposited into the account. Expenditures from the account may be used only for the purposes of the low-income home rehabilitation revolving loan program created in section 2 of this act. Only the director or the director's designee may authorize expenditures from the account. The account is subject to allotment procedures under chapter 43.88 RCW, but an appropriation is not required for expenditures.

**Sec. 5.** RCW 43.79A.040 and 2016 c 203 s 2, 2016 c 173 s 10, 2016 c 69 s 21, and 2016 c 39 s 7 are each reenacted and amended to read as follows:

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

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

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

(4)(a) Monthly, the state treasurer must distribute the earnings credited to the investment income account to the state

general fund except under (b), (c), and (d) of this subsection.

(b) The following accounts and funds must receive their proportionate share of earnings based upon each account's or fund's average daily balance for the period: The 24/7 sobriety account, the Washington promise scholarship account, the Washington advanced college tuition payment program account, the Washington college savings program account, the accessible communities account, the Washington achieving a better life experience program account, the community and technical college innovation account, the agricultural local fund, the American Indian scholarship endowment fund, the foster care scholarship endowment fund, the foster care endowed scholarship trust fund, the contract harvesting revolving account, the Washington state combined fund drive account, the commemorative works account, the county enhanced 911 excise tax account, the toll collection account, the developmental disabilities endowment trust fund, the energy account, the fair fund, the family leave insurance account, the food animal veterinarian conditional scholarship account, the fruit and vegetable inspection account, the future teachers conditional scholarship account, the game farm alternative account, the GET ready for math and science scholarship account, the Washington global health technologies and product development account, the grain inspection revolving fund, the industrial insurance rainy day fund, the juvenile accountability incentive account, the law enforcement officers' and firefighters' plan 2 expense fund, the local tourism promotion account, the low-income home rehabilitation revolving loan program account, the multiagency permitting team account, the pilotage account, the produce railcar pool account, the regional transportation investment district account, the rural rehabilitation account, the Washington sexual assault kit account, the stadium and exhibition center account, the youth athletic facility account, the self-insurance revolving fund, the children's trust fund, the Washington horse racing commission Washington bred owners' bonus fund and breeder awards account, the Washington horse racing commission class C purse fund account, the individual development account program account, the Washington horse racing commission operating account, the life sciences discovery fund, the Washington state heritage center account, the reduced

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

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

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

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

Correct the title.

Signed by Representatives Tharinger, Chair; Doglio, Vice Chair; Peterson, Vice Chair; DeBolt, Ranking Minority Member; Smith, Assistant Ranking Minority Member; Dye; Johnson; Kraft; Macri; Morris; Reeves; Ryu; Sells; Steele; Stonier; Walsh, J. Koster, Member.

Referred to Committee on Rules for second reading.

April 4, 2017

SB 5661

Prime Sponsor, Senator Rolfes: Addressing interruptive service credit for members of the law enforcement officers' and firefighters' retirement system. Reported by Committee on Appropriations

MAJORITY recommendation: Do pass as amended.

Strike everything after the enacting clause and insert the following:

"NEW SECTION. **Sec. 1.** The law enforcement officers' and firefighters'



plan 2 retirement board shall study the requirement that members of plan 2 that are veterans make member contributions to the retirement plan for service credit in cases where the member left employment to serve during a specific conflict, but was not awarded a campaign badge or medal. The conflicts include: The crisis in Lebanon, the invasion of Grenada, Operation Just Cause in Panama, Operation Restore Hope in Somalia, Operation Uphold Democracy in Haiti, Operation Joint Endeavor in Bosnia, Operation Noble Eagle, Operation Enduring Freedom in Southern or Central Asia, and Operation Iraqi Freedom. The board shall work with the department of retirement systems and the military department to estimate the number of additional members that could become eligible for service credit without contributions, estimate the number of members that may be eligible for refunds if such a policy extended to past service credit purchases, and estimate the costs to the plan that would result from such policy changes. The board shall report the findings of the study to the appropriate committees of the legislature by January 1, 2018.

NEW SECTION. **Sec. 2.** Section 1 of this act is added to chapter 41.26 RCW, but because of its temporary nature, shall not be codified."

Correct the title.

Signed by Representatives Ormsby, Chair; Robinson, Vice Chair; Chandler, Ranking Minority Member; MacEwen, Assistant Ranking Minority Member; Bergquist; Buys; Cody; Condotta; Fitzgibbon; Haler; Hansen; Harris; Hudgins; Jinkins; Kagi; Lytton; Manweller; Nealey; Pettigrew; Pollet; Sawyer; Schmick; Senn; Springer; Stanford; Sullivan; Taylor; Tharinger; Volz and Wilcox.

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

Referred to Committee on Rules for second reading.

April 4, 2017

SSB 5713 Prime Sponsor, Committee on Higher Education: Creating the skilled worker outreach, recruitment, and career awareness training program. Reported by Committee on Appropriations

MAJORITY recommendation: Do pass as amended by Committee on Higher Education. Signed by Representatives Ormsby, Chair; Robinson, Vice Chair; Chandler, Ranking Minority Member; MacEwen,

Assistant Ranking Minority Member; Stokesbary, Assistant Ranking Minority Member; Bergquist; Cody; Fitzgibbon; Haler; Hansen; Harris; Hudgins; Jinkins; Kagi; Lytton; Manweller; Nealey; Pettigrew; Pollet; Sawyer; Schmick; Senn; Springer; Stanford; Sullivan; Tharinger; Vick; Volz and Wilcox.

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

Referred to Committee on Rules for second reading.

April 4, 2017

SB 5715 Prime Sponsor, Senator Rivers: Limiting nursing home direct care payment adjustments to the lowest case mix weights in the reduced physical function groups and authorizing upward adjustments to case mix weights in the cognitive and behavior groups. Reported by Committee on Appropriations

MAJORITY recommendation: Do pass as amended.

Strike everything after the enacting clause and insert the following:

"**Sec. 1.** RCW 74.46.485 and 2011 1st sp.s. c 7 s 4 are each amended to read as follows:

(1) The legislature recognizes that staff and resources needed to adequately care for individuals with cognitive or behavioral impairments is not limited to support for activities of daily living. Therefore, the department shall:

(a) Employ the resource utilization group (~~(III)~~) IV case mix classification methodology. The department shall use the (~~(forty-four)~~) fifty-seven group index maximizing model for the resource utilization group (~~(III)~~) IV grouper version (~~(5.10)~~) MDS 3.05, but the department may revise or update the classification methodology to reflect advances or refinements in resident assessment or classification, subject to federal requirements. The department may adjust by no more than thirteen percent the case mix index for (~~(any of the lowest ten)~~) resource utilization group categories beginning with PA1 through (~~(PB2)~~) PB2 to any case mix index that aids in achieving the purpose and intent of RCW 74.39A.007 and cost-efficient care, excluding behaviors, and allowing for exceptions for limited placement options; and

(b) Implement minimum data set 3.0 under the authority of this section (~~(and~~

~~RCW 74.46.431(3)~~). The department must notify nursing home contractors twenty-eight days in advance the date of implementation of the minimum data set 3.0. In the notification, the department must identify for all semiannual rate settings following the date of minimum data set 3.0 implementation a previously established semiannual case mix adjustment established for the semiannual rate settings that will be used for semiannual case mix calculations in direct care until minimum data set 3.0 is fully implemented.

(2) The department is authorized to adjust upward the weights for resource utilization groups BA1-BB2 related to cognitive or behavioral health to ensure adequate access to appropriate levels of care.

(3) A default case mix group shall be established for cases in which the resident dies or is discharged for any purpose prior to completion of the resident's initial assessment. The default case mix group and case mix weight for these cases shall be designated by the department.

~~((3))~~ (4) A default case mix group may also be established for cases in which there is an untimely assessment for the resident. The default case mix group and case mix weight for these cases shall be designated by the department.

**Sec. 2.** RCW 74.46.561 and 2016 c 131 s 1 are each amended to read as follows:

(1) The legislature adopts a new system for establishing nursing home payment rates beginning July 1, 2016. Any payments to nursing homes for services provided after June 30, 2016, must be based on the new system. The new system must be designed in such a manner as to decrease administrative complexity associated with the payment methodology, reward nursing homes providing care for high acuity residents, incentivize quality care for residents of nursing homes, and establish minimum staffing standards for direct care.

(2) The new system must be based primarily on industry-wide costs, and have three main components: Direct care, indirect care, and capital.

(3) The direct care component must include the direct care and therapy care components of the previous system, along with food, laundry, and dietary services. Direct care must be paid at a fixed rate, based on one hundred percent or greater of

statewide case mix neutral median costs, but shall be set so that a nursing home provider's direct care rate does not exceed one hundred eighteen percent of its base year's direct care allowable costs except if the provider is below the minimum staffing standard established in RCW 74.42.360(2). Direct care must be performance-adjusted for acuity every six months, using case mix principles. Direct care must be regionally adjusted using county wide wage index information available through the United States department of labor's bureau of labor statistics. There is no minimum occupancy for direct care. The direct care component rate allocations calculated in accordance with this section must be adjusted to the extent necessary to comply with RCW 74.46.421.

(4) The indirect care component must include the elements of administrative expenses, maintenance costs, and housekeeping services from the previous system. A minimum occupancy assumption of ninety percent must be applied to indirect care. Indirect care must be paid at a fixed rate, based on ninety percent or greater of statewide median costs. The indirect care component rate allocations calculated in accordance with this section must be adjusted to the extent necessary to comply with RCW 74.46.421.

(5) The capital component must use a fair market rental system to set a price per bed. The capital component must be adjusted for the age of the facility, and must use a minimum occupancy assumption of ninety percent.

(a) Beginning July 1, 2016, the fair rental rate allocation for each facility must be determined by multiplying the allowable nursing home square footage in (c) of this subsection by the RS means rental rate in (d) of this subsection and by the number of licensed beds yielding the gross unadjusted building value. An equipment allowance of ten percent must be added to the unadjusted building value. The sum of the unadjusted building value and equipment allowance must then be reduced by the average age of the facility as determined by (e) of this subsection using a depreciation rate of one and one-half percent. The depreciated building and equipment plus land valued at ten percent of the gross unadjusted building value before depreciation must then be multiplied by the rental rate at seven and one-half percent to yield an allowable

fair rental value for the land, building, and equipment.

(b) The fair rental value determined in (a) of this subsection must be divided by the greater of the actual total facility census from the prior full calendar year or imputed census based on the number of licensed beds at ninety percent occupancy.

(c) For the rate year beginning July 1, 2016, all facilities must be reimbursed using four hundred square feet. For the rate year beginning July 1, 2017, allowable nursing facility square footage must be determined using the total nursing facility square footage as reported on the medicaid cost reports submitted to the department in compliance with this chapter. The maximum allowable square feet per bed may not exceed four hundred fifty.

(d) Each facility must be paid at eighty-three percent or greater of the median nursing facility RS means construction index value per square foot for Washington state. The department may use updated RS means construction index information when more recent square footage data becomes available. The statewide value per square foot must be indexed based on facility zip code by multiplying the statewide value per square foot times the appropriate zip code based index. For the purpose of implementing this section, the value per square foot effective July 1, 2016, must be set so that the weighted average FRV [fair rental value] rate is not less than ten dollars and eighty cents ppd [per patient day]. The capital component rate allocations calculated in accordance with this section must be adjusted to the extent necessary to comply with RCW 74.46.421.

(e) The average age is the actual facility age reduced for significant renovations. Significant renovations are defined as those renovations that exceed two thousand dollars per bed in a calendar year as reported on the annual cost report submitted in accordance with this chapter. For the rate beginning July 1, 2016, the department shall use renovation data back to 1994 as submitted on facility cost reports. Beginning July 1, 2016, facility ages must be reduced in future years if the value of the renovation completed in any year exceeds two thousand dollars times the number of licensed beds. The cost of the renovation must be divided by the accumulated depreciation per bed in the year of the renovation to determine the equivalent number of new replacement beds. The new age for the facility is a

weighted average with the replacement bed equivalents reflecting an age of zero and the existing licensed beds, minus the new bed equivalents, reflecting their age in the year of the renovation. At no time may the depreciated age be less than zero or greater than forty-four years.

(f) A nursing facility's capital component rate allocation must be rebased annually, effective July 1, 2016, in accordance with this section and this chapter.

(6) A quality incentive must be offered as a rate enhancement beginning July 1, 2016.

(a) An enhancement no larger than five percent and no less than one percent of the statewide average daily rate must be paid to facilities that meet or exceed the standard established for the quality incentive. All providers must have the opportunity to earn the full quality incentive payment.

(b) The quality incentive component must be determined by calculating an overall facility quality score composed of four to six quality measures. For fiscal year 2017 there shall be four quality measures, and for fiscal year 2018 there shall be six quality measures. Initially, the quality incentive component must be based on minimum data set quality measures for the percentage of long-stay residents who self-report moderate to severe pain, the percentage of high-risk long-stay residents with pressure ulcers, the percentage of long-stay residents experiencing one or more falls with major injury, and the percentage of long-stay residents with a urinary tract infection. Quality measures must be reviewed on an annual basis by a stakeholder work group established by the department. Upon review, quality measures may be added or changed. The department may risk adjust individual quality measures as it deems appropriate.

(c) The facility quality score must be point based, using at a minimum the facility's most recent available three-quarter average CMS [centers for medicare and medicaid services] quality data. Point thresholds for each quality measure must be established using the corresponding statistical values for the quality measure (QM) point determinants of eighty QM points, sixty QM points, forty QM points, and twenty QM points, identified in the most recent available five-star quality rating system technical user's guide

published by the center for medicare and medicaid services.

(d) Facilities meeting or exceeding the highest performance threshold (top level) for a quality measure receive twenty-five points. Facilities meeting the second highest performance threshold receive twenty points. Facilities meeting the third level of performance threshold receive fifteen points. Facilities in the bottom performance threshold level receive no points. Points from all quality measures must then be summed into a single aggregate quality score for each facility.

(e) Facilities receiving an aggregate quality score of eighty percent of the overall available total score or higher must be placed in the highest tier (tier V), facilities receiving an aggregate score of between seventy and seventy-nine percent of the overall available total score must be placed in the second highest tier (tier IV), facilities receiving an aggregate score of between sixty and sixty-nine percent of the overall available total score must be placed in the third highest tier (tier III), facilities receiving an aggregate score of between fifty and fifty-nine percent of the overall available total score must be placed in the fourth highest tier (tier II), and facilities receiving less than fifty percent of the overall available total score must be placed in the lowest tier (tier I).

(f) The tier system must be used to determine the amount of each facility's per patient day quality incentive component. The per patient day quality incentive component for tier IV is seventy-five percent of the per patient day quality incentive component for tier V, the per patient day quality incentive component for tier III is fifty percent of the per patient day quality incentive component for tier V, and the per patient day quality incentive component for tier II is twenty-five percent of the per patient day quality incentive component for tier V. Facilities in tier I receive no quality incentive component.

(g) Tier system payments must be set in a manner that ensures that the entire biennial appropriation for the quality incentive program is allocated.

(h) Facilities with insufficient three-quarter average CMS [centers for medicare and medicaid services] quality data must be assigned to the tier corresponding to their five-star quality rating. Facilities

with a five-star quality rating must be assigned to the highest tier (tier V) and facilities with a one-star quality rating must be assigned to the lowest tier (tier I). The use of a facility's five-star quality rating shall only occur in the case of insufficient CMS [centers for medicare and medicaid services] minimum data set information.

(i) The quality incentive rates must be adjusted semiannually on July 1 and January 1 of each year using, at a minimum, the most recent available three-quarter average CMS [centers for medicare and medicaid services] quality data.

(j) Beginning July 1, 2017, the percentage of short-stay residents who newly received an antipsychotic medication must be added as a quality measure. The department must determine the quality incentive thresholds for this quality measure in a manner consistent with those outlined in (b) through (h) of this subsection using the centers for medicare and medicaid services quality data.

(k) Beginning July 1, 2017, the percentage of direct care staff turnover must be added as a quality measure using the centers for medicare and medicaid services' payroll-based journal and nursing home facility payroll data. Turnover is defined as an employee departure. The department must determine the quality incentive thresholds for this quality measure using data from the centers for medicare and medicaid services' payroll-based journal, unless such data is not available, in which case the department shall use direct care staffing turnover data from the most recent medicaid cost report.

(7) Reimbursement of the safety net assessment imposed by chapter 74.48 RCW and paid in relation to medicaid residents must be continued.

(8) The direct care and indirect care components must be rebased in even-numbered years, beginning with rates paid on July 1, 2016. Rates paid on July 1, 2016, must be based on the 2014 calendar year cost report. On a percentage basis, after rebasing, the department must confirm that the statewide average daily rate has increased at least as much as the average rate of inflation, as determined by the skilled nursing facility market basket index published by the centers for medicare and medicaid services, or a comparable index. If after rebasing, the percentage increase to the statewide

average daily rate is less than the average rate of inflation for the same time period, the department is authorized to increase rates by the difference between the percentage increase after rebasing and the average rate of inflation.

(9) The direct care component provided in subsection (3) of this section is subject to the reconciliation and settlement process provided in RCW 74.46.022(6). Beginning July 1, 2016, pursuant to rules established by the department, funds that are received through the reconciliation and settlement process provided in RCW 74.46.022(6) must be used for technical assistance, specialized training, or an increase to the quality enhancement established in subsection (6) of this section. The legislature intends to review the utility of maintaining the reconciliation and settlement process under a price-based payment methodology, and may discontinue the reconciliation and settlement process after the 2017-2019 fiscal biennium.

(10) Compared to the rate in effect June 30, 2016, including all cost components and rate add-ons, no facility may receive a rate reduction of more than one percent on July 1, 2016, more than two percent on July 1, 2017, or more than five percent on July 1, 2018. To ensure that the appropriation for nursing homes remains cost neutral, the department is authorized to cap the rate increase for facilities in fiscal years 2017, 2018, and 2019.

NEW SECTION. **Sec. 3.** If specific funding for the purpose of this act, referencing the act by bill or chapter number, is not provided by June 30, 2017, in the omnibus appropriations act, this act is null and void."

Correct the title.

Signed by Representatives Ormsby, Chair; Robinson, Vice Chair; Chandler, Ranking Minority Member; MacEwen, Assistant Ranking Minority Member; Stokesbary, Assistant Ranking Minority Member; Bergquist; Buys; Cody; Condotta; Fitzgibbon; Haler; Hansen; Harris; Hudgins; Jinkins; Kagi; Lytton; Manweller; Nealey; Pettigrew; Pollet; Sawyer; Schmick; Senn; Springer; Stanford; Sullivan; Taylor; Tharinger; Vick; Volz and Wilcox.

Referred to Committee on Rules for second reading.

April 4, 2017

2SSB 5749 Prime Sponsor, Committee on Ways & Means: Concerning paperwork reduction in order to improve the availability of mental health services to protect children and families. Reported by Committee on Appropriations

MAJORITY recommendation: Do pass as amended by Committee on Appropriations and without amendment by Committee on Early Learning & Human Services.

Strike everything after the enacting clause and insert the following:

"NEW SECTION. **Sec. 1.** The legislature finds that a prioritized recommendation of the children's mental health work group, as reported in December 2016, is to reduce burdensome and duplicative paperwork requirements for providers of children's mental health services. This recommendation is consistent with the recommendations of the behavioral health workforce assessment of the workforce training and education coordinating board to reduce time-consuming documentation requirements and the behavioral and primary health regulatory alignment task force to streamline regulations and reduce the time spent responding to inefficient and excessive audits.

The legislature further finds that duplicative and overly prescriptive documentation and audit requirements negatively impact the adequacy of the provider network by reducing workforce morale and limiting the time available for patient care. Such requirements create costly barriers to the efficient provision of services for children and their families. The legislature also finds that current state regulations are often duplicative or conflicting with research-based models and other state-mandated treatment models intended to improve the quality of services and ensure positive outcomes. These barriers can be reduced while creating a greater emphasis on quality, outcomes, and safety.

The legislature further finds that social service specialists and other direct service staff with the children's administration who are serving children are encumbered by burdensome paperwork requirements which can interfere with the effective delivery of services.

Therefore, the legislature intends to require the department of social and health services to take steps to reduce paperwork, documentation, and audit requirements that are inefficient or

duplicative for social service specialists and other direct service staff with the children's administration who serve children and for providers of mental health services to children and families, and to encourage the use of effective treatment models to improve the quality of services.

NEW SECTION. Sec. 2. A new section is added to chapter 71.24 RCW to read as follows:

(1) Subject to the availability of amounts appropriated for this specific purpose, the department must immediately perform a review of its rules, policies, and procedures related to the documentation requirements for behavioral health services and identify areas in which duplicative or inefficient documentation requirements can be eliminated or streamlined for providers. Rules adopted by the department relating to the provision of behavioral health services must:

(a) Limit prescriptive requirements for individual initial assessments to allow clinicians to exercise professional judgment to conduct age-appropriate, strength-based psychosocial assessments, including current needs and relevant history according to current best practices;

(b) By April 1, 2018, provide a single set of regulations for agencies to follow that provide mental health, substance use disorder, and co-occurring treatment services;

(c) Exempt providers from duplicative state documentation requirements when the provider is following documentation requirements of an evidence-based, research-based, or state-mandated program that provides adequate protection for patient safety; and

(d) Be clear and not unduly burdensome in order to maximize the time available for the provision of care.

(2) Subject to the availability of amounts appropriated for this specific purpose, audits conducted by the department relating to provision of behavioral health services must:

(a) Rely on a sampling methodology to conduct reviews of personnel files and clinical records based on written guidelines established by the department that are consistent with the standards of other licensing and accrediting bodies;

(b) Treat organizations with multiple locations as a single entity. The department must not require annual visits at all locations operated by a single entity when a sample of records may be reviewed from a centralized location;

(c) Share audit results with behavioral health organizations to assist with their review process and, when appropriate, take steps to coordinate and combine audit activities;

(d) Coordinate audit functions between the department and the department of health to combine audit activities into a single site visit and eliminate redundancies;

(e) Not require information to be provided in particular documents or locations when the same information is included or demonstrated elsewhere in the clinical file, except where required by federal law; and

(f) Ensure that audits involving manualized programs such as wraparound with intensive services or other evidence or research-based programs are conducted to the extent practicable by personnel familiar with the program model and in a manner consistent with the documentation requirements of the program.

NEW SECTION. Sec. 3. A new section is added to chapter 71.24 RCW to read as follows:

(1) Subject to the availability of amounts appropriated for this specific purpose, the health care authority must immediately perform a review of its rules, policies, and procedures related to the documentation requirements for behavioral health services. Rules adopted by the health care authority relating to the provision of behavioral health services must:

(a) Identify areas in which duplicative or inefficient documentation requirements can be eliminated or streamlined for providers;

(b) Limit prescriptive requirements for individual initial assessments to allow clinicians to exercise professional judgment to conduct age-appropriate, strength-based psychosocial assessments, including current needs and relevant history according to current best practices;

(c) By April 1, 2018, provide a single set of regulations for agencies to follow that provide mental health, substance use

disorder, and co-occurring treatment services;

(d) Exempt providers from duplicative state documentation requirements when the provider is following documentation requirements of an evidence-based, research-based, or state-mandated program that provides adequate protection for patient safety; and

(e) Be clear and not unduly burdensome in order to maximize the time available for the provision of care.

(2) Subject to the availability of amounts appropriated for this specific purpose, audits conducted by the health care authority relating to provision of behavioral health services must:

(a) Rely on a sampling methodology to conduct reviews of personnel files and clinical records based on written guidelines established by the health care authority that are consistent with the standards of other licensing and accrediting bodies;

(b) Treat organizations with multiple locations as a single entity. The health care authority must not require annual visits at all locations operated by a single entity when a sample of records may be reviewed from a centralized location;

(c) Share audit results with behavioral health organizations to assist with their review process and, when appropriate, take steps to coordinate and combine audit activities;

(d) Coordinate audit functions between the health care authority and the department of health to combine audit activities into a single site visit and eliminate redundancies;

(e) Not require information to be provided in particular documents or locations when the same information is included or demonstrated elsewhere in the clinical file, except where required by federal law; and

(f) Ensure that audits involving manualized programs such as wraparound with intensive services or other evidence or research-based programs are conducted to the extent practicable by personnel familiar with the program model and in a manner consistent with the documentation requirements of the program.

NEW SECTION. Sec. 4. (1) Subject to the availability of amounts appropriated for this specific purpose, the department

of social and health services must immediately perform a review of casework documentation and paperwork requirements for social service specialists and other direct service staff with the children's administration who provide services to children. The review must identify areas in which duplicative or inefficient documentation and paperwork requirements can be eliminated or streamlined in order to allow social service specialists and other direct service staff with the children's administration to spend greater amounts of time and attention on direct services to children and their families. The department must complete the review by November 1, 2017. Upon completion of the review, the department must take immediate steps to amend department rules and procedures accordingly.

(2) This section expires December 31, 2018.

NEW SECTION. Sec. 5. Section 2 of this act takes effect only if neither Substitute House Bill No. 1388 (including any later amendments or substitutes) nor Substitute Senate Bill No. 5259 (including any later amendments or substitutes) is signed into law by the governor by the effective date of this section.

NEW SECTION. Sec. 6. Section 3 of this act takes effect only if Substitute House Bill No. 1388 (including any later amendments or substitutes) or Substitute Senate Bill No. 5259 (including any later amendments or substitutes) is signed into law by the governor by the effective date of this section."

Correct the title.

Signed by Representatives Ormsby, Chair; Robinson, Vice Chair; Chandler, Ranking Minority Member; MacEwen, Assistant Ranking Minority Member; Stokesbary, Assistant Ranking Minority Member; Bergquist; Buys; Cody; Condotta; Fitzgibbon; Haler; Hansen; Harris; Hudgins; Jinkins; Kagi; Lytton; Manweller; Nealey; Pettigrew; Pollet; Sawyer; Schmick; Senn; Springer; Stanford; Sullivan; Taylor; Tharinger; Vick; Volz and Wilcox.

Referred to Committee on Rules for second reading.

April 4, 2017

SB 5762

Prime Sponsor, Senator Hunt: Concerning financing of the mercury-containing light stewardship program. Reported by Committee on Appropriations

MAJORITY recommendation: Do pass as amended by Committee on Environment. Signed by Representatives Ormsby, Chair; Robinson, Vice Chair; Chandler, Ranking Minority Member; MacEwen, Assistant Ranking Minority Member; Stokesbary, Assistant Ranking Minority Member; Bergquist; Buys; Cody; Condotta; Fitzgibbon; Haler; Hansen; Harris; Hudgins; Jinkins; Kagi; Lytton; Manweller; Nealey; Pettigrew; Pollet; Sawyer; Schmick; Senn; Springer; Stanford; Sullivan; Taylor; Tharinger; Vick; Volz and Wilcox.

Referred to Committee on Rules for second reading.

April 4, 2017

SB 5778 Prime Sponsor, Senator Wilson: Modifying the definition of resident student to comply with the federal requirements established by the veterans access, choice, and accountability act of 2014. Reported by Committee on Appropriations

MAJORITY recommendation: Do pass as amended by Committee on Higher Education. Signed by Representatives Ormsby, Chair; Robinson, Vice Chair; Chandler, Ranking Minority Member; MacEwen, Assistant Ranking Minority Member; Stokesbary, Assistant Ranking Minority Member; Bergquist; Buys; Cody; Condotta; Fitzgibbon; Haler; Hansen; Harris; Hudgins; Jinkins; Kagi; Lytton; Manweller; Nealey; Pettigrew; Pollet; Sawyer; Schmick; Senn; Springer; Stanford; Sullivan; Taylor; Tharinger; Vick; Volz and Wilcox.

Referred to Committee on Rules for second reading.

April 4, 2017

SSB 5779 Prime Sponsor, Committee on Human Services, Mental Health & Housing: Concerning behavioral health integration in primary care. Reported by Committee on Appropriations

MAJORITY recommendation: Do pass as amended.

Strike everything after the enacting clause and insert the following:

"NEW SECTION. **Sec. 1.** Health transformation in Washington state requires a multifaceted approach to implement sustainable solutions for the integration of behavioral and physical health. Effective integration requires a holistic approach and cannot be limited to one strategy or model. Bidirectional integration of primary care and behavioral health is a foundational strategy to reduce health disparities and provide better care coordination for patients

regardless of where they choose to receive care.

An important component to health care integration supported both by research and experience in Washington is primary care behavioral health, a model in which behavioral health providers, sometimes called behavioral health consultants, are fully integrated in primary care. The primary care behavioral health model originated more than two decades ago, has become standard practice nationally in patient centered medical homes, and has been endorsed as a viable integration strategy by Washington's Dr. Robert J. Bree Collaborative.

Primary care settings are a gateway for many individuals with behavioral health and primary care needs. An estimated one in four primary care patients have an identifiable behavioral health need and as many as seventy percent of primary care visits are impacted by a psychosocial component. A behavioral health consultant engages primary care patients and their caregivers on the same day as a medical visit, often in the same exam room. This warm hand-off approach fosters coordinated whole-person care, increases access to behavioral health services, and reduces stigma and cultural barriers in a cost-effective manner. Patients are provided evidence-based brief interventions and skills training, with more severe needs being effectively engaged, assessed, and referred to appropriate specialized care.

While the benefits of primary care behavioral health are not restricted to children, the primary care behavioral health model also provides a unique opportunity to engage children who have a strong relationship with primary care, identify problems early, and assure healthy development. Investment in primary care behavioral health creates opportunities for prevention and early detection that pay dividends throughout the life cycle.

The legislature also recognizes that for individuals with more complex behavioral health disorders, there are tremendous barriers to accessing primary care. Whole-person care in behavioral health is an evidence-based model for integrating primary care into behavioral health settings where these patients already receive care. Health disparities among people with behavioral health disorders have been well-documented for decades. People with serious mental illness or substance use disorders



continue to experience multiple chronic health conditions and dramatically reduced life expectancy while also constituting one of the highest-cost and highest-risk populations. Two-thirds of premature deaths are due to preventable or treatable medical conditions such as cardiovascular, pulmonary, and infectious diseases, and forty-four percent of all cigarettes consumed nationally are smoked by people with serious mental illness.

The whole-person care in behavioral health model allows behavioral health providers to take responsibility for managing the full array of physical health needs, providing routine basic health screening, and ensuring integrated primary care by actively coordinating with or providing on-site primary care services.

Providers in Washington need guidance on how to effectively implement bidirectional integration models in a manner that is also financially sustainable. Payment methodologies must be scrutinized to remove nonessential restrictions and limitations that restrict the scope of practice of behavioral health professionals, impede same-day billing for behavioral health and primary care services, abet billing errors, and stymie innovation that supports wellness and health integration.

**NEW SECTION. Sec. 2.** A new section is added to chapter 74.09 RCW to read as follows:

(1) By August 1, 2017, the authority must complete a review of payment codes available to health plans and providers related to primary care and behavioral health. The review must include adjustments to payment rules if needed to facilitate bidirectional integration. The review must involve stakeholders and include consideration of the following principles to the extent allowed by federal law:

(a) Payment rules must allow professionals to operate within the full scope of their practice;

(b) Payment rules should allow medically necessary behavioral health services for covered patients to be provided in any setting;

(c) Payment rules should allow medically necessary primary care services for covered patients to be provided in any setting;

(d) Payment rules and provider communications related to payment should facilitate integration of physical and behavioral health services through multifaceted models, including primary care behavioral health, whole-person care in behavioral health, collaborative care, and other models;

(e) Payment rules should be designed liberally to encourage innovation and ease future transitions to more integrated models of payment and more integrated models of care;

(f) Payment rules should allow health and behavior codes to be reimbursed for all patients in primary care settings as provided by any licensed behavioral health professional operating within their scope of practice, including but not limited to psychiatrists, psychologists, psychiatric advanced registered nurse professionals, physician assistants working with a supervising psychiatrist, psychiatric nurses, mental health counselors, social workers, chemical dependency professionals, chemical dependency professional trainees, marriage and family therapists, and mental health counselor associates under the supervision of a licensed clinician;

(g) Payment rules should allow health and behavior codes to be reimbursed for all patients in behavioral health settings as provided by any licensed health care provider within the provider's scope of practice;

(h) Payment rules which limit same-day billing for providers using the same provider number, require prior authorization for low-level or routine behavioral health care, or prohibit payment when the patient is not present should be implemented only when consistent with national coding conventions and consonant with accepted best practices in the field.

(2) Concurrent with the review described in subsection (1) of this section, the authority must create matrices listing the following codes available for provider payment through medical assistance programs: All behavioral health-related codes; and all physical health-related codes available for payment when provided in licensed behavioral health agencies. The authority must clearly explain applicable payment rules in order to increase awareness among providers, standardize billing practices, and reduce common and avoidable billing

errors. The authority must disseminate this information in a manner calculated to maximally reach all relevant plans and providers. The authority must update the provider billing guide to maintain consistency of information.

(3) The authority must inform the governor and relevant committees of the legislature by letter of the steps taken pursuant to this section and results achieved once the work has been completed.

**NEW SECTION. Sec. 3.** A new section is added to chapter 74.09 RCW to read as follows:

(1) By August 1, 2017, the authority must complete a review of payment codes available to health plans and providers related to primary care and behavioral health. The review must include adjustments to payment rules if needed to facilitate bidirectional integration. The review must involve stakeholders and include consideration of the following principles to the extent allowed by federal law:

(a) Payment rules must allow professionals to operate within the full scope of their practice;

(b) Payment rules should allow medically necessary behavioral health services for covered patients to be provided in any setting;

(c) Payment rules should allow medically necessary primary care services for covered patients to be provided in any setting;

(d) Payment rules and provider communications related to payment should facilitate integration of physical and behavioral health services through multifaceted models, including primary care behavioral health, whole-person care in behavioral health, collaborative care, and other models;

(e) Payment rules should be designed liberally to encourage innovation and ease future transitions to more integrated models of payment and more integrated models of care;

(f) Payment rules should allow health and behavior codes to be reimbursed for all patients in primary care settings as provided by any licensed behavioral health professional operating within their scope of practice, including but not limited to psychiatrists, psychologists, psychiatric advanced registered nurse professionals, physician assistants working with a

supervising psychiatrist, psychiatric nurses, mental health counselors, social workers, substance use disorder professionals, substance use disorder professional trainees, marriage and family therapists, and mental health counselor associates under the supervision of a licensed clinician;

(g) Payment rules should allow health and behavior codes to be reimbursed for all patients in behavioral health settings as provided by any licensed health care provider within the provider's scope of practice;

(h) Payment rules which limit same-day billing for providers using the same provider number, require prior authorization for low-level or routine behavioral health care, or prohibit payment when the patient is not present should be implemented only when consistent with national coding conventions and consonant with accepted best practices in the field.

(2) Concurrent with the review described in subsection (1) of this section, the authority must create matrices listing the following codes available for provider payment through medical assistance programs: All behavioral health-related codes; and all physical health-related codes available for payment when provided in licensed behavioral health agencies. The authority must clearly explain applicable payment rules in order to increase awareness among providers, standardize billing practices, and reduce common and avoidable billing errors. The authority must disseminate this information in a manner calculated to maximally reach all relevant plans and providers. The authority must update the provider billing guide to maintain consistency of information.

(3) The authority must inform the governor and relevant committees of the legislature by letter of the steps taken pursuant to this section and results achieved once the work has been completed.

**NEW SECTION. Sec. 4.** A new section is added to chapter 74.09 RCW to read as follows:

(1) For children who are eligible for medical assistance and who have been identified as requiring mental health treatment, the authority must oversee the coordination of resources and services through (a) the managed health care system as defined in RCW 74.09.325 and (b) tribal organizations providing health care

services. The authority must ensure the child receives treatment and appropriate care based on their assessed needs, regardless of whether the referral occurred through primary care, school-based services, or another practitioner.

(2) The authority must require each managed health care system as defined in RCW 74.09.325 and each behavioral health organization to develop and maintain adequate capacity to facilitate child mental health treatment services in the community or transfers to a behavioral health organization, depending on the level of required care. Managed health care systems and behavioral health organizations must:

(a) Follow up with individuals to ensure an appointment has been secured;

(b) Coordinate with and report back to primary care provider offices on individual treatment plans and medication management, in accordance with patient confidentiality laws;

(c) Provide information to health plan members and primary care providers about the behavioral health resource line available twenty-four hours a day, seven days a week; and

(d) Maintain an accurate list of providers contracted to provide mental health services to children and youth. The list must contain current information regarding the providers' availability to provide services. The current list must be made available to health plan members and primary care providers.

(3) This section expires June 30, 2020.

**Sec. 5.** RCW 74.09.010 and 2013 2nd sp.s. c 10 s 8 are each amended to read as follows:

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

(1) "Authority" means the Washington state health care authority.

(2) "Bidirectional integration" means integrating behavioral health services into primary care settings and integrating primary care services into behavioral health settings.

(3) "Children's health program" means the health care services program provided to children under eighteen years of age and in households with incomes at or below the federal poverty level as annually defined by the federal department of

health and human services as adjusted for family size, and who are not otherwise eligible for medical assistance or the limited casualty program for the medically needy.

~~((3))~~ (4) "Chronic care management" means the health care management within a health home of persons identified with, or at high risk for, one or more chronic conditions. Effective chronic care management:

(a) Actively assists patients to acquire self-care skills to improve functioning and health outcomes, and slow the progression of disease or disability;

(b) Employs evidence-based clinical practices;

(c) Coordinates care across health care settings and providers, including tracking referrals;

(d) Provides ready access to behavioral health services that are, to the extent possible, integrated with primary care; and

(e) Uses appropriate community resources to support individual patients and families in managing chronic conditions.

~~((4))~~ (5) "Chronic condition" means a prolonged condition and includes, but is not limited to:

(a) A mental health condition;

(b) A substance use disorder;

(c) Asthma;

(d) Diabetes;

(e) Heart disease; and

(f) Being overweight, as evidenced by a body mass index over twenty-five.

~~((5))~~ (6) "County" means the board of county commissioners, county council, county executive, or tribal jurisdiction, or its designee.

~~((6))~~ (7) "Department" means the department of social and health services.

~~((7))~~ (8) "Department of health" means the Washington state department of health created pursuant to RCW 43.70.020.

~~((8))~~ (9) "Director" means the director of the Washington state health care authority.

~~((9))~~ (10) "Full benefit dual eligible beneficiary" means an individual

who, for any month: Has coverage for the month under a medicare prescription drug plan or medicare advantage plan with part D coverage; and is determined eligible by the state for full medicaid benefits for the month under any eligibility category in the state's medicaid plan or a section 1115 demonstration waiver that provides pharmacy benefits.

~~((10))~~ (11) "Health home" or "primary care health home" means coordinated health care provided by a licensed primary care provider coordinating all medical care services, and a multidisciplinary health care team comprised of clinical and nonclinical staff. The term "coordinating all medical care services" shall not be construed to require prior authorization by a primary care provider in order for a patient to receive treatment for covered services by an optometrist licensed under chapter 18.53 RCW. Primary care health home services shall include those services defined as health home services in 42 U.S.C. Sec. 1396w-4 and, in addition, may include, but are not limited to:

(a) Comprehensive care management including, but not limited to, chronic care treatment and management;

(b) Extended hours of service;

(c) Multiple ways for patients to communicate with the team, including electronically and by phone;

(d) Education of patients on self-care, prevention, and health promotion, including the use of patient decision aids;

(e) Coordinating and assuring smooth transitions and follow-up from inpatient to other settings;

(f) Individual and family support including authorized representatives;

(g) The use of information technology to link services, track tests, generate patient registries, and provide clinical data; and

(h) Ongoing performance reporting and quality improvement.

~~((11))~~ (12) "Internal management" means the administration of medical assistance, medical care services, the children's health program, and the limited casualty program.

~~((12))~~ (13) "Limited casualty program" means the medical care program provided to medically needy persons as defined under Title XIX of the federal

social security act, and to medically indigent persons who are without income or resources sufficient to secure necessary medical services.

~~((13))~~ (14) "Medical assistance" means the federal aid medical care program provided to categorically needy persons as defined under Title XIX of the federal social security act.

~~((14))~~ (15) "Medical care services" means the limited scope of care financed by state funds and provided to persons who are not eligible for medicaid under RCW 74.09.510 and who are eligible for the aged, blind, or disabled assistance program authorized in RCW 74.62.030 or the essential needs and housing support program pursuant to RCW 74.04.805.

~~((15))~~ (16) "Multidisciplinary health care team" means an interdisciplinary team of health professionals which may include, but is not limited to, medical specialists, nurses, pharmacists, nutritionists, dieticians, social workers, behavioral and mental health providers including substance use disorder prevention and treatment providers, doctors of chiropractic, physical therapists, licensed complementary and alternative medicine practitioners, home care and other long-term care providers, and physicians' assistants.

~~((16))~~ (17) "Nursing home" means nursing home as defined in RCW 18.51.010.

~~((17))~~ (18) "Poverty" means the federal poverty level determined annually by the United States department of health and human services, or successor agency.

~~((18))~~ (19) "Primary care behavioral health" means a health care integration model in which behavioral health care is colocated, collaborative, and integrated within a primary care setting.

(20) "Primary care provider" means a general practice physician, family practitioner, internist, pediatrician, ~~((osteopath))~~ osteopathic physician, naturopath, physician assistant, osteopathic physician assistant, and advanced registered nurse practitioner licensed under Title 18 RCW.

~~((19))~~ (21) "Secretary" means the secretary of social and health services.

(22) "Whole-person care in behavioral health" means a health care integration model in which primary care services are integrated into a behavioral health

setting either through colocation or community-based care management.

**Sec. 6.** RCW 74.09.495 and 2016 c 96 s 3 are each amended to read as follows:

To better assure and understand issues related to network adequacy and access to services, the authority and the department shall report to the appropriate committees of the legislature by December 1, 2017, and annually thereafter, on the status of access to behavioral health services for children birth through age seventeen using data collected pursuant to RCW 70.320.050.

(1) At a minimum, the report must include the following components broken down by age, gender, and race and ethnicity:

~~((1))~~ (a) The percentage of discharges for patients ages six through seventeen who had a visit to the emergency room with a primary diagnosis of mental health or alcohol or other drug dependence during the measuring year and who had a follow-up visit with any provider with a corresponding primary diagnosis of mental health or alcohol or other drug dependence within thirty days of discharge;

~~((2))~~ (b) The percentage of health plan members with an identified mental health need who received mental health services during the reporting period; and

~~((3))~~ (c) The percentage of children served by behavioral health organizations, including the types of services provided.

(2) The report must also include the number of children's mental health providers available in the previous year, the languages spoken by those providers, and the overall percentage of children's mental health providers who were actively accepting new patients.

**NEW SECTION. Sec. 7.** A new section is added to chapter 74.09 RCW to read as follows:

Subject to the availability of amounts appropriated for this specific purpose, in order to increase the availability of behavioral health services and incentivize adoption of the primary care behavioral health model, the authority must establish a methodology and rate which provides increased reimbursement to providers for behavioral health services provided to patients in primary care settings.

**Sec. 8.** RCW 70.320.020 and 2014 c 225 s 107 are each amended to read as follows:

(1) The authority and the department shall base contract performance measures developed under RCW 70.320.030 on the following outcomes when contracting with service contracting entities: Improvements in client health status and wellness; increases in client participation in meaningful activities; reductions in client involvement with criminal justice systems; reductions in avoidable costs in hospitals, emergency rooms, crisis services, and jails and prisons; increases in stable housing in the community; improvements in client satisfaction with quality of life; and reductions in population-level health disparities.

(2) The performance measures must demonstrate the manner in which the following principles are achieved within each of the outcomes under subsection (1) of this section:

(a) Maximization of the use of evidence-based practices will be given priority over the use of research-based and promising practices, and research-based practices will be given priority over the use of promising practices. The agencies will develop strategies to identify programs that are effective with ethnically diverse clients and to consult with tribal governments, experts within ethnically diverse communities and community organizations that serve diverse communities;

(b) The maximization of the client's independence, recovery, and employment;

(c) The maximization of the client's participation in treatment decisions; and

(d) The collaboration between consumer-based support programs in providing services to the client.

(3) In developing performance measures under RCW 70.320.030, the authority and the department shall consider expected outcomes relevant to the general populations that each agency serves. The authority and the department may adapt the outcomes to account for the unique needs and characteristics of discrete subcategories of populations receiving services, including ethnically diverse communities.

(4) The authority and the department shall coordinate the establishment of the expected outcomes and the performance measures between each agency as well as each program to identify expected outcomes and performance measures that are common

to the clients enrolled in multiple programs and to eliminate conflicting standards among the agencies and programs.

(5) (a) The authority and the department shall establish timelines and mechanisms for service contracting entities to report data related to performance measures and outcomes, including phased implementation of public reporting of outcome and performance measures in a form that allows for comparison of performance measures and levels of improvement between geographic regions of Washington.

(b) The authority and the department may not release any public reports of client outcomes unless the data (~~have~~ ~~has~~) has been deidentified and aggregated in such a way that the identity of individual clients cannot be determined through directly identifiable data or the combination of multiple data elements.

(6) The authority and department must establish a performance measure to be integrated into the statewide common measure set which tracks effective integration practices of behavioral health services in primary care settings.

NEW SECTION. Sec. 9. RCW 18.205.040 (Use of title) and 2014 c 225 s 108, 2008 c 135 s 17, & 1998 c 243 s 4 are each repealed.

NEW SECTION. Sec. 10. Section 2 of this act takes effect only if Engrossed Substitute House Bill No. 1340 (including any later amendments or substitutes) is not signed into law by the governor by the effective date of this section.

NEW SECTION. Sec. 11. Section 3 of this act takes effect only if Engrossed Substitute House Bill No. 1340 (including any later amendments or substitutes) is signed into law by the governor by the effective date of this section."

Correct the title.

Signed by Representatives Ormsby, Chair; Robinson, Vice Chair; Chandler, Ranking Minority Member; MacEwen, Assistant Ranking Minority Member; Stokesbary, Assistant Ranking Minority Member; Bergquist; Buys; Cody; Fitzgibbon; Haler; Hansen; Harris; Hudgins; Jinkins; Kagi; Lytton; Manweller; Nealey; Pettigrew; Pollet; Sawyer; Schmick; Senn; Springer; Stanford; Sullivan; Tharinger; Vick; Volz and Wilcox.

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

Referred to Committee on Rules for second reading.

April 4, 2017

SB 5793 Prime Sponsor, Senator Warnick:  
Concerning an assessment on cattle.  
Reported by Committee on Appropriations

MAJORITY recommendation: Do pass as amended by Committee on Agriculture & Natural Resources. Signed by Representatives Ormsby, Chair; Robinson, Vice Chair; Chandler, Ranking Minority Member; Stokesbary, Assistant Ranking Minority Member; Bergquist; Buys; Cody; Fitzgibbon; Haler; Hansen; Harris; Hudgins; Jinkins; Kagi; Lytton; Manweller; Nealey; Pettigrew; Pollet; Sawyer; Senn; Springer; Stanford; Sullivan; Tharinger; Vick and Wilcox.

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

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

Referred to Committee on Rules for second reading.

April 4, 2017

ESSB 5810 Prime Sponsor, Committee on Law & Justice: Adding attempted murder to the list of offenses that may not be prosecuted more than ten years their commission.  
Reported by Committee on Appropriations

MAJORITY recommendation: Do pass. Signed by Representatives Ormsby, Chair; Robinson, Vice Chair; Chandler, Ranking Minority Member; Bergquist; Buys; Cody; Condotta; Fitzgibbon; Haler; Hansen; Harris; Hudgins; Jinkins; Kagi; Lytton; Manweller; Nealey; Pettigrew; Pollet; Sawyer; Schmick; Senn; Springer; Stanford; Sullivan; Taylor; Tharinger; Volz and Wilcox.

MINORITY recommendation: Do not pass. Signed by Representatives MacEwen, Assistant Ranking Minority Member Stokesbary, Assistant Ranking Minority Member.

MINORITY recommendation: Without recommendation. Signed by Representative Vick.

Referred to Committee on Rules for second reading.

April 4, 2017

SSB 5835 Prime Sponsor, Committee on Ways & Means: Promoting healthy outcomes for pregnant women and infants. Reported by Committee on Appropriations

MAJORITY recommendation: Do pass. Signed by Representatives Ormsby, Chair; Robinson, Vice Chair;

MacEwen, Assistant Ranking Minority Member; Stokesbary, Assistant Ranking Minority Member; Bergquist; Buys; Cody; Condotta; Fitzgibbon; Haler; Hansen; Harris; Hudgins; Jinkins; Kagi; Lytton; Manweller; Nealey; Pettigrew; Pollet; Sawyer; Schmick; Senn; Springer; Stanford; Sullivan; Taylor; Tharinger; Vick; Volz and Wilcox.

MINORITY recommendation: Do not pass. Signed by Representative Chandler, Ranking Minority Member.

Referred to Committee on Rules for second reading.

April 4, 2017

SB 5849 Prime Sponsor, Senator Angel: Addressing the need for veterans' services. Reported by Committee on Appropriations

MAJORITY recommendation: Do pass. Signed by Representatives Ormsby, Chair; Robinson, Vice Chair; Chandler, Ranking Minority Member; MacEwen, Assistant Ranking Minority Member; Stokesbary,

Assistant Ranking Minority Member; Bergquist; Buys; Cody; Condotta; Fitzgibbon; Haler; Hansen; Harris; Hudgins; Jinkins; Kagi; Lytton; Manweller; Nealey; Pettigrew; Pollet; Sawyer; Schmick; Senn; Springer; Stanford; Sullivan; Taylor; Tharinger; Vick; Volz and Wilcox.

Referred to Committee on Rules for second reading.

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

There being no objection, the House adjourned until 9:00 a.m., April 5, 2017, the 87th Day of the Regular Session.

FRANK CHOPP, Speaker

BERNARD DEAN, Chief Clerk