

1 **Sec. 101.** RCW 82.04.260 and 2012 2nd sp.s. c 6 s 602 and 2012 2nd
2 sp.s. c 6 s 204 are each reenacted and amended to read as follows:

3 (1) Upon every person engaging within this state in the business of
4 manufacturing:

5 (a) Wheat into flour, barley into pearl barley, soybeans into
6 soybean oil, canola into canola oil, canola meal, or canola by-
7 products, or sunflower seeds into sunflower oil; as to such persons the
8 amount of tax with respect to such business is equal to the value of
9 the flour, pearl barley, oil, canola meal, or canola by-product
10 manufactured, multiplied by the rate of 0.138 percent;

11 (b) Beginning July 1, 2015, seafood products that remain in a raw,
12 raw frozen, or raw salted state at the completion of the manufacturing
13 by that person; or selling manufactured seafood products that remain in
14 a raw, raw frozen, or raw salted state at the completion of the
15 manufacturing, to purchasers who transport in the ordinary course of
16 business the goods out of this state; as to such persons the amount of
17 tax with respect to such business is equal to the value of the products
18 manufactured or the gross proceeds derived from such sales, multiplied
19 by the rate of 0.138 percent. Sellers must keep and preserve records
20 for the period required by RCW 82.32.070 establishing that the goods
21 were transported by the purchaser in the ordinary course of business
22 out of this state;

23 (c) Beginning July 1, 2015, dairy products that as of September 20,
24 2001, are identified in 21 C.F.R., chapter 1, parts 131, 133, and 135,
25 including by-products from the manufacturing of the dairy products such
26 as whey and casein; or selling the same to purchasers who transport in
27 the ordinary course of business the goods out of state; as to such
28 persons the tax imposed is equal to the value of the products
29 manufactured or the gross proceeds derived from such sales multiplied
30 by the rate of 0.138 percent. Sellers must keep and preserve records
31 for the period required by RCW 82.32.070 establishing that the goods
32 were transported by the purchaser in the ordinary course of business
33 out of this state;

34 (d) Beginning July 1, 2015, fruits or vegetables by canning,
35 preserving, freezing, processing, or dehydrating fresh fruits or
36 vegetables, or selling at wholesale fruits or vegetables manufactured
37 by the seller by canning, preserving, freezing, processing, or
38 dehydrating fresh fruits or vegetables and sold to purchasers who

1 transport in the ordinary course of business the goods out of this
2 state; as to such persons the amount of tax with respect to such
3 business is equal to the value of the products manufactured or the
4 gross proceeds derived from such sales multiplied by the rate of 0.138
5 percent. Sellers must keep and preserve records for the period
6 required by RCW 82.32.070 establishing that the goods were transported
7 by the purchaser in the ordinary course of business out of this state;

8 (e) Until July 1, 2009, alcohol fuel, biodiesel fuel, or biodiesel
9 feedstock, as those terms are defined in RCW 82.29A.135; as to such
10 persons the amount of tax with respect to the business is equal to the
11 value of alcohol fuel, biodiesel fuel, or biodiesel feedstock
12 manufactured, multiplied by the rate of 0.138 percent; and

13 (f) Wood biomass fuel as defined in RCW 82.29A.135; as to such
14 persons the amount of tax with respect to the business is equal to the
15 value of wood biomass fuel manufactured, multiplied by the rate of
16 0.138 percent.

17 (2) Upon every person engaging within this state in the business of
18 splitting or processing dried peas; as to such persons the amount of
19 tax with respect to such business is equal to the value of the peas
20 split or processed, multiplied by the rate of 0.138 percent.

21 (3) Upon every nonprofit corporation and nonprofit association
22 engaging within this state in research and development, as to such
23 corporations and associations, the amount of tax with respect to such
24 activities is equal to the gross income derived from such activities
25 multiplied by the rate of 0.484 percent.

26 (4) Upon every person engaging within this state in the business of
27 slaughtering, breaking and/or processing perishable meat products
28 and/or selling the same at wholesale only and not at retail; as to such
29 persons the tax imposed is equal to the gross proceeds derived from
30 such sales multiplied by the rate of 0.138 percent.

31 ~~(5) ((Upon every person engaging within this state in the business
32 of acting as a travel agent or tour operator; as to such persons the
33 amount of the tax with respect to such activities is equal to the gross
34 income derived from such activities multiplied by the rate of 0.275
35 percent.~~

36 ~~(6))~~ Upon every person engaging within this state in business as
37 an international steamship agent, international customs house broker,
38 international freight forwarder, vessel and/or cargo charter broker in

1 foreign commerce, and/or international air cargo agent; as to such
2 persons the amount of the tax with respect to only international
3 activities is equal to the gross income derived from such activities
4 multiplied by the rate of 0.275 percent.

5 ~~((+7))~~ (6) Upon every person engaging within this state in the
6 business of stevedoring and associated activities pertinent to the
7 movement of goods and commodities in waterborne interstate or foreign
8 commerce; as to such persons the amount of tax with respect to such
9 business is equal to the gross proceeds derived from such activities
10 multiplied by the rate of 0.275 percent. Persons subject to taxation
11 under this subsection are exempt from payment of taxes imposed by
12 chapter 82.16 RCW for that portion of their business subject to
13 taxation under this subsection. Stevedoring and associated activities
14 pertinent to the conduct of goods and commodities in waterborne
15 interstate or foreign commerce are defined as all activities of a
16 labor, service or transportation nature whereby cargo may be loaded or
17 unloaded to or from vessels or barges, passing over, onto or under a
18 wharf, pier, or similar structure; cargo may be moved to a warehouse or
19 similar holding or storage yard or area to await further movement in
20 import or export or may move to a consolidation freight station and be
21 stuffed, unstuffed, containerized, separated or otherwise segregated or
22 aggregated for delivery or loaded on any mode of transportation for
23 delivery to its consignee. Specific activities included in this
24 definition are: Wharfage, handling, loading, unloading, moving of
25 cargo to a convenient place of delivery to the consignee or a
26 convenient place for further movement to export mode; documentation
27 services in connection with the receipt, delivery, checking, care,
28 custody and control of cargo required in the transfer of cargo;
29 imported automobile handling prior to delivery to consignee; terminal
30 stevedoring and incidental vessel services, including but not limited
31 to plugging and unplugging refrigerator service to containers,
32 trailers, and other refrigerated cargo receptacles, and securing ship
33 hatch covers.

34 ~~((+8))~~ (7)(a) Upon every person engaging within this state in the
35 business of disposing of low-level waste, as defined in RCW 43.145.010;
36 as to such persons the amount of the tax with respect to such business
37 is equal to the gross income of the business, excluding any fees

1 imposed under chapter 43.200 RCW, multiplied by the rate of 3.3
2 percent.

3 (b) If the gross income of the taxpayer is attributable to
4 activities both within and without this state, the gross income
5 attributable to this state must be determined in accordance with the
6 methods of apportionment required under RCW 82.04.460.

7 ~~((+9))~~ (8) Upon every person engaging within this state as an
8 insurance producer or title insurance agent licensed under chapter
9 48.17 RCW or a surplus line broker licensed under chapter 48.15 RCW; as
10 to such persons, the amount of the tax with respect to such licensed
11 activities is equal to the gross income of such business multiplied by
12 the rate of 0.484 percent.

13 ~~((+10))~~ (9) Upon every person engaging within this state in
14 business as a hospital, as defined in chapter 70.41 RCW, that is
15 operated as a nonprofit corporation or by the state or any of its
16 political subdivisions, as to such persons, the amount of tax with
17 respect to such activities is equal to the gross income of the business
18 multiplied by the rate of 0.75 percent through June 30, 1995, and 1.5
19 percent thereafter.

20 ~~((+11))~~ (10)(a) Beginning October 1, 2005, upon every person
21 engaging within this state in the business of manufacturing commercial
22 airplanes, or components of such airplanes, or making sales, at retail
23 or wholesale, of commercial airplanes or components of such airplanes,
24 manufactured by the seller, as to such persons the amount of tax with
25 respect to such business is, in the case of manufacturers, equal to the
26 value of the product manufactured and the gross proceeds of sales of
27 the product manufactured, or in the case of processors for hire, equal
28 to the gross income of the business, multiplied by the rate of:

- 29 (i) 0.4235 percent from October 1, 2005, through June 30, 2007; and
30 (ii) 0.2904 percent beginning July 1, 2007.

31 (b) Beginning July 1, 2008, upon every person who is not eligible
32 to report under the provisions of (a) of this subsection ~~((+11))~~ (10)
33 and is engaging within this state in the business of manufacturing
34 tooling specifically designed for use in manufacturing commercial
35 airplanes or components of such airplanes, or making sales, at retail
36 or wholesale, of such tooling manufactured by the seller, as to such
37 persons the amount of tax with respect to such business is, in the case
38 of manufacturers, equal to the value of the product manufactured and

1 the gross proceeds of sales of the product manufactured, or in the case
2 of processors for hire, be equal to the gross income of the business,
3 multiplied by the rate of 0.2904 percent.

4 (c) For the purposes of this subsection (~~((11))~~) (10), "commercial
5 airplane" and "component" have the same meanings as provided in RCW
6 82.32.550.

7 (d) In addition to all other requirements under this title, a
8 person reporting under the tax rate provided in this subsection
9 (~~((11))~~) (10) must file a complete annual report with the department
10 under RCW 82.32.534.

11 (e) This subsection (~~((11))~~) (10) does not apply on and after July
12 1, 2024.

13 (~~((12))~~) (11)(a) Until July 1, 2024, upon every person engaging
14 within this state in the business of extracting timber or extracting
15 for hire timber; as to such persons the amount of tax with respect to
16 the business is, in the case of extractors, equal to the value of
17 products, including by-products, extracted, or in the case of
18 extractors for hire, equal to the gross income of the business,
19 multiplied by the rate of 0.4235 percent from July 1, 2006, through
20 June 30, 2007, and 0.2904 percent from July 1, 2007, through June 30,
21 2024.

22 (b) Until July 1, 2024, upon every person engaging within this
23 state in the business of manufacturing or processing for hire: (i)
24 Timber into timber products or wood products; or (ii) timber products
25 into other timber products or wood products; as to such persons the
26 amount of the tax with respect to the business is, in the case of
27 manufacturers, equal to the value of products, including by-products,
28 manufactured, or in the case of processors for hire, equal to the gross
29 income of the business, multiplied by the rate of 0.4235 percent from
30 July 1, 2006, through June 30, 2007, and 0.2904 percent from July 1,
31 2007, through June 30, 2024.

32 (c) Until July 1, 2024, upon every person engaging within this
33 state in the business of selling at wholesale: (i) Timber extracted by
34 that person; (ii) timber products manufactured by that person from
35 timber or other timber products; or (iii) wood products manufactured by
36 that person from timber or timber products; as to such persons the
37 amount of the tax with respect to the business is equal to the gross
38 proceeds of sales of the timber, timber products, or wood products

1 multiplied by the rate of 0.4235 percent from July 1, 2006, through
2 June 30, 2007, and 0.2904 percent from July 1, 2007, through June 30,
3 2024.

4 (d) Until July 1, 2024, upon every person engaging within this
5 state in the business of selling standing timber; as to such persons
6 the amount of the tax with respect to the business is equal to the
7 gross income of the business multiplied by the rate of 0.2904 percent.
8 For purposes of this subsection (~~((+12+))~~) (11)(d), "selling standing
9 timber" means the sale of timber apart from the land, where the buyer
10 is required to sever the timber within thirty months from the date of
11 the original contract, regardless of the method of payment for the
12 timber and whether title to the timber transfers before, upon, or after
13 severance.

14 (e) For purposes of this subsection, the following definitions
15 apply:

16 (i) "Biocomposite surface products" means surface material products
17 containing, by weight or volume, more than fifty percent recycled paper
18 and that also use nonpetroleum-based phenolic resin as a bonding agent.

19 (ii) "Paper and paper products" means products made of interwoven
20 cellulosic fibers held together largely by hydrogen bonding. "Paper
21 and paper products" includes newsprint; office, printing, fine, and
22 pressure-sensitive papers; paper napkins, towels, and toilet tissue;
23 kraft bag, construction, and other kraft industrial papers; paperboard,
24 liquid packaging containers, containerboard, corrugated, and solid-
25 fiber containers including linerboard and corrugated medium; and
26 related types of cellulosic products containing primarily, by weight or
27 volume, cellulosic materials. "Paper and paper products" does not
28 include books, newspapers, magazines, periodicals, and other printed
29 publications, advertising materials, calendars, and similar types of
30 printed materials.

31 (iii) "Recycled paper" means paper and paper products having fifty
32 percent or more of their fiber content that comes from postconsumer
33 waste. For purposes of this subsection (~~((+12+))~~) (11)(e)(iii),
34 "postconsumer waste" means a finished material that would normally be
35 disposed of as solid waste, having completed its life cycle as a
36 consumer item.

37 (iv) "Timber" means forest trees, standing or down, on privately or

1 publicly owned land. "Timber" does not include Christmas trees that
2 are cultivated by agricultural methods or short-rotation hardwoods as
3 defined in RCW 84.33.035.

4 (v) "Timber products" means:

5 (A) Logs, wood chips, sawdust, wood waste, and similar products
6 obtained wholly from the processing of timber, short-rotation hardwoods
7 as defined in RCW 84.33.035, or both;

8 (B) Pulp, including market pulp and pulp derived from recovered
9 paper or paper products; and

10 (C) Recycled paper, but only when used in the manufacture of
11 biocomposite surface products.

12 (vi) "Wood products" means paper and paper products; dimensional
13 lumber; engineered wood products such as particleboard, oriented strand
14 board, medium density fiberboard, and plywood; wood doors; wood
15 windows; and biocomposite surface products.

16 (f) Except for small harvesters as defined in RCW 84.33.035, a
17 person reporting under the tax rate provided in this subsection
18 (~~((+12))~~) (11) must file a complete annual survey with the department
19 under RCW 82.32.585.

20 (~~((+13))~~) (12) Upon every person engaging within this state in
21 inspecting, testing, labeling, and storing canned salmon owned by
22 another person, as to such persons, the amount of tax with respect to
23 such activities is equal to the gross income derived from such
24 activities multiplied by the rate of 0.484 percent.

25 (~~((+14))~~) (13)(a) Upon every person engaging within this state in
26 the business of printing a newspaper, publishing a newspaper, or both,
27 the amount of tax on such business is equal to the gross income of the
28 business multiplied by the rate of 0.365 percent through June 30, 2013,
29 and beginning July 1, 2013, multiplied by the rate of 0.35 percent.

30 (b) A person reporting under the tax rate provided in this
31 subsection (~~((+14))~~) (13) must file a complete annual report with the
32 department under RCW 82.32.534.

33 **Sec. 102.** RCW 82.04.260 and 2012 2nd sp.s. c 6 s 204 are each
34 amended to read as follows:

35 (1) Upon every person engaging within this state in the business of
36 manufacturing:

1 (a) Wheat into flour, barley into pearl barley, soybeans into
2 soybean oil, canola into canola oil, canola meal, or canola by-
3 products, or sunflower seeds into sunflower oil; as to such persons the
4 amount of tax with respect to such business is equal to the value of
5 the flour, pearl barley, oil, canola meal, or canola by-product
6 manufactured, multiplied by the rate of 0.138 percent;

7 (b) Beginning July 1, 2015, seafood products that remain in a raw,
8 raw frozen, or raw salted state at the completion of the manufacturing
9 by that person; or selling manufactured seafood products that remain in
10 a raw, raw frozen, or raw salted state at the completion of the
11 manufacturing, to purchasers who transport in the ordinary course of
12 business the goods out of this state; as to such persons the amount of
13 tax with respect to such business is equal to the value of the products
14 manufactured or the gross proceeds derived from such sales, multiplied
15 by the rate of 0.138 percent. Sellers must keep and preserve records
16 for the period required by RCW 82.32.070 establishing that the goods
17 were transported by the purchaser in the ordinary course of business
18 out of this state;

19 (c) Beginning July 1, 2015, dairy products that as of September 20,
20 2001, are identified in 21 C.F.R., chapter 1, parts 131, 133, and 135,
21 including by-products from the manufacturing of the dairy products such
22 as whey and casein; or selling the same to purchasers who transport in
23 the ordinary course of business the goods out of state; as to such
24 persons the tax imposed is equal to the value of the products
25 manufactured or the gross proceeds derived from such sales multiplied
26 by the rate of 0.138 percent. Sellers must keep and preserve records
27 for the period required by RCW 82.32.070 establishing that the goods
28 were transported by the purchaser in the ordinary course of business
29 out of this state;

30 (d) Beginning July 1, 2015, fruits or vegetables by canning,
31 preserving, freezing, processing, or dehydrating fresh fruits or
32 vegetables, or selling at wholesale fruits or vegetables manufactured
33 by the seller by canning, preserving, freezing, processing, or
34 dehydrating fresh fruits or vegetables and sold to purchasers who
35 transport in the ordinary course of business the goods out of this
36 state; as to such persons the amount of tax with respect to such
37 business is equal to the value of the products manufactured or the
38 gross proceeds derived from such sales multiplied by the rate of 0.138

1 percent. Sellers must keep and preserve records for the period
2 required by RCW 82.32.070 establishing that the goods were transported
3 by the purchaser in the ordinary course of business out of this state;

4 (e) Until July 1, 2009, alcohol fuel, biodiesel fuel, or biodiesel
5 feedstock, as those terms are defined in RCW 82.29A.135; as to such
6 persons the amount of tax with respect to the business is equal to the
7 value of alcohol fuel, biodiesel fuel, or biodiesel feedstock
8 manufactured, multiplied by the rate of 0.138 percent; and

9 (f) Wood biomass fuel as defined in RCW 82.29A.135; as to such
10 persons the amount of tax with respect to the business is equal to the
11 value of wood biomass fuel manufactured, multiplied by the rate of
12 0.138 percent.

13 (2) Upon every person engaging within this state in the business of
14 splitting or processing dried peas; as to such persons the amount of
15 tax with respect to such business is equal to the value of the peas
16 split or processed, multiplied by the rate of 0.138 percent.

17 (3) Upon every nonprofit corporation and nonprofit association
18 engaging within this state in research and development, as to such
19 corporations and associations, the amount of tax with respect to such
20 activities is equal to the gross income derived from such activities
21 multiplied by the rate of 0.484 percent.

22 (4) Upon every person engaging within this state in the business of
23 slaughtering, breaking and/or processing perishable meat products
24 and/or selling the same at wholesale only and not at retail; as to such
25 persons the tax imposed is equal to the gross proceeds derived from
26 such sales multiplied by the rate of 0.138 percent.

27 ~~(5) ((Upon every person engaging within this state in the business
28 of acting as a travel agent or tour operator; as to such persons the
29 amount of the tax with respect to such activities is equal to the gross
30 income derived from such activities multiplied by the rate of 0.275
31 percent.~~

32 ~~(6))~~ Upon every person engaging within this state in business as
33 an international steamship agent, international customs house broker,
34 international freight forwarder, vessel and/or cargo charter broker in
35 foreign commerce, and/or international air cargo agent; as to such
36 persons the amount of the tax with respect to only international
37 activities is equal to the gross income derived from such activities
38 multiplied by the rate of 0.275 percent.

1 (~~(+7)~~) (6) Upon every person engaging within this state in the
2 business of stevedoring and associated activities pertinent to the
3 movement of goods and commodities in waterborne interstate or foreign
4 commerce; as to such persons the amount of tax with respect to such
5 business is equal to the gross proceeds derived from such activities
6 multiplied by the rate of 0.275 percent. Persons subject to taxation
7 under this subsection are exempt from payment of taxes imposed by
8 chapter 82.16 RCW for that portion of their business subject to
9 taxation under this subsection. Stevedoring and associated activities
10 pertinent to the conduct of goods and commodities in waterborne
11 interstate or foreign commerce are defined as all activities of a
12 labor, service or transportation nature whereby cargo may be loaded or
13 unloaded to or from vessels or barges, passing over, onto or under a
14 wharf, pier, or similar structure; cargo may be moved to a warehouse or
15 similar holding or storage yard or area to await further movement in
16 import or export or may move to a consolidation freight station and be
17 stuffed, unstuffed, containerized, separated or otherwise segregated or
18 aggregated for delivery or loaded on any mode of transportation for
19 delivery to its consignee. Specific activities included in this
20 definition are: Wharfage, handling, loading, unloading, moving of
21 cargo to a convenient place of delivery to the consignee or a
22 convenient place for further movement to export mode; documentation
23 services in connection with the receipt, delivery, checking, care,
24 custody and control of cargo required in the transfer of cargo;
25 imported automobile handling prior to delivery to consignee; terminal
26 stevedoring and incidental vessel services, including but not limited
27 to plugging and unplugging refrigerator service to containers,
28 trailers, and other refrigerated cargo receptacles, and securing ship
29 hatch covers.

30 (~~(+8)~~) (7)(a) Upon every person engaging within this state in the
31 business of disposing of low-level waste, as defined in RCW 43.145.010;
32 as to such persons the amount of the tax with respect to such business
33 is equal to the gross income of the business, excluding any fees
34 imposed under chapter 43.200 RCW, multiplied by the rate of 3.3
35 percent.

36 (b) If the gross income of the taxpayer is attributable to
37 activities both within and without this state, the gross income

1 attributable to this state must be determined in accordance with the
2 methods of apportionment required under RCW 82.04.460.

3 ~~((+9))~~ (8) Upon every person engaging within this state as an
4 insurance producer or title insurance agent licensed under chapter
5 48.17 RCW or a surplus line broker licensed under chapter 48.15 RCW; as
6 to such persons, the amount of the tax with respect to such licensed
7 activities is equal to the gross income of such business multiplied by
8 the rate of 0.484 percent.

9 ~~((+10))~~ (9) Upon every person engaging within this state in
10 business as a hospital, as defined in chapter 70.41 RCW, that is
11 operated as a nonprofit corporation or by the state or any of its
12 political subdivisions, as to such persons, the amount of tax with
13 respect to such activities is equal to the gross income of the business
14 multiplied by the rate of 0.75 percent through June 30, 1995, and 1.5
15 percent thereafter.

16 ~~((+11))~~ (10)(a) Beginning October 1, 2005, upon every person
17 engaging within this state in the business of manufacturing commercial
18 airplanes, or components of such airplanes, or making sales, at retail
19 or wholesale, of commercial airplanes or components of such airplanes,
20 manufactured by the seller, as to such persons the amount of tax with
21 respect to such business is, in the case of manufacturers, equal to the
22 value of the product manufactured and the gross proceeds of sales of
23 the product manufactured, or in the case of processors for hire, equal
24 to the gross income of the business, multiplied by the rate of:

25 (i) 0.4235 percent from October 1, 2005, through June 30, 2007; and

26 (ii) 0.2904 percent beginning July 1, 2007.

27 (b) Beginning July 1, 2008, upon every person who is not eligible
28 to report under the provisions of (a) of this subsection ~~((+11))~~ (10)
29 and is engaging within this state in the business of manufacturing
30 tooling specifically designed for use in manufacturing commercial
31 airplanes or components of such airplanes, or making sales, at retail
32 or wholesale, of such tooling manufactured by the seller, as to such
33 persons the amount of tax with respect to such business is, in the case
34 of manufacturers, equal to the value of the product manufactured and
35 the gross proceeds of sales of the product manufactured, or in the case
36 of processors for hire, be equal to the gross income of the business,
37 multiplied by the rate of 0.2904 percent.

1 (c) For the purposes of this subsection (~~((11))~~) (10), "commercial
2 airplane" and "component" have the same meanings as provided in RCW
3 82.32.550.

4 (d) In addition to all other requirements under this title, a
5 person reporting under the tax rate provided in this subsection
6 (~~((11))~~) (10) must file a complete annual report with the department
7 under RCW 82.32.534.

8 (e) This subsection (~~((11))~~) (10) does not apply on and after July
9 1, 2024.

10 (~~((12))~~) (11)(a) Until July 1, 2024, upon every person engaging
11 within this state in the business of extracting timber or extracting
12 for hire timber; as to such persons the amount of tax with respect to
13 the business is, in the case of extractors, equal to the value of
14 products, including by-products, extracted, or in the case of
15 extractors for hire, equal to the gross income of the business,
16 multiplied by the rate of 0.4235 percent from July 1, 2006, through
17 June 30, 2007, and 0.2904 percent from July 1, 2007, through June 30,
18 2024.

19 (b) Until July 1, 2024, upon every person engaging within this
20 state in the business of manufacturing or processing for hire: (i)
21 Timber into timber products or wood products; or (ii) timber products
22 into other timber products or wood products; as to such persons the
23 amount of the tax with respect to the business is, in the case of
24 manufacturers, equal to the value of products, including by-products,
25 manufactured, or in the case of processors for hire, equal to the gross
26 income of the business, multiplied by the rate of 0.4235 percent from
27 July 1, 2006, through June 30, 2007, and 0.2904 percent from July 1,
28 2007, through June 30, 2024.

29 (c) Until July 1, 2024, upon every person engaging within this
30 state in the business of selling at wholesale: (i) Timber extracted by
31 that person; (ii) timber products manufactured by that person from
32 timber or other timber products; or (iii) wood products manufactured by
33 that person from timber or timber products; as to such persons the
34 amount of the tax with respect to the business is equal to the gross
35 proceeds of sales of the timber, timber products, or wood products
36 multiplied by the rate of 0.4235 percent from July 1, 2006, through
37 June 30, 2007, and 0.2904 percent from July 1, 2007, through June 30,
38 2024.

1 (d) Until July 1, 2024, upon every person engaging within this
2 state in the business of selling standing timber; as to such persons
3 the amount of the tax with respect to the business is equal to the
4 gross income of the business multiplied by the rate of 0.2904 percent.
5 For purposes of this subsection (~~((+12+))~~) (11)(d), "selling standing
6 timber" means the sale of timber apart from the land, where the buyer
7 is required to sever the timber within thirty months from the date of
8 the original contract, regardless of the method of payment for the
9 timber and whether title to the timber transfers before, upon, or after
10 severance.

11 (e) For purposes of this subsection, the following definitions
12 apply:

13 (i) "Biocomposite surface products" means surface material products
14 containing, by weight or volume, more than fifty percent recycled paper
15 and that also use nonpetroleum-based phenolic resin as a bonding agent.

16 (ii) "Paper and paper products" means products made of interwoven
17 cellulosic fibers held together largely by hydrogen bonding. "Paper
18 and paper products" includes newsprint; office, printing, fine, and
19 pressure-sensitive papers; paper napkins, towels, and toilet tissue;
20 kraft bag, construction, and other kraft industrial papers; paperboard,
21 liquid packaging containers, containerboard, corrugated, and solid-
22 fiber containers including linerboard and corrugated medium; and
23 related types of cellulosic products containing primarily, by weight or
24 volume, cellulosic materials. "Paper and paper products" does not
25 include books, newspapers, magazines, periodicals, and other printed
26 publications, advertising materials, calendars, and similar types of
27 printed materials.

28 (iii) "Recycled paper" means paper and paper products having fifty
29 percent or more of their fiber content that comes from postconsumer
30 waste. For purposes of this subsection (~~((+12+))~~) (11)(e)(iii),
31 "postconsumer waste" means a finished material that would normally be
32 disposed of as solid waste, having completed its life cycle as a
33 consumer item.

34 (iv) "Timber" means forest trees, standing or down, on privately or
35 publicly owned land. "Timber" does not include Christmas trees that
36 are cultivated by agricultural methods or short-rotation hardwoods as
37 defined in RCW 84.33.035.

38 (v) "Timber products" means:

1 (A) Logs, wood chips, sawdust, wood waste, and similar products
2 obtained wholly from the processing of timber, short-rotation hardwoods
3 as defined in RCW 84.33.035, or both;

4 (B) Pulp, including market pulp and pulp derived from recovered
5 paper or paper products; and

6 (C) Recycled paper, but only when used in the manufacture of
7 biocomposite surface products.

8 (vi) "Wood products" means paper and paper products; dimensional
9 lumber; engineered wood products such as particleboard, oriented strand
10 board, medium density fiberboard, and plywood; wood doors; wood
11 windows; and biocomposite surface products.

12 (f) Except for small harvesters as defined in RCW 84.33.035, a
13 person reporting under the tax rate provided in this subsection
14 (~~((12))~~) (11) must file a complete annual survey with the department
15 under RCW 82.32.585.

16 (~~((13))~~) (12) Upon every person engaging within this state in
17 inspecting, testing, labeling, and storing canned salmon owned by
18 another person, as to such persons, the amount of tax with respect to
19 such activities is equal to the gross income derived from such
20 activities multiplied by the rate of 0.484 percent.

21 (~~((14))~~) (13)(a) Upon every person engaging within this state in
22 the business of printing a newspaper, publishing a newspaper, or both,
23 the amount of tax on such business is equal to the gross income of the
24 business multiplied by the rate of 0.2904 percent.

25 (b) A person reporting under the tax rate provided in this
26 subsection (~~((14))~~) (13) must file a complete annual report with the
27 department under RCW 82.32.534.

28 **Sec. 103.** RCW 82.08.0293 and 2011 c 2 s 301 are each amended to
29 read as follows:

30 (1) The tax levied by RCW 82.08.020 does not apply to sales of food
31 and food ingredients. "Food and food ingredients" means substances,
32 whether in liquid, concentrated, solid, frozen, dried, or dehydrated
33 form, that are sold for ingestion or chewing by humans and are consumed
34 for their taste or nutritional value. "Food and food ingredients" does
35 not include:

36 (a) "Alcoholic beverages," which means beverages that are suitable

1 for human consumption and contain one-half of one percent or more of
2 alcohol by volume; and

3 (b) "Tobacco," which means cigarettes, cigars, chewing or pipe
4 tobacco, or any other item that contains tobacco.

5 (2) The exemption of "food and food ingredients" provided for in
6 subsection (1) of this section does not apply to prepared food, soft
7 drinks, bottled water, or dietary supplements. ~~((For purposes of this~~
8 ~~subsection, the following definitions apply:)) The definitions in this
9 subsection apply throughout this section unless the context clearly
10 requires otherwise.~~

11 (a) "Bottled water" means water that is placed in a safety sealed
12 container or package for human consumption. Bottled water is calorie
13 free and does not contain sweeteners or other additives except that it
14 may contain: (i) Antimicrobial agents; (ii) fluoride; (iii)
15 carbonation; (iv) vitamins, minerals, and electrolytes; (v) oxygen;
16 (vi) preservatives; and (vii) only those flavors, extracts, or essences
17 derived from a spice or fruit. "Bottled water" includes water that is
18 delivered to the buyer in a reusable container that is not sold with
19 the water.

20 (b) "Dietary supplement" means any product, other than tobacco,
21 intended to supplement the diet that:

22 (i) Contains one or more of the following dietary ingredients:

- 23 (A) A vitamin;
- 24 (B) A mineral;
- 25 (C) An herb or other botanical;
- 26 (D) An amino acid;
- 27 (E) A dietary substance for use by humans to supplement the diet by
28 increasing the total dietary intake; or
- 29 (F) A concentrate, metabolite, constituent, extract, or combination
30 of any ingredient described in this subsection;

31 (ii) Is intended for ingestion in tablet, capsule, powder, softgel,
32 gelcap, or liquid form, or if not intended for ingestion in such form,
33 is not represented as conventional food and is not represented for use
34 as a sole item of a meal or of the diet; and

35 (iii) Is required to be labeled as a dietary supplement,
36 identifiable by the "supplement facts" box found on the label as
37 required pursuant to 21 C.F.R. Sec. 101.36, as amended or renumbered as
38 of January 1, 2003.

1 ~~((b))~~ (c)(i) "Prepared food" means:

2 (A) Food sold in a heated state or heated by the seller;

3 (B) Food sold with eating utensils provided by the seller,

4 including plates, knives, forks, spoons, glasses, cups, napkins, or

5 straws. A plate does not include a container or packaging used to

6 transport the food; or

7 (C) Two or more food ingredients mixed or combined by the seller

8 for sale as a single item, except:

9 (I) Food that is only cut, repackaged, or pasteurized by the

10 seller; or

11 (II) Raw eggs, fish, meat, poultry, and foods containing these raw

12 animal foods requiring cooking by the consumer as recommended by the

13 federal food and drug administration in chapter 3, part 401.11 of The

14 Food Code, published by the food and drug administration, as amended or

15 renumbered as of January 1, 2003, so as to prevent foodborne illness.

16 (ii) "Prepared food" does not include the following food or food

17 ingredients, if the food or food ingredients are sold without eating

18 utensils provided by the seller:

19 (A) Food sold by a seller whose proper primary North American

20 industry classification system (NAICS) classification is manufacturing

21 in sector 311, except subsector 3118 (bakeries), as provided in the

22 "North American industry classification system--United States, 2002";

23 (B) Food sold in an unheated state by weight or volume as a single

24 item; or

25 (C) Bakery items. The term "bakery items" includes bread, rolls,

26 buns, biscuits, bagels, croissants, pastries, donuts, Danish, cakes,

27 tortes, pies, tarts, muffins, bars, cookies, or tortillas.

28 ~~((e))~~ (d) "Soft drinks" means nonalcoholic beverages that contain

29 natural or artificial sweeteners. Soft drinks do not include beverages

30 that contain: Milk or milk products; soy, rice, or similar milk

31 substitutes; or greater than fifty percent of vegetable or fruit juice

32 by volume.

33 (3) Notwithstanding anything in this section to the contrary, the

34 exemption of "food and food ingredients" provided in this section

35 applies to food and food ingredients that are furnished, prepared, or

36 served as meals:

37 (a) Under a state administered nutrition program for the aged as

1 provided for in the older Americans act (P.L. 95-478 Title III) and RCW
2 74.38.040(6);

3 (b) That are provided to senior citizens, individuals with
4 disabilities, or low-income persons by a not-for-profit organization
5 organized under chapter 24.03 or 24.12 RCW; or

6 (c) That are provided to residents, sixty-two years of age or
7 older, of a qualified low-income senior housing facility by the lessor
8 or operator of the facility. The sale of a meal that is billed to both
9 spouses of a marital community or both domestic partners of a domestic
10 partnership meets the age requirement in this subsection (3)(c) if at
11 least one of the spouses or domestic partners is at least sixty-two
12 years of age. For purposes of this subsection, "qualified low-income
13 senior housing facility" means a facility:

14 (i) That meets the definition of a qualified low-income housing
15 project under 26 U.S.C. Sec. 42 of the federal internal revenue code,
16 as existing on August 1, 2009;

17 (ii) That has been partially funded under 42 U.S.C. Sec. 1485; and

18 (iii) For which the lessor or operator has at any time been
19 entitled to claim a federal income tax credit under 26 U.S.C. Sec. 42
20 of the federal internal revenue code.

21 (4)(a) Subsection (1) of this section notwithstanding, the retail
22 sale of food and food ingredients is subject to sales tax under RCW
23 82.08.020 if the food and food ingredients are sold through a vending
24 machine. Except as provided in (b) of this subsection, the selling
25 price of food and food ingredients sold through a vending machine for
26 purposes of RCW 82.08.020 is fifty-seven percent of the gross receipts.

27 (b) For soft drinks and hot prepared food and food ingredients,
28 other than food and food ingredients which are heated after they have
29 been dispensed from the vending machine, the selling price is the total
30 gross receipts of such sales divided by the sum of one plus the sales
31 tax rate expressed as a decimal.

32 (c) For tax collected under this subsection (4), the requirements
33 that the tax be collected from the buyer and that the amount of tax be
34 stated as a separate item are waived.

35 **Sec. 104.** RCW 82.12.0293 and 2011 c 2 s 303 are each amended to
36 read as follows:

1 (1) The provisions of this chapter do not apply in respect to the
2 use of food and food ingredients for human consumption. "Food and food
3 ingredients" has the same meaning as in RCW 82.08.0293.

4 (2) The exemption of "food and food ingredients" provided for in
5 subsection (1) of this section does not apply to prepared food, soft
6 drinks, bottled water, or dietary supplements. "Prepared food," "soft
7 drinks," "bottled water," and "dietary supplements" have the same
8 meanings as in RCW 82.08.0293.

9 (3) Notwithstanding anything in this section to the contrary, the
10 exemption of "food and food ingredients" provided in this section
11 applies to food and food ingredients which are furnished, prepared, or
12 served as meals:

13 (a) Under a state administered nutrition program for the aged as
14 provided for in the older Americans act (P.L. 95-478 Title III) and RCW
15 74.38.040(6);

16 (b) Which are provided to senior citizens, individuals with
17 disabilities, or low-income persons by a not-for-profit organization
18 organized under chapter 24.03 or 24.12 RCW; or

19 (c) That are provided to residents, sixty-two years of age or
20 older, of a qualified low-income senior housing facility by the lessor
21 or operator of the facility. The sale of a meal that is billed to both
22 spouses of a marital community or both domestic partners of a domestic
23 partnership meets the age requirement in this subsection (3)(c) if at
24 least one of the spouses or domestic partners is at least sixty-two
25 years of age. For purposes of this subsection, "qualified low-income
26 senior housing facility" has the same meaning as in RCW 82.08.0293.

27 NEW SECTION. **Sec. 105.** A new section is added to chapter 82.08
28 RCW to read as follows:

29 (1) Subject to the conditions in this section, the tax levied by
30 RCW 82.08.020 does not apply to sales of bottled water dispensed or to
31 be dispensed to patients, pursuant to a prescription for use in the
32 cure, mitigation, treatment, or prevention of disease or other medical
33 condition.

34 (2) For purposes of this section, "prescription" means an order,
35 formula, or recipe issued in any form of oral, written, electronic, or
36 other means of transmission by a duly licensed practitioner authorized
37 by the laws of this state to prescribe.

1 (3) Except for sales of bottled water delivered to the buyer in a
2 reusable container that is not sold with the water, sellers must
3 collect tax on sales subject to this exemption. Any buyer that has
4 paid at least twenty-five dollars in state and local sales taxes on
5 purchases of bottled water subject to this exemption may apply for a
6 refund of the taxes directly from the department in a form and manner
7 prescribed by the department. The department must deny any refund
8 application if the amount of the refund requested is less than twenty-
9 five dollars. No refund may be made for taxes paid more than four
10 years after the end of the calendar year in which the tax was paid to
11 the seller.

12 (4) The provisions of RCW 82.32.060 apply to refunds authorized
13 under this section.

14 (5) With respect to sales of bottled water delivered to the buyer
15 in a reusable container that is not sold with the water, buyers
16 claiming the exemption provided in this section must provide the seller
17 with an exemption certificate in a form and manner prescribed by the
18 department. The seller must retain a copy of the certificate for the
19 seller's files.

20 NEW SECTION. **Sec. 106.** A new section is added to chapter 82.12
21 RCW to read as follows:

22 (1) The provisions of this chapter do not apply in respect to the
23 use of bottled water dispensed or to be dispensed to patients, pursuant
24 to a prescription for use in the cure, mitigation, treatment, or
25 prevention of disease or medical condition.

26 (2) For the purposes of this section, "prescription" has the same
27 meaning as provided in section 105 of this act.

28 NEW SECTION. **Sec. 107.** A new section is added to chapter 82.08
29 RCW to read as follows:

30 (1)(a) Subject to the conditions in this section, the tax levied by
31 RCW 82.08.020 does not apply to sales of bottled water to persons whose
32 primary source of drinking water is unsafe.

33 (b) For purposes of this subsection and section 108 of this act, a
34 person's primary source of drinking water is unsafe if:

35 (i) The public water system providing the drinking water has issued

1 a public notification that the drinking water may pose a health risk,
2 and the notification is still in effect on the date that the bottled
3 water was purchased;

4 (ii) Test results on the person's drinking water, which are no more
5 than twelve months old, from a laboratory certified to perform drinking
6 water testing show that the person's drinking water does not meet safe
7 drinking water standards applicable to public water systems; or

8 (iii) The person otherwise establishes, to the department's
9 satisfaction, that the person's drinking water does not meet safe
10 drinking water standards applicable to public water systems.

11 (2) Except for sales of bottled water delivered to the buyer in a
12 reusable container that is not sold with the water, sellers must
13 collect tax on sales subject to this exemption. Any buyer that has
14 paid at least twenty-five dollars in state and local sales taxes on
15 purchases of bottled water subject to this exemption may apply for a
16 refund of the taxes directly from the department in a form and manner
17 prescribed by the department. The department must deny any refund
18 application if the amount of the refund requested is less than
19 twenty-five dollars. No refund may be made for taxes paid more than
20 four years after the end of the calendar year in which the tax was paid
21 to the seller.

22 (3) The provisions of RCW 82.32.060 apply to refunds authorized
23 under this section.

24 (4)(a) With respect to sales of bottled water delivered to the
25 buyer in a reusable container that is not sold with the water, buyers
26 claiming the exemption provided in this section must provide the seller
27 with an exemption certificate in a form and manner prescribed by the
28 department. The seller must retain a copy of the certificate for the
29 seller's files.

30 (b) The department may waive the requirement for an exemption
31 certificate in the event of disaster or similar circumstance.

32 NEW SECTION. **Sec. 108.** A new section is added to chapter 82.12
33 RCW to read as follows:

34 The provisions of this chapter do not apply in respect to the use
35 of bottled water by persons whose primary source of drinking water is
36 unsafe as provided in section 107 of this act.

1 **Sec. 109.** RCW 82.08.0273 and 2011 c 7 s 1 are each amended to read
2 as follows:

3 (1) Subject to the conditions and limitations in this section, an
4 exemption from the tax levied by RCW 82.08.020 ((does not apply to)) in
5 the form of a remittance from the department is provided for sales to
6 nonresidents of this state of tangible personal property, digital
7 goods, and digital codes(~~(, when)~~). The exemption only applies if:

8 (a) The property is for use outside this state;

9 (b) The purchaser is a bona fide resident of a province or
10 territory of Canada or a state, territory, or possession of the United
11 States, other than the state of Washington; and

12 (i) Such state, possession, territory, or province does not impose,
13 or have imposed on its behalf, a generally applicable retail sales tax,
14 use tax, value added tax, gross receipts tax on retailing activities,
15 or similar generally applicable tax, of three percent or more; or

16 (ii) If imposing a tax described in (b)(i) of this subsection,
17 provides an exemption for sales to Washington residents by reason of
18 their residence; and

19 (c) The purchaser agrees, when requested, to grant the department
20 of revenue access to such records and other forms of verification at
21 (~~his or her~~) the purchaser's place of residence to assure that such
22 purchases are not first used substantially in the state of Washington.

23 (2) Notwithstanding anything to the contrary in this chapter, if
24 parts or other tangible personal property are installed by the seller
25 during the course of repairing, cleaning, altering, or improving motor
26 vehicles, trailers, or campers and the seller makes a separate charge
27 for the tangible personal property, the tax levied by RCW 82.08.020
28 does not apply to the separately stated charge to a nonresident
29 purchaser for the tangible personal property but only if the separately
30 stated charge does not exceed either the seller's current publicly
31 stated retail price for the tangible personal property or, if no
32 publicly stated retail price is available, the seller's cost for the
33 tangible personal property. However, the exemption provided by this
34 section does not apply if tangible personal property is installed by
35 the seller during the course of repairing, cleaning, altering, or
36 improving motor vehicles, trailers, or campers and the seller makes a
37 single nonitemized charge for providing the tangible personal property

1 and service. All of the ~~((requirements))~~ provisions in subsections (1)
2 and (3) through ~~((+6))~~ (7) of this section apply to this subsection.

3 (3)(a) Any person claiming exemption from retail sales tax under
4 the provisions of this section must ~~((display proof of his or her
5 current nonresident status as provided in this section))~~ pay the state
6 and local sales tax to the seller at the time of purchase and then
7 request a remittance from the department in accordance with this
8 subsection and subsection (4) of this section. A request for
9 remittance must include proof of the person's status as a nonresident
10 at the time of the purchase for which a remittance is requested. The
11 request for a remittance must also include any additional information
12 and documentation as required by the department, which may include a
13 description of the item purchased for which a remittance is requested,
14 the sales price of the item, the amount of state and local sales tax
15 paid on the item, the date of the purchase, the name of the seller and
16 the physical address where the sale took place, and copies of sales
17 receipts showing the qualified purchases.

18 (b) Acceptable proof of a nonresident person's status includes one
19 piece of identification such as a valid driver's license from the
20 jurisdiction in which the out-of-state residency is claimed or a valid
21 identification card which has a photograph of the holder and is issued
22 by the out-of-state jurisdiction. Identification under this subsection
23 (3)(b) must show the holder's residential address and have as one of
24 its legal purposes the establishment of residency in that out-of-state
25 jurisdiction.

26 (c) In lieu of furnishing proof of a person's nonresident status
27 under (b) of this subsection (3), a person claiming exemption from
28 retail sales tax under the provisions of this section may provide the
29 seller with an exemption certificate in compliance with subsection
30 (4)(b) of this section.

31 ~~((4)(a) ((Nothing in this section requires the vendor to make tax
32 exempt retail sales to nonresidents. A vendor may choose to make sales
33 to nonresidents, collect the sales tax, and remit the amount of sales
34 tax collected to the state as otherwise provided by law. If the vendor
35 chooses to make a sale to a nonresident without collecting the sales
36 tax, the vendor must examine the purchaser's proof of nonresidence,
37 determine whether the proof is acceptable under subsection (3)(b) of~~

1 ~~this section, and maintain records for each nontaxable sale which shall~~
2 ~~show the type of proof accepted, including any identification numbers~~
3 ~~where appropriate, and the expiration date, if any.~~

4 ~~(b) In lieu of using the method provided in (a) of this subsection~~
5 ~~to document an exempt sale to a nonresident, a seller may accept from~~
6 ~~the purchaser a properly completed uniform exemption certificate~~
7 ~~approved by the streamlined sales and use tax agreement governing board~~
8 ~~or any other exemption certificate as may be authorized by the~~
9 ~~department and properly completed by the purchaser. A nonresident~~
10 ~~purchaser who uses an exemption certificate authorized in this~~
11 ~~subsection (4)(b) must include the purchaser's driver's license number~~
12 ~~or other state issued identification number and the state of issuance.~~

13 ~~(c) In lieu of using the methods provided in (a) and (b) of this~~
14 ~~subsection to document an exempt sale to a nonresident, a seller may~~
15 ~~capture the relevant data elements as allowed under the streamlined~~
16 ~~sales and use tax agreement.~~

17 ~~(5)(a) Any person making fraudulent statements, which includes the~~
18 ~~offer of fraudulent identification or fraudulently procured~~
19 ~~identification to a vendor, in order to purchase goods without paying~~
20 ~~retail sales tax is guilty of perjury under chapter 9A.72 RCW.~~

21 ~~(b) Any person making tax exempt purchases under this section by~~
22 ~~displaying proof of identification not his or her own, or counterfeit~~
23 ~~identification, with intent to violate the provisions of this section,~~
24 ~~is guilty of a misdemeanor and, in addition, is liable for the tax and~~
25 ~~subject to a penalty equal to the greater of one hundred dollars or the~~
26 ~~tax due on such purchases.~~

27 ~~(6)(a) Any vendor who makes sales without collecting the tax and~~
28 ~~who fails to maintain records of sales to nonresidents as provided in~~
29 ~~this section is personally liable for the amount of tax due.~~

30 ~~(b) Any vendor who makes sales without collecting the retail sales~~
31 ~~tax under this section and who has actual knowledge that the~~
32 ~~purchaser's proof of identification establishing out-of-state residency~~
33 ~~is fraudulent is guilty of a misdemeanor and, in addition, is liable~~
34 ~~for the tax and subject to a penalty equal to the greater of one~~
35 ~~thousand dollars or the tax due on such sales. In addition, both the~~
36 ~~purchaser and the vendor are liable for any penalties and interest~~
37 ~~assessable under chapter 82.32 RCW.)) (i) Beginning January 1, 2014,~~
38 ~~through December 31, 2014, a person may request a remittance from the~~

1 department for state and local sales taxes paid by the person on
2 qualified retail purchases made in Washington between August 1, 2013,
3 and December 31, 2013.

4 (ii) Beginning January 1, 2015, a person may request a remittance
5 from the department during any calendar year for state and local sales
6 taxes paid by the person on qualified retail purchases made in
7 Washington during the immediately preceding calendar year only. No
8 application may be made with respect to purchases made before the
9 immediately preceding calendar year.

10 (b) The remittance request, including proof of nonresident status
11 and any other documentation and information required by the department,
12 must be made using an electronic application process as prescribed by
13 the department. Only one remittance request may be made by a person
14 per calendar year.

15 (c) The total amount of a remittance request must be at least
16 twenty-five dollars. The department must deny any request for a
17 remittance that is less than twenty-five dollars.

18 (d) The department will examine the applicant's proof of
19 nonresident status and any other documentation and information as
20 required in the application to determine whether the applicant is
21 entitled to a remittance under this section.

22 (5)(a) Any person making fraudulent statements to the department,
23 which includes the offer of fraudulent or fraudulently procured
24 identification or fraudulent sales receipts, in order to receive a
25 remittance of retail sales tax is guilty of perjury under chapter 9A.72
26 RCW.

27 (b) Any person requesting a remittance of sales tax from the
28 department by providing proof of identification or sales receipts not
29 the person's own, or counterfeit identification or sales receipts, with
30 intent to violate the provisions of this section, is guilty of a
31 misdemeanor and, in addition, is liable for the tax and subject to a
32 penalty equal to the greater of one hundred dollars or the tax due on
33 such purchases.

34 (6) The exemption provided by this section is for both state and
35 local sales taxes. For purposes of this section, "local sales tax"
36 means a sales tax imposed by a local government under the authority of
37 chapter 82.14 RCW, RCW 81.104.170, or other provision of law, and which

1 is imposed on the same taxable event as the state sales tax imposed in
2 this chapter.

3 (7) A nonresident who receives a refund of sales tax from the
4 seller for any reason with respect to a purchase made in this state is
5 not entitled to a remittance for the tax paid on the purchase. A
6 person who receives both a remittance under this section and a refund
7 from the seller with respect to the same purchase must immediately
8 repay the remittance to the department. Interest as provided in
9 chapter 82.32 RCW applies to amounts due under this section from the
10 date that the department made the remittance until the amount due under
11 this subsection is paid to the department. A person who receives a
12 remittance with respect to a purchase for which the person had, at the
13 time the person submitted the application for a remittance, already
14 received a refund of sales tax from the seller is also liable for the
15 evasion penalty in RCW 82.32.090(7) and is ineligible to receive any
16 further remittances from the department under this section.

17 **Sec. 110.** RCW 82.04.4452 and 2010 c 114 s 114 are each amended to
18 read as follows:

19 (1) In computing the tax imposed under this chapter, a credit is
20 allowed for each person whose research and development spending during
21 the year in which the credit is claimed exceeds 0.92 percent of the
22 person's taxable amount during the same calendar year.

23 (2)(a) The credit is calculated as follows:

24 ((+a)) (i) Determine the greater of the amount of qualified
25 research and development expenditures of a person or eighty percent of
26 amounts received by a person other than a public educational or
27 research institution in compensation for the conduct of qualified
28 research and development;

29 ((+b)) (ii) Subtract 0.92 percent of the person's taxable amount
30 from the amount determined under (a)(i) of this subsection;

31 ((+c)) (iii) Multiply the amount determined under ((+b)) (a)(ii)
32 of this subsection by ((the following+)

33 (i) ~~For the period June 10, 2004, through December 31, 2006, the~~
34 ~~person's average tax rate for the calendar year for which the credit is~~
35 ~~claimed;~~

36 (ii) ~~For the calendar year ending December 31, 2007, the greater of~~
37 ~~the person's average tax rate for that calendar year or 0.75 percent;~~

1 ~~(iii) For the calendar year ending December 31, 2008, the greater~~
2 ~~of the person's average tax rate for that calendar year or 1.0 percent;~~
3 ~~(iv) For the calendar year ending December 31, 2009, the greater of~~
4 ~~the person's average tax rate for that calendar year or 1.25 percent;~~
5 ~~(v) For the calendar year ending December 31, 2010, and~~
6 ~~thereafter,)) 1.50 percent.~~

7 **(b)** For purposes of calculating the credit, if a person's reporting
8 period is less than annual, the person may use an estimated average tax
9 rate for the calendar year for which the credit is claimed by using the
10 person's average tax rate for each reporting period. A person who uses
11 an estimated average tax rate must make an adjustment to the total
12 credit claimed for the calendar year using the person's actual average
13 tax rate for the calendar year when the person files its last return
14 for the calendar year for which the credit is claimed.

15 (3) Any person entitled to the credit provided in subsection (2) of
16 this section as a result of qualified research and development
17 conducted under contract may assign all or any portion of the credit to
18 the person contracting for the performance of the qualified research
19 and development.

20 (4) The credit, including any credit assigned to a person under
21 subsection (3) of this section, must be claimed against taxes due for
22 the same calendar year in which the qualified research and development
23 expenditures are incurred. The credit, including any credit assigned
24 to a person under subsection (3) of this section, for each calendar
25 year may not exceed the lesser of two million dollars or the amount of
26 tax otherwise due under this chapter for the calendar year.

27 (5) For any person claiming the credit, including any credit
28 assigned to a person under subsection (3) of this section, whose
29 research and development spending during the calendar year in which the
30 credit is claimed fails to exceed 0.92 percent of the person's taxable
31 amount during the same calendar year or who is otherwise ineligible,
32 the department must declare the taxes against which the credit was
33 claimed to be immediately due and payable. The department must assess
34 interest, but not penalties, on the taxes against which the credit was
35 claimed. Interest must be assessed at the rate provided for delinquent
36 excise taxes under chapter 82.32 RCW, retroactively to the date the
37 credit was claimed, and accrues until the taxes against which the
38 credit was claimed are repaid. Any credit assigned to a person under

1 subsection (3) of this section that is disallowed as a result of this
2 section may be claimed by the person who performed the qualified
3 research and development subject to the limitations set forth in
4 subsection (4) of this section.

5 (6) A person may not claim a credit under this section if the
6 person reported an annual gross amount, as reported on the state
7 combined excise tax return, of ten million dollars or more in the prior
8 calendar year. Taxpayers disallowed from claiming the credit under
9 this subsection (6) are not required to refund any credit claimed in
10 calendar year 2013 prior to the effective date of this section.

11 (7) A person claiming the credit provided in this section must file
12 a complete annual survey with the department under RCW 82.32.585.

13 ~~((7) For the purpose of this section:)~~ The definitions in this
14 subsection apply throughout this section unless the context clearly
15 requires otherwise.

16 (8)(a) "Average tax rate" means a person's total tax liability
17 under this chapter for the calendar year for which the credit is
18 claimed divided by the taxpayer's total taxable amount under this
19 chapter for the calendar year for which the credit is claimed.

20 (b) "Qualified research and development expenditures" means
21 operating expenses, including wages, compensation of a proprietor or a
22 partner in a partnership as determined under rules adopted by the
23 department, benefits, supplies, and computer expenses, directly
24 incurred in qualified research and development by a person claiming the
25 credit provided in this section. The term does not include amounts
26 paid to a person other than a public educational or research
27 institution to conduct qualified research and development. Nor does
28 the term include capital costs and overhead, such as expenses for land,
29 structures, or depreciable property.

30 (c) "Qualified research and development" (~~shall have~~) has the
31 same meaning as provided in RCW 82.63.010.

32 (d) "Research and development spending" means qualified research
33 and development expenditures plus eighty percent of amounts paid to a
34 person other than a public educational or research institution to
35 conduct qualified research and development.

36 (e) "Taxable amount" means the taxable amount subject to the tax
37 imposed in this chapter required to be reported on the person's

1 combined excise tax returns for the calendar year for which the credit
2 is claimed, less any taxable amount for which a credit is allowed under
3 RCW 82.04.440.

4 ~~((+8))~~ (9) This section expires January 1, 2015.

5 **Sec. 111.** RCW 82.63.030 and 2008 c 15 s 4 are each amended to read
6 as follows:

7 (1) Except as provided in subsection (2) of this section, the
8 department ~~((shall))~~ must issue a sales and use tax deferral
9 certificate for state and local sales and use taxes due under chapters
10 82.08, 82.12, and 82.14 RCW on each eligible investment project.

11 (2) No certificate may be issued for an investment project that has
12 already received a deferral under chapter 82.60 RCW or this chapter,
13 except that an investment project for qualified research and
14 development that has already received a deferral may also receive an
15 additional deferral certificate for adapting the investment project for
16 use in pilot scale manufacturing.

17 (3) The department may not issue a certificate under this section
18 on or after July 1, 2013.

19 (4) This section ~~((shall))~~ expires January 1, 2015.

20 NEW SECTION. **Sec. 112.** RCW 82.04.272 (Tax on warehousing and
21 reselling prescription drugs) and 2013 c 19 s 127, 2003 c 168 s 401, &
22 1998 c 343 s 1 are each repealed.

23 NEW SECTION. **Sec. 113.** Section 112 of this act applies to taxes
24 due for reporting periods beginning on or after the effective date of
25 section 112 of this act.

26 **Sec. 114.** RCW 82.12.0263 and 1980 c 37 s 62 are each amended to
27 read as follows:

28 The provisions of this chapter ~~((shall))~~ do not apply in respect to
29 the use of biomass fuel by the extractor or manufacturer thereof when
30 used directly in the operation of the particular extractive operation
31 or manufacturing plant which produced or manufactured the same. For
32 purposes of this section, "biomass fuel" means wood waste and other
33 wood residuals, including forest derived biomass, but does not include

1 firewood or wood pellets. "Biomass fuel" also includes partially
2 organic by-products of pulp, paper, and wood manufacturing processes.

3 NEW SECTION. Sec. 115. A new section is added to chapter 82.12
4 RCW to read as follows:

5 The value of the article used with respect to refinery fuel gas
6 under this chapter is the most recent monthly United States natural gas
7 wellhead price, as published by the federal energy information
8 administration.

9 **Part II**

10 **Making Appropriations to Fund K-12 Basic Education and Higher Education**

11 **II-A**

12 **Higher Education Appropriations**

13 NEW SECTION. Sec. 201. A new section is added to 2013 1st sp.s.
14 c ... (House Bill 1057) (uncodified) to read as follows:

15 **FOR THE UNIVERSITY OF WASHINGTON**

16 (1) The sum of nine million seven hundred and twenty thousand
17 dollars is appropriated for the fiscal biennium ending June 30, 2015,
18 from the education legacy trust account--state to the University of
19 Washington.

20 (2) The sum of twenty four million eight hundred and sixty eight
21 thousand dollars is appropriated for the fiscal biennium ending June
22 30, 2015, from the education legacy trust account--state to the
23 University of Washington. The appropriation in this subsection is
24 provided solely for the expansion of computer science and engineering
25 enrollments. The university will work with the education research and
26 data center to establish program baselines and demonstrate enrollment
27 increases. By September 1, 2014, and each September 1st thereafter,
28 the university shall provide a report that provides the specific detail
29 on how these amounts were spent in the preceding fiscal year including
30 but not limited to the cost per student, student completion rates, and
31 the number of low-income students enrolled in each program, any process
32 changes or best-practices implemented by the college, and how many
33 students are enrolled in computer science and engineering programs
34 above the 2012-2013 academic year baseline.

1 NEW SECTION. **Sec. 202.** A new section is added to 2013 1st sp.s.
2 c ... (House Bill 1057) (uncodified) to read as follows:

3 **FOR WASHINGTON STATE UNIVERSITY**

4 (1) The sum of five million seven thousand dollars is appropriated
5 for the biennium ending June 30, 2015, from the education legacy trust
6 account--state to Washington State University.

7 (2) The sum of seventeen million six hundred and twenty eight
8 thousand dollars is appropriated for the fiscal biennium ending June
9 30, 2015, from the education legacy trust account--state to Washington
10 State University. The appropriation in this subsection is provided
11 solely for the expansion of computer science and engineering
12 enrollments. The university will work with the education research and
13 data center to establish program baselines and demonstrate enrollment
14 increases. By September 1, 2014, and each September 1st thereafter,
15 the university shall provide a report that provides the specific detail
16 on how these amounts were spent in the preceding fiscal year including
17 but not limited to the cost per student, student completion rates, and
18 the number of low-income students enrolled in each program, any process
19 changes or best-practices implemented by the college, and how many
20 students are enrolled in computer science and engineering programs
21 above the 2012-2013 academic year baseline.

22 NEW SECTION. **Sec. 203.** A new section is added to 2013 1st sp.s.
23 c ... (House Bill 1057) (uncodified) to read as follows:

24 **FOR WESTERN WASHINGTON UNIVERSITY**

25 (1) The sum of five million and twenty four thousand dollars is
26 appropriated for the fiscal biennium ending June 30, 2015, from the
27 education legacy trust account--state to the Western Washington
28 University.

29 (2) The sum of four million eight hundred and sixty eight dollars
30 is appropriated for the fiscal biennium ending June 30, 2015, from the
31 education legacy trust account--state to the Western Washington
32 University. The appropriation in this subsection is provided solely
33 for the expansion of computer science and engineering enrollments. The
34 university will work with the education research and data center to
35 establish program baselines and demonstrate enrollment increases. By
36 September 1, 2014, and each September 1st thereafter, the university
37 shall provide a report that provides the specific detail on how these

1 amounts were spent in the preceding fiscal year including but not
2 limited to the cost per student, student completion rates, and the
3 number of low-income students enrolled in each program, any process
4 changes or best-practices implemented by the college, and how many
5 students are enrolled in computer science and engineering programs
6 above the 2012-2013 academic year baseline.

7 NEW SECTION. **Sec. 204.** A new section is added to 2013 1st sp.s.
8 c ... (House Bill 1057) (uncodified) to read as follows:

9 **FOR CENTRAL WASHINGTON UNIVERSITY**

10 The sum of two million and eighteen thousand dollars is
11 appropriated for the fiscal biennium ending June 30, 2015, from the
12 education legacy trust account--state to Central Washington University.

13 NEW SECTION. **Sec. 205.** A new section is added to 2013 1st sp.s.
14 c ... (House Bill 1057) (uncodified) to read as follows:

15 **FOR EASTERN WASHINGTON UNIVERSITY**

16 The sum of one million and three hundred and fifteen thousand
17 dollars is appropriated for the fiscal biennium ending June 30, 2015,
18 from the education legacy trust account--state to Eastern Washington
19 University.

20 NEW SECTION. **Sec. 206.** A new section is added to 2013 1st sp.s.
21 c ... (House Bill 1057) (uncodified) to read as follows:

22 **FOR THE EVERGREEN STATE COLLEGE**

23 The sum of seven hundred and fifty two thousand dollars is
24 appropriated for the fiscal biennium ending June 30, 2015, from the
25 education legacy trust account--state to The Evergreen State College.

26 NEW SECTION. **Sec. 207.** A new section is added to 2013 1st sp.s.
27 c ... (House Bill 1057) (uncodified) to read as follows:

28 **FOR THE STATE BOARD FOR COMMUNITY AND TECHNICAL COLLEGES**

29 The sum of two million five hundred thousand dollars is
30 appropriated for the fiscal biennium ending June 30, 2015, from the
31 education legacy trust account--state to the state board for community
32 and technical colleges. The appropriation in this section is provided
33 solely for the student achievement initiative.

1 NEW SECTION. **Sec. 208.** A new section is added to 2013 1st sp.s.
2 c ... (House Bill 1057) (uncodified) to read as follows:

3 **FOR THE STUDENT ACHIEVEMENT COUNCIL--OPPORTUNITY SCHOLARSHIP**

4 The sum of five million dollars is appropriated for the fiscal
5 biennium ending June 30, 2015, from the education legacy trust
6 account--state to the student achievement council. The appropriation
7 in this section is provided solely for expenditure into the opportunity
8 scholarship match transfer account for purposes of the opportunity
9 scholarship program established in chapter 28B.145 RCW. The council
10 shall enter appropriate agreements with the administrator to
11 demonstrate receipt of consideration for public funds and use of public
12 funds for the specified statutory purposes.

13 **II-B**

14 **K-12 Policy Changes**

15 **Sec. 209.** RCW 28A.150.220 and 2013 c 323 s 2 are each amended to
16 read as follows:

17 (1) In order for students to have the opportunity to develop the
18 basic education knowledge and skills under RCW 28A.150.210, school
19 districts must provide instruction of sufficient quantity and quality
20 and give students the opportunity to complete graduation requirements
21 that are intended to prepare them for postsecondary education, gainful
22 employment, and citizenship. The program established under this
23 section shall be the minimum instructional program of basic education
24 offered by school districts.

25 (2) Each school district shall make available to students the
26 following minimum instructional offering each school year:

27 (a) For students enrolled in grades one through twelve, at least a
28 district-wide annual average of one thousand hours, which shall be
29 increased district-wide to (~~(at least one thousand eighty instructional~~
30 ~~hours for students enrolled in each of grades seven through twelve~~
31 ~~and~~)) at least one thousand instructional hours for students in each of
32 grades one through six (~~(according to an implementation schedule~~
33 ~~adopted by the legislature, but not before)~~) beginning with the ((2014-
34 15)) 2017-18 school year((+)), and increased district-wide for students

1 in each of grades seven through twelve according to the following
2 implementation schedule:

	<u>Minimum instructional</u>
	<u>hours for grades 7-12</u>
3	
4	
5	
6	
7	
8	
	<u>2014-15 school year 1,020</u>
	<u>2015-16 school year 1,040</u>
	<u>2016-17 school year 1,060</u>
	<u>2017-18 school year and thereafter 1,080</u>

9 (b) For students enrolled in kindergarten, at least four hundred
10 fifty instructional hours, which shall be increased to at least one
11 thousand instructional hours according to the implementation schedule
12 under RCW 28A.150.315.

13 (3) The instructional program of basic education provided by each
14 school district shall include:

15 (a) Instruction in the essential academic learning requirements
16 under RCW 28A.655.070;

17 (b) Instruction that provides students the opportunity to complete
18 twenty-four credits for high school graduation, (~~subject to a phased-~~
19 ~~in implementation of the twenty four credits as established by the~~
20 ~~legislature~~) beginning with the graduating class of 2018. Course
21 distribution requirements may be established by the state board of
22 education under RCW 28A.230.090;

23 (c) If the essential academic learning requirements include a
24 requirement of languages other than English, the requirement may be met
25 by students receiving instruction in one or more American Indian
26 languages;

27 (d) Supplemental instruction and services for underachieving
28 students through the learning assistance program under RCW 28A.165.005
29 through 28A.165.065;

30 (e) Supplemental instruction and services for eligible and enrolled
31 students whose primary language is other than English through the
32 transitional bilingual instruction program under RCW 28A.180.010
33 through 28A.180.080;

34 (f) The opportunity for an appropriate education at public expense
35 as defined by RCW 28A.155.020 for all eligible students with
36 disabilities as defined in RCW 28A.155.020; and

37 (g) Programs for highly capable students under RCW 28A.185.010
38 through 28A.185.030.

1 (4) Nothing contained in this section shall be construed to require
2 individual students to attend school for any particular number of hours
3 per day or to take any particular courses.

4 (5) Each school district's kindergarten through twelfth grade basic
5 educational program shall be accessible to all students who are five
6 years of age, as provided by RCW 28A.225.160, and less than twenty-one
7 years of age and shall consist of a minimum of one hundred eighty
8 school days per school year in such grades as are conducted by a school
9 district, and one hundred eighty half-days of instruction, or
10 equivalent, in kindergarten, to be increased to a minimum of one
11 hundred eighty school days per school year according to the
12 implementation schedule under RCW 28A.150.315. However, schools
13 administering the Washington kindergarten inventory of developing
14 skills may use up to three school days at the beginning of the school
15 year to meet with parents and families as required in the parent
16 involvement component of the inventory. In addition, effective May 1,
17 1979, a school district may schedule the last five school days of the
18 one hundred and eighty day school year for noninstructional purposes in
19 the case of students who are graduating from high school, including,
20 but not limited to, the observance of graduation and early release from
21 school upon the request of a student, and all such students may be
22 claimed as a full-time equivalent student to the extent they could
23 otherwise have been so claimed for the purposes of RCW 28A.150.250 and
24 28A.150.260.

25 (6) Nothing in this section precludes a school district from
26 enriching the instructional program of basic education, such as
27 offering additional instruction or providing additional services,
28 programs, or activities that the school district determines to be
29 appropriate for the education of the school district's students.

30 (7) The state board of education shall adopt rules to implement and
31 ensure compliance with the program requirements imposed by this
32 section, RCW 28A.150.250 and 28A.150.260, and such related supplemental
33 program approval requirements as the state board may establish.

34 **Sec. 210.** RCW 28A.150.260 and 2011 1st sp.s. c 27 s 2 are each
35 amended to read as follows:

36 The purpose of this section is to provide for the allocation of
37 state funding that the legislature deems necessary to support school

1 districts in offering the minimum instructional program of basic
2 education under RCW 28A.150.220. The allocation shall be determined as
3 follows:

4 (1) The governor shall and the superintendent of public instruction
5 may recommend to the legislature a formula for the distribution of a
6 basic education instructional allocation for each common school
7 district.

8 (2) The distribution formula under this section shall be for
9 allocation purposes only. Except as may be required under chapter
10 28A.155, 28A.165, 28A.180, or 28A.185 RCW, or federal laws and
11 regulations, nothing in this section requires school districts to use
12 basic education instructional funds to implement a particular
13 instructional approach or service. Nothing in this section requires
14 school districts to maintain a particular classroom teacher-to-student
15 ratio or other staff-to-student ratio or to use allocated funds to pay
16 for particular types or classifications of staff. Nothing in this
17 section entitles an individual teacher to a particular teacher planning
18 period.

19 (3)(a) To the extent the technical details of the formula have been
20 adopted by the legislature and except when specifically provided as a
21 school district allocation, the distribution formula for the basic
22 education instructional allocation shall be based on minimum staffing
23 and nonstaff costs the legislature deems necessary to support
24 instruction and operations in prototypical schools serving high,
25 middle, and elementary school students as provided in this section.
26 The use of prototypical schools for the distribution formula does not
27 constitute legislative intent that schools should be operated or
28 structured in a similar fashion as the prototypes. Prototypical
29 schools illustrate the level of resources needed to operate a school of
30 a particular size with particular types and grade levels of students
31 using commonly understood terms and inputs, such as class size, hours
32 of instruction, and various categories of school staff. It is the
33 intent that the funding allocations to school districts be adjusted
34 from the school prototypes based on the actual number of annual average
35 full-time equivalent students in each grade level at each school in the
36 district and not based on the grade-level configuration of the school
37 to the extent that data is available. The allocations shall be further

1 adjusted from the school prototypes with minimum allocations for small
2 schools and to reflect other factors identified in the omnibus
3 appropriations act.

4 (b) For the purposes of this section, prototypical schools are
5 defined as follows:

6 (i) A prototypical high school has six hundred average annual full-
7 time equivalent students in grades nine through twelve;

8 (ii) A prototypical middle school has four hundred thirty-two
9 average annual full-time equivalent students in grades seven and eight;
10 and

11 (iii) A prototypical elementary school has four hundred average
12 annual full-time equivalent students in grades kindergarten through
13 six.

14 (4)(a) The minimum allocation for each level of prototypical school
15 shall be based on the number of full-time equivalent classroom teachers
16 needed to provide instruction over the minimum required annual
17 instructional hours under RCW 28A.150.220 and provide at least one
18 teacher planning period per school day, and based on the following
19 general education average class size of full-time equivalent students
20 per teacher:

	General education average class size
24 Grades K-3	25.23
25 Grade 4	27.00
26 Grades 5-6	27.00
27 Grades 7-8	28.53
28 Grades 9-12	28.74

29 (b) During the 2011-2013 biennium and beginning with schools with
30 the highest percentage of students eligible for free and reduced-price
31 meals in the prior school year, the general education average class
32 size for grades K-3 shall be reduced until the average class size
33 funded under this subsection (4) is no more than 17.0 full-time
34 equivalent students per teacher beginning in the 2017-18 school year.

35 (c) The minimum allocation for each prototypical middle and high
36 school shall also provide for full-time equivalent classroom teachers
37 based on the following number of full-time equivalent students per
38 teacher in career and technical education:

Career and technical
 education average
 class size

Approved career and technical education offered at
 the middle school and high school level 26.57
 Skill center programs meeting the standards established
 by the office of the superintendent of public
 instruction 22.76

(d) In addition, the omnibus appropriations act shall at a minimum specify:

- (i) A high-poverty average class size in schools where more than fifty percent of the students are eligible for free and reduced-price meals; and
- (ii) A specialty average class size for laboratory science, advanced placement, and international baccalaureate courses.

(e) To support the increase in instructional hours required under RCW 28A.150.220(2)(a), beginning with the 2014-15 school year, the minimum allocation for each prototypical middle school and high school must provide resources to provide an additional 0.5556 hours of instruction per week per annual average full-time equivalent student enrolled in grades seven through twelve, based on the general education average class sizes specified in (a) of this subsection, which shall be increased in equal annual increments until an additional 2.2222 hours of instruction is provided in the 2017-18 school year and thereafter.

(5) The minimum allocation for each level of prototypical school shall include allocations for the following types of staff in addition to classroom teachers:

	Elementary School	Middle School	High School
Principals, assistant principals, and other certificated building-level administrators	1.253	1.353	1.880
Teacher librarians, a function that includes information literacy, technology, and media to support school library media programs	0.663	0.519	0.523

1	Health and social services:			
2	School nurses	0.076	0.060	0.096
3	Social workers	0.042	0.006	0.015
4	Psychologists	0.017	0.002	0.007
5	Guidance counselors, a function that includes parent outreach and graduation			
6	advising	0.493	((1.116))	((1.909))
7			<u>1.283</u>	<u>2.076</u>
8	Teaching assistance, including any aspect of educational instructional			
9	services provided by classified employees	0.936	0.700	0.652
10	Office support and other noninstructional aides	2.012	2.325	3.269
11	Custodians	1.657	1.942	2.965
12	Classified staff providing student and staff safety	0.079	0.092	0.141
13	((Parent involvement)) <u>Family engagement</u> coordinators	((0.00))	0.00	0.00
14		<u>0.167</u>		

15 (6)(a) The minimum staffing allocation for each school district to
16 provide district-wide support services shall be allocated per one
17 thousand annual average full-time equivalent students in grades K-12 as
18 follows:

19		Staff per 1,000
20		K-12 students
21	Technology	0.628
22	Facilities, maintenance, and grounds	1.813
23	Warehouse, laborers, and mechanics	0.332

24 (b) The minimum allocation of staff units for each school district
25 to support certificated and classified staffing of central
26 administration shall be 5.30 percent of the staff units generated under
27 subsections (4)(a) ~~((and))~~, (b), and (e) and (5) of this section and
28 (a) of this subsection.

29 (7) The distribution formula shall include staffing allocations to
30 school districts for career and technical education and skill center
31 administrative and other school-level certificated staff, as specified
32 in the omnibus appropriations act.

33 (8)(a) Except as provided in (b) of this subsection, the minimum
34 allocation for each school district shall include allocations per
35 annual average full-time equivalent student for the following

1 materials, supplies, and operating costs, to be adjusted for inflation
2 from the 2008-09 school year:

	Per annual average full-time equivalent student in grades K-12
3	
4	
5	
6 Technology	\$54.43
7 Utilities and insurance	\$147.90
8 Curriculum and textbooks	\$58.44
9 Other supplies and library materials	\$124.07
10 Instructional professional development for certified and 11 classified staff	\$9.04
12 Facilities maintenance	\$73.27
13 Security and central office	\$50.76

14 (b) During the 2011-2013 biennium, the minimum allocation for
15 (~~maintenance~~) materials, supplies, and operating costs shall be
16 increased as specified in the omnibus appropriations act. The
17 following allocations, adjusted for inflation from the 2007-08 school
18 year, are provided in the 2015-16 school year, after which the
19 allocations shall be adjusted annually for inflation as specified in
20 the omnibus appropriations act:

	Per annual average full-time equivalent student in grades K-12
21	
22	
23	
24 Technology	\$113.80
25 Utilities and insurance	\$309.21
26 Curriculum and textbooks	\$122.17
27 Other supplies and library materials	\$259.39
28 Instructional professional development for certificated and 29 classified staff	\$18.89
30 Facilities maintenance	\$153.18
31 Security and central office administration	\$106.12

32 (9) In addition to the amounts provided in subsection (8) of this
33 section, the omnibus appropriations act shall provide an amount based
34 on full-time equivalent student enrollment in each of the following:

35 (a) Exploratory career and technical education courses for students
36 in grades seven through twelve;

1 (b) Laboratory science courses for students in grades nine through
2 twelve;

3 (c) Preparatory career and technical education courses for students
4 in grades nine through twelve offered in a high school; and

5 (d) Preparatory career and technical education courses for students
6 in grades eleven and twelve offered through a skill center.

7 (10) In addition to the allocations otherwise provided under this
8 section, amounts shall be provided to support the following programs
9 and services:

10 (a) To provide supplemental instruction and services for
11 underachieving students through the learning assistance program under
12 RCW 28A.165.005 through 28A.165.065, allocations shall be based on the
13 district percentage of students in grades K-12 who were eligible for
14 free or reduced-price meals in the prior school year. The minimum
15 allocation for the program shall provide for each level of prototypical
16 school resources to provide, on a statewide average, 1.5156 hours per
17 week in extra instruction with a class size of fifteen learning
18 assistance program students per teacher.

19 (b) To provide supplemental instruction and services for students
20 whose primary language is other than English, allocations shall be
21 based on the following:

22 (i) The head count number of students in each school who are
23 eligible for and enrolled in the transitional bilingual instruction
24 program under RCW 28A.180.010 through 28A.180.080. The minimum
25 allocation for each level of prototypical school shall provide
26 resources to provide, on a statewide average, 4.7780 hours per week in
27 extra instruction with fifteen transitional bilingual instruction
28 program students per teacher. ((Notwithstanding other provisions of
29 this subsection (10), the actual per student allocation may be scaled
30 to provide a larger allocation for students needing more intensive
31 intervention and a commensurate reduced allocation for students needing
32 less intensive intervention, as detailed in the omnibus appropriations
33 act.))

34 (ii) The head count number of students in each school who have
35 exited the transitional bilingual instruction program within the
36 previous two years based on their performance on the English
37 proficiency assessment approved by the superintendent of public
38 instruction under RCW 28A.180.090. Beginning with the 2013-14 school

1 year, the minimum allocation under this subsection (10)(b)(ii) for each
2 level of prototypical school must provide resources to provide, on a
3 statewide average, 1.0 hours per week in extra instruction with fifteen
4 exited transitional bilingual instruction program students per teacher,
5 based on students who exited within the previous school year.
6 Beginning with the 2014-15 school year, the minimum allocation must be
7 based on students who exited within the previous two school years.

8 (iii) School districts may not receive allocations under both
9 (b)(i) and (ii) of this subsection for the same student in a single
10 school year.

11 (c) To provide additional allocations to support programs for
12 highly capable students under RCW 28A.185.010 through 28A.185.030,
13 allocations shall be based on two and three hundred fourteen one-
14 thousandths percent of each school district's full-time equivalent
15 basic education enrollment. The minimum allocation for the programs
16 shall provide resources to provide, on a statewide average, 2.1590
17 hours per week in extra instruction with fifteen highly capable program
18 students per teacher.

19 (11) The allocations under subsections (4)(a) (~~and~~), (b), and
20 (e), (5), (6), and (8) of this section shall be enhanced as provided
21 under RCW 28A.150.390 on an excess cost basis to provide supplemental
22 instructional resources for students with disabilities.

23 (12)(a) For the purposes of allocations for prototypical high
24 schools and middle schools under subsections (4) and (10) of this
25 section that are based on the percent of students in the school who are
26 eligible for free and reduced-price meals, the actual percent of such
27 students in a school shall be adjusted by a factor identified in the
28 omnibus appropriations act to reflect underreporting of free and
29 reduced-price meal eligibility among middle and high school students.

30 (b) Allocations or enhancements provided under subsections (4),
31 (7), and (9) of this section for exploratory and preparatory career and
32 technical education courses shall be provided only for courses approved
33 by the office of the superintendent of public instruction under chapter
34 28A.700 RCW.

35 (13)(a) This formula for distribution of basic education funds
36 shall be reviewed biennially by the superintendent and governor. The
37 recommended formula shall be subject to approval, amendment or
38 rejection by the legislature.

1 (b) In the event the legislature rejects the distribution formula
2 recommended by the governor, without adopting a new distribution
3 formula, the distribution formula for the previous school year shall
4 remain in effect.

5 (c) The enrollment of any district shall be the annual average
6 number of full-time equivalent students and part-time students as
7 provided in RCW 28A.150.350, enrolled on the first school day of each
8 month, including students who are in attendance pursuant to RCW
9 28A.335.160 and 28A.225.250 who do not reside within the servicing
10 school district. The definition of full-time equivalent student shall
11 be determined by rules of the superintendent of public instruction and
12 shall be included as part of the superintendent's biennial budget
13 request. The definition shall be based on the minimum instructional
14 hour offerings required under RCW 28A.150.220. Any revision of the
15 present definition shall not take effect until approved by the house
16 ways and means committee and the senate ways and means committee.

17 (d) The office of financial management shall make a monthly review
18 of the superintendent's reported full-time equivalent students in the
19 common schools in conjunction with RCW 43.62.050.

20 **Sec. 211.** RCW 28A.150.390 and 2010 c 236 s 3 are each amended to
21 read as follows:

22 (1) The superintendent of public instruction shall submit to each
23 regular session of the legislature during an odd-numbered year a
24 programmed budget request for special education programs for students
25 with disabilities. Funding for programs operated by local school
26 districts shall be on an excess cost basis from appropriations provided
27 by the legislature for special education programs for students with
28 disabilities and shall take account of state funds accruing through RCW
29 28A.150.260 (4)(a) (~~and~~), (b), and (e), (5), (6), and (8).

30 (2) The excess cost allocation to school districts shall be based
31 on the following:

32 (a) A district's annual average headcount enrollment of students
33 ages birth through four and those five year olds not yet enrolled in
34 kindergarten who are eligible for and enrolled in special education,
35 multiplied by the district's base allocation per full-time equivalent
36 student, multiplied by 1.15; and

1 (b) A district's annual average full-time equivalent basic
2 education enrollment, multiplied by the district's funded enrollment
3 percent, multiplied by the district's base allocation per full-time
4 equivalent student, multiplied by 0.9309.

5 (3) As used in this section:

6 (a) "Base allocation" means the total state allocation to all
7 schools in the district generated by the distribution formula under RCW
8 28A.150.260 (4)(a) (~~and~~), (b), and (e), (5), (6), and (8), to be
9 divided by the district's full-time equivalent enrollment.

10 (b) "Basic education enrollment" means enrollment of resident
11 students including nonresident students enrolled under RCW 28A.225.225
12 and students from nonhigh districts enrolled under RCW 28A.225.210 and
13 excluding students residing in another district enrolled as part of an
14 interdistrict cooperative program under RCW 28A.225.250.

15 (c) "Enrollment percent" means the district's resident special
16 education annual average enrollment, excluding students ages birth
17 through four and those five year olds not yet enrolled in kindergarten,
18 as a percent of the district's annual average full-time equivalent
19 basic education enrollment.

20 (d) "Funded enrollment percent" means the lesser of the district's
21 actual enrollment percent or twelve and seven-tenths percent.

22 **Sec. 212.** RCW 28A.180.030 and 2001 1st sp.s. c 6 s 3 are each
23 amended to read as follows:

24 As used throughout this chapter, unless the context clearly
25 indicates otherwise:

26 (1) "Transitional bilingual instruction" means:

27 (a) A system of instruction which uses two languages, one of which
28 is English, as a means of instruction to build upon and expand language
29 skills to enable the pupil to achieve competency in English. Concepts
30 and information are introduced in the primary language and reinforced
31 in the second language: PROVIDED, That the program shall include
32 testing in the subject matter in English; or

33 (b) In those cases in which the use of two languages is not
34 practicable as established by the superintendent of public instruction
35 and unless otherwise prohibited by law, an alternative system of
36 instruction which may include English as a second language and is
37 designed to enable the pupil to achieve competency in English.

1 (2) "Primary language" means the language most often used by the
2 student for communication in his/her home.

3 (3) "Eligible pupil" means any enrollee of the school district
4 whose primary language is other than English and whose English language
5 skills are sufficiently deficient or absent to impair learning.

6 (4) "Exited pupil" means a student previously enrolled in the
7 transitional bilingual instruction program who is no longer eligible
8 for the program based on his or her performance on an English
9 proficiency assessment approved by the superintendent of public
10 instruction.

11 **Sec. 213.** RCW 28A.180.040 and 2009 c 380 s 5 are each amended to
12 read as follows:

13 (1) Every school district board of directors shall:

14 (a) Make available to each eligible pupil transitional bilingual
15 instruction to achieve competency in English, in accord with rules of
16 the superintendent of public instruction;

17 (b) Wherever feasible, ensure that communications to parents
18 emanating from the schools shall be appropriately bilingual for those
19 parents of pupils in the bilingual instruction program;

20 (c) Determine, by administration of an English test approved by the
21 superintendent of public instruction the number of eligible pupils
22 enrolled in the school district at the beginning of a school year and
23 thereafter during the year as necessary in individual cases;

24 (d) Ensure that a student who is a child of a military family in
25 transition and who has been assessed as in need of, or enrolled in, a
26 bilingual instruction program, the receiving school shall initially
27 honor placement of the student into a like program.

28 (i) The receiving school shall determine whether the district's
29 program is a like program when compared to the sending school's
30 program; and

31 (ii) The receiving school may conduct subsequent assessments
32 pursuant to RCW 28A.180.090 to determine appropriate placement and
33 continued enrollment in the program;

34 (e) Before the conclusion of each school year, measure each
35 eligible pupil's improvement in learning the English language by means
36 of a test approved by the superintendent of public instruction; (~~and~~)

1 (f) Provide in-service training for teachers, counselors, and other
2 staff, who are involved in the district's transitional bilingual
3 program. Such training shall include appropriate instructional
4 strategies for children of culturally different backgrounds, use of
5 curriculum materials, and program models; and

6 (g) Make available a program of instructional support for up to two
7 years immediately after pupils exit from the program, for exited pupils
8 who need assistance in reaching grade-level performance in academic
9 subjects even though they have achieved English proficiency for
10 purposes of the transitional bilingual instructional program.

11 (2) The definitions in Article II of RCW 28A.705.010 apply to
12 subsection (1)(d) of this section.

13 **Sec. 214.** RCW 28A.230.090 and 2011 c 203 s 2 are each amended to
14 read as follows:

15 (1) The state board of education shall establish high school
16 graduation requirements or equivalencies for students, except as
17 provided in RCW 28A.230.122 and except those equivalencies established
18 by local high schools or school districts under RCW 28A.230.097. The
19 purpose of a high school diploma is to declare that a student is ready
20 for success in postsecondary education, gainful employment, and
21 citizenship, and is equipped with the skills to be a lifelong learner.

22 (a) Any course in Washington state history and government used to
23 fulfill high school graduation requirements shall consider including
24 information on the culture, history, and government of the American
25 Indian peoples who were the first inhabitants of the state.

26 (b) The certificate of academic achievement requirements under RCW
27 28A.655.061 or the certificate of individual achievement requirements
28 under RCW 28A.155.045 are required for graduation from a public high
29 school but are not the only requirements for graduation.

30 (c) Any decision on whether a student has met the state board's
31 high school graduation requirements for a high school and beyond plan
32 shall remain at the local level.

33 (2)(a) In recognition of the statutory authority of the state board
34 of education to establish and enforce minimum high school graduation
35 requirements, the state board shall periodically reevaluate the
36 graduation requirements and shall report such findings to the
37 legislature in a timely manner as determined by the state board.

1 (b) The state board shall reevaluate the graduation requirements
2 for students enrolled in vocationally intensive and rigorous career and
3 technical education programs, particularly those programs that lead to
4 a certificate or credential that is state or nationally recognized.
5 The purpose of the evaluation is to ensure that students enrolled in
6 these programs have sufficient opportunity to earn a certificate of
7 academic achievement, complete the program and earn the program's
8 certificate or credential, and complete other state and local
9 graduation requirements.

10 (c) The state board shall forward any proposed changes to the high
11 school graduation requirements to the education committees of the
12 legislature for review and to the quality education council established
13 under RCW 28A.290.010. The legislature shall have the opportunity to
14 act during a regular legislative session before the changes are adopted
15 through administrative rule by the state board. Changes that have a
16 fiscal impact on school districts, as identified by a fiscal analysis
17 prepared by the office of the superintendent of public instruction,
18 shall take effect only if formally authorized and funded by the
19 legislature through the omnibus appropriations act or other enacted
20 legislation.

21 (d) The state board of education shall adopt rules to implement the
22 career and college ready graduation requirement proposal adopted under
23 board resolution on November 10, 2010, to take effect beginning with
24 the graduating class of 2018. The provisions of chapter . . . , Laws of
25 2013 1st sp. sess. (this act) and the increased funding allocated under
26 RCW 28A.150.260 as amended by chapter . . . , Laws of 2013 1st sp. sess.
27 (this act) constitute the funding by the legislature required under
28 this section to implement the proposal.

29 (3) Pursuant to any requirement for instruction in languages other
30 than English established by the state board of education or a local
31 school district, or both, for purposes of high school graduation,
32 students who receive instruction in American sign language or one or
33 more American Indian languages shall be considered to have satisfied
34 the state or local school district graduation requirement for
35 instruction in one or more languages other than English.

36 (4) If requested by the student and his or her family, a student
37 who has completed high school courses before attending high school

1 shall be given high school credit which shall be applied to fulfilling
2 high school graduation requirements if:

3 (a) The course was taken with high school students, if the academic
4 level of the course exceeds the requirements for seventh and eighth
5 grade classes, and the student has successfully passed by completing
6 the same course requirements and examinations as the high school
7 students enrolled in the class; or

8 (b) The academic level of the course exceeds the requirements for
9 seventh and eighth grade classes and the course would qualify for high
10 school credit, because the course is similar or equivalent to a course
11 offered at a high school in the district as determined by the school
12 district board of directors.

13 (5) Students who have taken and successfully completed high school
14 courses under the circumstances in subsection (4) of this section shall
15 not be required to take an additional competency examination or perform
16 any other additional assignment to receive credit.

17 (6) At the college or university level, five quarter or three
18 semester hours equals one high school credit.

19 **II-C**

20 **K-12 APPROPRIATIONS**

21 **Sec. 215.** 2013 1st sp.s. c ... (HB 1057) s 502 (uncodified) is
22 amended to read as follows:

23 **FOR THE SUPERINTENDENT OF PUBLIC INSTRUCTION--FOR GENERAL APPORTIONMENT**

24	General Fund--State Appropriation (FY 2014)	\$5,445,282,000
25	General Fund--State Appropriation (FY 2015)	\$5,735,636,000
26	Education Legacy Trust Account--State Appropriation	(\$25,283,000)
27		<u>\$166,115,000</u>
28	TOTAL APPROPRIATION	(\$11,206,201,000)
29		<u>\$11,347,033,000</u>

30 The appropriations in this section are subject to the following
31 conditions and limitations:

32 (1)(a) Each general fund fiscal year appropriation includes such
33 funds as are necessary to complete the school year ending in the fiscal
34 year and for prior fiscal year adjustments.

1 (b) For the 2013-14 and 2014-15 school years, the superintendent
2 shall allocate general apportionment funding to school districts as
3 provided in the funding formulas and salary schedules in sections 502
4 and 503 of this act, excluding (c) of this subsection.

5 (c) From July 1, 2013 to August 31, 2013, the superintendent shall
6 allocate general apportionment funding to school districts programs as
7 provided in sections 502 and 503, chapter 50, Laws of 2011 1st sp.
8 sess., as amended through sections 502 and 503 of the 2013 omnibus
9 supplemental operating appropriations act.

10 (d) The enrollment of any district shall be the annual average
11 number of full-time equivalent students and part-time students as
12 provided in RCW 28A.150.350, enrolled on the fourth day of school in
13 September and on the first school day of each month October through
14 June, including students who are in attendance pursuant to RCW
15 28A.335.160 and 28A.225.250 who do not reside within the servicing
16 school district. Any school district concluding its basic education
17 program in May must report the enrollment of the last school day held
18 in May in lieu of a June enrollment.

19 (2) CERTIFICATED INSTRUCTIONAL STAFF ALLOCATIONS

20 Allocations for certificated instructional staff salaries for the
21 2013-14 and 2014-15 school years are determined using formula-generated
22 staff units calculated pursuant to this subsection.

23 (a) Certificated instructional staff units, as defined in RCW
24 28A.150.410, shall be allocated to reflect the minimum class size
25 allocations, requirements, and school prototypes assumptions as
26 provided in RCW 28A.150.260. The superintendent shall make allocations
27 to school districts based on the district's annual average full-time
28 equivalent student enrollment in each grade.

29 (b) Additional certificated instructional staff units provided in
30 this subsection (2) that exceed the minimum requirements in RCW
31 28A.150.260 are enhancements outside the program of basic education,
32 except as otherwise provided in this section.

33 (c)(i) The superintendent shall base allocations for each level of
34 prototypical school on the following regular education average class
35 size of full-time equivalent students per teacher, except as provided
36 in (c)(ii) of this subsection:

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General education class size:

Grade	RCW 28A.150.260	2013-14 School Year	2014-15 School Year
Grades K-3	23.50	23.50
Grade 4	27.00	27.00
Grades 5-6	27.00	27.00
Grades 7-8	28.53	28.53
Grades 9-12	28.74	28.74

The superintendent shall base allocations for career and technical education (CTE) and skill center programs average class size as provided in RCW 28A.150.260.

(ii) For each level of prototypical school at which more than fifty percent of the students were eligible for free and reduced-price meals in the prior school year, the superintendent shall allocate funding based on the following average class size of full-time equivalent students per teacher:

General education class size in high poverty school:		2013-14 School Year	2014-15 School Year
Grades K-3	.....	21.76	21.76
Grade 4	.....	27.00	27.00
Grades 5-6	.....	27.00	27.00
Grades 7-8	.....	28.53	28.53
Grades 9-12	.....	28.74	28.74

(iii) Pursuant to RCW 28A.150.260(4)(a), the assumed teacher planning period, expressed as a percentage of a teacher work day, is 13.42 percent in grades K-6, and 16.67 percent in grades 7-12; and

(iv) Laboratory science, advanced placement, and international baccalaureate courses are funded at the same class size assumptions as general education schools in the same grade; and

1 (d)(i) Funding for teacher librarians, school nurses, social
2 workers, school psychologists, and guidance counselors is allocated
3 based on the school prototypes as provided in RCW 28A.150.260 and is
4 considered certificated instructional staff, except as provided in
5 (d)(ii) of this subsection.

6 (ii) Students in approved career and technical education and skill
7 center programs generate certificated instructional staff units to
8 provide for the services of teacher librarians, school nurses, social
9 workers, school psychologists, and guidance counselors at the following
10 combined rate per 1000 students:

11 Career and Technical Education

12 students 2.02 per 1000 student FTE's
13 Skill Center students 2.36 per 1000 student FTE's

14 (3) ADMINISTRATIVE STAFF ALLOCATIONS

15 (a) Allocations for school building-level certificated
16 administrative staff salaries for the 2013-14 and 2014-15 school years
17 for general education students are determined using the formula
18 generated staff units calculated pursuant to this subsection. The
19 superintendent shall make allocations to school districts based on the
20 district's annual average full-time equivalent enrollment in each
21 grade. The following prototypical school values shall determine the
22 allocation for principals, assistance principals, and other
23 certificated building level administrators:

24
25 Prototypical School Building:

26 Elementary School 1.253
27 Middle School 1.353
28 High School 1.880

29 (b) Students in approved career and technical education and skill
30 center programs generate certificated school building-level
31 administrator staff units at per student rates that are a multiple of
32 the general education rate in (a) of this subsection by the following
33 factors: Career and Technical Education students1.025
34 Skill Center students1.198

1 (4) CLASSIFIED STAFF ALLOCATIONS

2 Allocations for classified staff units providing school building-
3 level and district-wide support services for the 2013-14 and 2014-15
4 school years are determined using the formula-generated staff units
5 provided in RCW 28A.150.260, and adjusted based on each district's
6 annual average full-time equivalent student enrollment in each grade.

7 (5) CENTRAL OFFICE ALLOCATIONS

8 In addition to classified and administrative staff units allocated
9 in subsections (3) and (4) of this section, classified and
10 administrative staff units are provided for the 2013-14 and 2014-15
11 school year for the central office administrative costs of operating a
12 school district, at the following rates:

13 (a) The total central office staff units provided in this
14 subsection (5) are calculated by first multiplying the total number of
15 eligible certificated instructional, certificated administrative, and
16 classified staff units providing school-based or district-wide support
17 services, as identified in RCW 28A.150.260(6)(b), by 5.3 percent.

18 (b) Of the central office staff units calculated in (a) of this
19 subsection, 74.53 percent are allocated as classified staff units, as
20 generated in subsection (4) of this section, and 25.47 percent shall be
21 allocated as administrative staff units, as generated in subsection (3)
22 of this section.

23 (c) Staff units generated as enhancements outside the program of
24 basic education to the minimum requirements of RCW 28A.150.260, and
25 staff units generated by skill center and career-technical students,
26 are excluded from the total central office staff units calculation in
27 (a) of this subsection.

28 (d) For students in approved career-technical and skill center
29 programs, central office classified units are allocated at the same
30 staff unit per student rate as those generated for general education
31 students of the same grade in this subsection (5), and central office
32 administrative staff units are allocated at staff unit per student
33 rates that exceed the general education rate established for students
34 in the same grade in this subsection (5) by ~~((1-97))~~ 1.53 percent in
35 the 2013-14 school year and ~~((1-97))~~ 1.61 percent in the 2014-15 school
36 year for career and technical education students, and ~~((21-92))~~ 21.38
37 percent in the 2013-14 school year and ~~((21-92))~~ 19.93 percent in the
38 2014-15 school year for skill center students.

1 (6) FRINGE BENEFIT ALLOCATIONS

2 Fringe benefit allocations shall be calculated at a rate of 18.68
3 percent in the 2013-14 school year and 18.68 percent in the 2014-15
4 school year for certificated salary allocations provided under
5 subsections (2), (3), and (5) of this section, and a rate of 20.95
6 percent in the 2013-14 school year and 20.95 percent in the 2014-15
7 school year for classified salary allocations provided under
8 subsections (4) and (5) of this section.

9 (7) INSURANCE BENEFIT ALLOCATIONS

10 Insurance benefit allocations shall be calculated at the
11 maintenance rate specified in section 504 of this act, based on the
12 number of benefit units determined as follows:

13 (a) The number of certificated staff units determined in
14 subsections (2), (3), and (5) of this section; and

15 (b) The number of classified staff units determined in subsections
16 (4) and (5) of this section multiplied by 1.152. This factor is
17 intended to adjust allocations so that, for the purposes of
18 distributing insurance benefits, full-time equivalent classified
19 employees may be calculated on the basis of 1440 hours of work per
20 year, with no individual employee counted as more than one full-time
21 equivalent.

22 (8) MATERIALS, SUPPLIES, AND OPERATING COSTS (MSOC) ALLOCATIONS

23 Funding is allocated per annual average full-time equivalent
24 student for the materials, supplies, and operating costs (MSOC)
25 incurred by school districts, consistent with the requirements of RCW
26 28A.150.260.

27 (a) MSOC funding for general education students are allocated at
28 the following per student rates:

29 MSOC RATES/STUDENT FTE

MSOC Component	2013-14	2014-15
	SCHOOL YEAR	SCHOOL YEAR
Technology	((\$82.43)) <u>\$85.02</u>	((\$83.83)) <u>\$86.46</u>

1	Utilities and Insurance	((<u>\$223.98</u>)) <u>\$231.00</u>	((<u>\$227.78</u>)) <u>\$234.93</u>
2	Curriculum and Textbooks	((<u>\$88.50</u>)) <u>\$91.28</u>	((<u>\$90.01</u>)) <u>\$92.83</u>
3	Other Supplies and Library Materials	((<u>\$187.89</u>)) <u>\$193.78</u>	((<u>\$191.08</u>)) <u>\$197.08</u>
4	Instructional Professional Development for Certificated		
5	and Classified Staff	((<u>\$13.69</u>)) <u>\$14.12</u>	((<u>\$13.92</u>)) <u>\$14.36</u>
6	Facilities Maintenance	((<u>\$110.96</u>)) <u>\$114.44</u>	((<u>\$112.84</u>)) <u>\$116.38</u>
7	Security and Central Office	((<u>\$76.86</u>)) <u>\$79.28</u>	((<u>\$78.18</u>)) <u>\$80.63</u>
8	TOTAL BASIC EDUCATION MSOC/STUDENT FTE	((<u>\$784.31</u>)) <u>\$808.91</u>	((<u>\$797.64</u>)) <u>\$822.66</u>

9 (b) Students in approved skill center programs generate per student
10 FTE MSOC allocations of \$1,249.17 for the 2013-14 school year and
11 \$1,270.41 for the 2014-15 school year.

12 (c) Students in approved exploratory and preparatory career and
13 technical education programs generate a per student MSOC allocation of
14 \$1,249.17 for the 2013-14 school year and \$1,270.41 for the 2014-15
15 school year.

16 (d) Students in laboratory science courses generate per student FTE
17 MSOC allocations which equal the per student FTE rate for general
18 education students established in (a) of this subsection.

19 (9) SUBSTITUTE TEACHER ALLOCATIONS

20 For the 2013-14 and 2014-15 school years, funding for substitute
21 costs for classroom teachers is based on four (4) funded substitute
22 days per classroom teacher unit generated under subsection (2) of this
23 section, at a daily substitute rate of \$151.86.

24 (10) ALTERNATIVE LEARNING EXPERIENCE PROGRAM FUNDING

25 (a) Amounts provided in this section from July 1, 2013, to August
26 31, 2013, are adjusted to reflect provisions of chapter 34, Laws of
27 2011 1st sp. sess. (allocation of funding for funding for students
28 enrolled in alternative learning experiences).

29 (b) Amounts provided in this section beginning September 1, 2013,
30 are adjusted to reflect 2013 legislation that modifies alternative
31 learning experience courses.

32 (c) The superintendent of public instruction shall require all
33 districts receiving general apportionment funding for alternative
34 learning experience (ALE) programs as defined in WAC 392-121-182 to
35 provide separate financial accounting of expenditures for the ALE
36 programs offered in district or with a provider, including but not

1 limited to private companies and multidistrict cooperatives, as well as
2 accurate, monthly headcount and FTE enrollment claimed for basic
3 education, including separate counts of resident and nonresident
4 students.

5 (11) VOLUNTARY FULL DAY KINDERGARTEN PROGRAMS

6 Funding in this section is sufficient to fund voluntary full day
7 kindergarten programs in qualifying high poverty schools, pursuant to
8 RCW 28A.150.220 and 28A.150.315. Each kindergarten student who enrolls
9 for the voluntary full-day program in a qualifying school shall count
10 as one-half of one full-time equivalent student for purpose of making
11 allocations under this section. Funding in this section provides full-
12 day kindergarten programs for (~~(48.0)~~) 53.0 percent of kindergarten
13 enrollment in the 2013-14 school year and (~~(48.0)~~) 53.0 percent in the
14 2014-15 school year.

15 (12) INCREASED INSTRUCTIONAL HOURS FOR GRADES SEVEN THROUGH TWELVE

16 Amounts provided in this section are sufficient to fund increased
17 instructional hours in grades seven through twelve. For the 2013-14
18 and 2014-15 school years, the superintendent shall allocate funding to
19 school districts for increased instructional hours. In calculating the
20 allocations, the superintendent shall assume the following averages:
21 (a) Additional instruction of 0.5556 hours per week per full-time
22 equivalent student in grades seven through twelve in the 2013-14 and
23 2014-15 school years; (b) the general education average class sizes
24 specified in section 502(2)(c); (c) 36 instructional weeks per year;
25 (d) 900 instructional hours per teachers; and (e) the district's
26 average staff mix and compensation rates as provided in section 503,
27 chapter ... (HB 1057), Laws of 2013 1st sp.s.

28 (13) ADDITIONAL FUNDING FOR SMALL SCHOOL DISTRICTS AND REMOTE AND
29 NECESSARY PLANTS

30 For small school districts and remote and necessary school plants
31 within any district which have been judged to be remote and necessary
32 by the superintendent of public instruction, additional staff units are
33 provided to ensure a minimum level of staffing support. Additional
34 administrative and certificated instructional staff units provided to
35 districts in this subsection shall be reduced by the general education
36 staff units, excluding career and technical education and skills center
37 enhancement units, otherwise provided in subsections (2) through (5) of
38 this section on a per district basis.

1 (a) For districts enrolling not more than twenty-five average
2 annual full-time equivalent students in grades K-8, and for small
3 school plants within any school district which have been judged to be
4 remote and necessary by the superintendent of public instruction and
5 enroll not more than twenty-five average annual full-time equivalent
6 students in grades K-8:

7 (i) For those enrolling no students in grades 7 and 8, 1.76
8 certificated instructional staff units and 0.24 certificated
9 administrative staff units for enrollment of not more than five
10 students, plus one-twentieth of a certificated instructional staff unit
11 for each additional student enrolled; and

12 (ii) For those enrolling students in grades 7 or 8, 1.68
13 certificated instructional staff units and 0.32 certificated
14 administrative staff units for enrollment of not more than five
15 students, plus one-tenth of a certificated instructional staff unit for
16 each additional student enrolled;

17 (b) For specified enrollments in districts enrolling more than
18 twenty-five but not more than one hundred average annual full-time
19 equivalent students in grades K-8, and for small school plants within
20 any school district which enroll more than twenty-five average annual
21 full-time equivalent students in grades K-8 and have been judged to be
22 remote and necessary by the superintendent of public instruction:

23 (i) For enrollment of up to sixty annual average full-time
24 equivalent students in grades K-6, 2.76 certificated instructional
25 staff units and 0.24 certificated administrative staff units; and

26 (ii) For enrollment of up to twenty annual average full-time
27 equivalent students in grades 7 and 8, 0.92 certificated instructional
28 staff units and 0.08 certificated administrative staff units;

29 (c) For districts operating no more than two high schools with
30 enrollments of less than three hundred average annual full-time
31 equivalent students, for enrollment in grades 9-12 in each such school,
32 other than alternative schools, except as noted in this subsection:

33 (i) For remote and necessary schools enrolling students in any
34 grades 9-12 but no more than twenty-five average annual full-time
35 equivalent students in grades K-12, four and one-half certificated
36 instructional staff units and one-quarter of a certificated
37 administrative staff unit;

1 (ii) For all other small high schools under this subsection, nine
2 certificated instructional staff units and one-half of a certificated
3 administrative staff unit for the first sixty average annual full-time
4 equivalent students, and additional staff units based on a ratio of
5 0.8732 certificated instructional staff units and 0.1268 certificated
6 administrative staff units per each additional forty-three and one-half
7 average annual full-time equivalent students;

8 (iii) Districts receiving staff units under this subsection shall
9 add students enrolled in a district alternative high school and any
10 grades nine through twelve alternative learning experience programs
11 with the small high school enrollment for calculations under this
12 subsection;

13 (d) For each nonhigh school district having an enrollment of more
14 than seventy annual average full-time equivalent students and less than
15 one hundred eighty students, operating a grades K-8 program or a grades
16 1-8 program, an additional one-half of a certificated instructional
17 staff unit;

18 (e) For each nonhigh school district having an enrollment of more
19 than fifty annual average full-time equivalent students and less than
20 one hundred eighty students, operating a grades K-6 program or a grades
21 1-6 program, an additional one-half of a certificated instructional
22 staff unit;

23 (f)(i) For enrollments generating certificated staff unit
24 allocations under (a) through (e) of this subsection, one classified
25 staff unit for each 2.94 certificated staff units allocated under such
26 subsections;

27 (ii) For each nonhigh school district with an enrollment of more
28 than fifty annual average full-time equivalent students and less than
29 one hundred eighty students, an additional one-half of a classified
30 staff unit; and

31 (g) School districts receiving additional staff units to support
32 small student enrollments and remote and necessary plants under this
33 subsection (~~((+12))~~) (13) shall generate additional MSOC allocations
34 consistent with the nonemployee related costs (NERC) allocation formula
35 in place for the 2010-11 school year as provided section 502, chapter
36 37, Laws of 2010 1st sp. sess. (2010 supplemental budget), adjusted
37 annually for inflation.

1 ~~((13))~~ (14) Any school district board of directors may petition
2 the superintendent of public instruction by submission of a resolution
3 adopted in a public meeting to reduce or delay any portion of its basic
4 education allocation for any school year. The superintendent of public
5 instruction shall approve such reduction or delay if it does not impair
6 the district's financial condition. Any delay shall not be for more
7 than two school years. Any reduction or delay shall have no impact on
8 levy authority pursuant to RCW 84.52.0531 and local effort assistance
9 pursuant to chapter 28A.500 RCW.

10 ~~((14))~~ (15) The superintendent may distribute funding for the
11 following programs outside the basic education formula during fiscal
12 years 2014 and 2015 as follows:

13 (a) \$607,000 of the general fund--state appropriation for fiscal
14 year 2014 and \$617,000 of the general fund--state appropriation for
15 fiscal year 2015 are provided solely for fire protection for school
16 districts located in a fire protection district as now or hereafter
17 established pursuant to chapter 52.04 RCW.

18 (b) \$436,000 of the general fund--state appropriation for fiscal
19 year 2014 and \$436,000 of the general fund--state appropriation for
20 fiscal year 2015 are provided solely for programs providing skills
21 training for secondary students who are enrolled in extended day
22 school-to-work programs, as approved by the superintendent of public
23 instruction. The funds shall be allocated at a rate not to exceed \$500
24 per full-time equivalent student enrolled in those programs.

25 ~~((15))~~ (16) \$214,000 of the general fund--state appropriation for
26 fiscal year 2014 and \$218,000 of the general fund--state appropriation
27 for fiscal year 2015 are provided solely for school district
28 emergencies as certified by the superintendent of public instruction.
29 At the close of the fiscal year the superintendent of public
30 instruction shall report to the office of financial management and the
31 appropriate fiscal committees of the legislature on the allocations
32 provided to districts and the nature of the emergency.

33 ~~((16))~~ (17) Funding in this section is sufficient to fund a
34 maximum of 1.6 FTE enrollment for skills center students pursuant to
35 chapter 463, Laws of 2007.

36 ~~((17))~~ (18) Students participating in running start programs may
37 be funded up to a combined maximum enrollment of 1.2 FTE including
38 school district and institution of higher education enrollment. In

1 calculating the combined 1.2 FTE, the office of the superintendent of
2 public instruction may average the participating student's September
3 through June enrollment to account for differences in the start and end
4 dates for courses provided by the high school and higher education
5 institution. Additionally, the office of the superintendent of public
6 instruction, in consultation with the state board for community and
7 technical colleges, the higher education coordinating board, and the
8 education data center, shall annually track and report to the fiscal
9 committees of the legislature on the combined FTE experience of
10 students participating in the running start program, including course
11 load analyses at both the high school and community and technical
12 college system.

13 ~~((+18+))~~ (19) If two or more school districts consolidate and each
14 district was receiving additional basic education formula staff units
15 pursuant to subsection ~~((+12+))~~ (13) of this section, the following
16 apply:

17 (a) For three school years following consolidation, the number of
18 basic education formula staff units shall not be less than the number
19 of basic education formula staff units received by the districts in the
20 school year prior to the consolidation; and

21 (b) For the fourth through eighth school years following
22 consolidation, the difference between the basic education formula staff
23 units received by the districts for the school year prior to
24 consolidation and the basic education formula staff units after
25 consolidation pursuant to subsection ~~((+12+))~~ (13) of this section
26 shall be reduced in increments of twenty percent per year.

27 ~~((+19+))~~ (20)(a) Indirect cost charges by a school district to
28 approved career and technical education middle and secondary programs
29 shall not exceed 15 percent of the combined basic education and career
30 and technical education program enhancement allocations of state funds.
31 Middle and secondary career and technical education programs are
32 considered separate programs for funding and financial reporting
33 purposes under this section.

34 (b) Career and technical education program full-time equivalent
35 enrollment shall be reported on the same monthly basis as the
36 enrollment for students eligible for basic support, and payments shall
37 be adjusted for reported career and technical education program

1 enrollments on the same monthly basis as those adjustments for
2 enrollment for students eligible for basic support.

3 **Sec. 216.** 2013 1st sp.s. c ... (HB 1057) s 507 (uncodified) is
4 amended to read as follows:

5 **FOR THE SUPERINTENDENT OF PUBLIC INSTRUCTION--FOR SPECIAL EDUCATION**
6 **PROGRAMS**

7	General Fund--State Appropriation (FY 2014)	\$727,748,000
8	General Fund--State Appropriation (FY 2015)	\$764,041,000
9	General Fund--Federal Appropriation	\$462,020,000
10	Education Legacy Trust Account--State Appropriation	(\$756,000)
11		<u>\$14,544,000</u>
12	TOTAL APPROPRIATION	(\$1,954,565,000)
13		<u>\$1,968,353,000</u>

14 The appropriations in this section are subject to the following
15 conditions and limitations:

16 (1) Funding for special education programs is provided on an excess
17 cost basis, pursuant to RCW 28A.150.390. School districts shall ensure
18 that special education students as a class receive their full share of
19 the general apportionment allocation accruing through sections 502 and
20 504 of this act. To the extent a school district cannot provide an
21 appropriate education for special education students under chapter
22 28A.155 RCW through the general apportionment allocation, it shall
23 provide services through the special education excess cost allocation
24 funded in this section.

25 (2)(a) The superintendent of public instruction shall ensure that:
26 (i) Special education students are basic education students first;
27 (ii) As a class, special education students are entitled to the
28 full basic education allocation; and
29 (iii) Special education students are basic education students for
30 the entire school day.

31 (b) The superintendent of public instruction shall continue to
32 implement the full cost method of excess cost accounting, as designed
33 by the committee and recommended by the superintendent, pursuant to
34 section 501(1)(k), chapter 372, Laws of 2006.

35 (3) Each fiscal year appropriation includes such funds as are
36 necessary to complete the school year ending in the fiscal year and for
37 prior fiscal year adjustments.

1 (4)(a) For the 2013-14 and 2014-15 school years, the superintendent
2 shall allocate funding to school district programs for special
3 education students as provided in RCW 28A.150.390.

4 (b) From July 1, 2013 to August 31, 2013, the superintendent shall
5 allocate funding to school district programs for special education
6 students as provided in section 507, chapter 50, Laws of 2011 1st sp.
7 sess., as amended through section 507 of the 2013 omnibus supplemental
8 operating appropriations act.

9 (5) The following applies throughout this section: The definitions
10 for enrollment and enrollment percent are as specified in RCW
11 28A.150.390(3). Each district's general fund--state funded special
12 education enrollment shall be the lesser of the district's actual
13 enrollment percent or 12.7 percent.

14 (6) At the request of any interdistrict cooperative of at least 15
15 districts in which all excess cost services for special education
16 students of the districts are provided by the cooperative, the maximum
17 enrollment percent shall be calculated in accordance with RCW
18 28A.150.390(3) (c) and (d), and shall be calculated in the aggregate
19 rather than individual district units. For purposes of this
20 subsection, the average basic education allocation per full-time
21 equivalent student shall be calculated in the aggregate rather than
22 individual district units.

23 (7) \$34,227,000 of the general fund--state appropriation for fiscal
24 year 2014, \$35,592,000 of the general fund--state appropriation for
25 fiscal year 2015, and \$29,574,000 of the general fund--federal
26 appropriation are provided solely for safety net awards for districts
27 with demonstrated needs for special education funding beyond the
28 amounts provided in subsection (4) of this section. If the federal
29 safety net awards based on the federal eligibility threshold exceed the
30 federal appropriation in this subsection (7) in any fiscal year, the
31 superintendent shall expend all available federal discretionary funds
32 necessary to meet this need. At the conclusion of each school year,
33 the superintendent shall recover safety net funds that were distributed
34 prospectively but for which districts were not subsequently eligible.

35 (a) For the 2013-14 and 2014-15 school years, safety net funds
36 shall be awarded by the state safety net oversight committee as
37 provided in section 109(1) chapter 548, Laws of 2009 (ESHB 2261).

1 (b) The office of the superintendent of public instruction shall
2 make award determinations for state safety net funding in August of
3 each school year. Determinations on school district eligibility for
4 state safety net awards shall be based on analysis of actual
5 expenditure data from the current school year.

6 (8) A maximum of \$678,000 may be expended from the general fund--
7 state appropriations to fund 5.43 full-time equivalent teachers and 2.1
8 full-time equivalent aides at children's orthopedic hospital and
9 medical center. This amount is in lieu of money provided through the
10 home and hospital allocation and the special education program.

11 (9) The superintendent shall maintain the percentage of federal
12 flow-through to school districts at 85 percent. In addition to other
13 purposes, school districts may use increased federal funds for high-
14 cost students, for purchasing regional special education services from
15 educational service districts, and for staff development activities
16 particularly relating to inclusion issues.

17 (10) A school district may carry over from one year to the next
18 year up to 10 percent of the general fund--state funds allocated under
19 this program; however, carryover funds shall be expended in the special
20 education program.

21 (11) \$252,000 of the general fund--state appropriation for fiscal
22 year 2014 and \$252,000 of the general fund--state appropriation for
23 fiscal year 2015 are provided solely for two additional full-time
24 equivalent staff to support the work of the safety net committee and to
25 provide training and support to districts applying for safety net
26 awards.

27 (12) \$50,000 of the general fund--state appropriation for fiscal
28 year 2014, \$50,000 of the general fund--state appropriation for fiscal
29 year 2015, and \$100,000 of the general fund--federal appropriation
30 shall be expended to support a special education ombudsman program
31 within the office of superintendent of public instruction.

32 **Sec. 217.** 2013 1st sp.s. c ... (HB 1057) s 509 (uncodified) is
33 amended to read as follows:

34 **FOR THE SUPERINTENDENT OF PUBLIC INSTRUCTION--FOR LOCAL EFFORT**
35 **ASSISTANCE**

36	General Fund--State Appropriation (FY 2014)	\$309,436,000
37	General Fund--State Appropriation (FY 2015)	\$334,289,000

1	<u>Education Legacy Trust Account--State Appropriation</u>	\$835,000
2	TOTAL APPROPRIATION	((\$643,725,000))
3		<u>\$644,560,000</u>

4 The appropriations in this section are subject to the following
5 conditions and limitations: For purposes of RCW 84.52.0531, the
6 increase per full-time equivalent student is 5.0 percent from the 2012-
7 13 school year to the 2013-14 school year and 5.0 percent from the
8 2013-14 school year to the 2014-15 school year.

9 **Sec. 218.** 2013 1st sp.s. c ... (HB 1057) s 511 (uncodified) is
10 amended to read as follows:

11 **FOR PROGRAMS FOR HIGHLY CAPABLE STUDENTS**

12	General Fund--State Appropriation (FY 2014)	\$9,377,000
13	General Fund--State Appropriation (FY 2015)	\$9,696,000
14	<u>Education Legacy Trust Account--State Appropriation</u>	<u>\$34,000</u>
15	TOTAL APPROPRIATION	((\$19,073,000))
16		<u>\$19,107,000</u>

17 The appropriations in this section are subject to the following
18 conditions and limitations:

19 (1) Each general fund fiscal year appropriation includes such funds
20 as are necessary to complete the school year ending in the fiscal year
21 and for prior fiscal year adjustments.

22 (2)(a) For the 2013-14 and 2014-15 school years, the superintendent
23 shall allocate funding to school district programs for highly capable
24 students as provided in RCW 28A.150.260(10)(c). In calculating the
25 allocations, the superintendent shall assume the following: (i)
26 Additional instruction of 2.1590 hours per week per funded highly
27 capable program student; (ii) fifteen highly capable program students
28 per teacher; (iii) 36 instructional weeks per year; (iv) 900
29 instructional hours per teacher; and (v) the district's average staff
30 mix and compensation rates as provided in sections 503 and 504 of this
31 act.

32 (b) From July 1, 2013, to August 31, 2013, the superintendent shall
33 allocate funding to school districts programs for highly capable
34 students as provided in section 511, chapter 50, Laws of 2011 1st sp.
35 sess., as amended through section 511 of the 2013 omnibus supplemental
36 operating appropriations act.

1 (3) \$85,000 of the general fund--state appropriation for fiscal
2 year 2014 and \$85,000 of the general fund--state appropriation for
3 fiscal year 2015 are provided solely for the centrum program at Fort
4 Worden state park.

5 **Sec. 219.** 2013 1st sp.s. c ... (HB 1057) s 514 (uncodified) is
6 amended to read as follows:

7 **FOR THE SUPERINTENDENT OF PUBLIC INSTRUCTION--FOR TRANSITIONAL**
8 **BILINGUAL PROGRAMS**

9	General Fund--State Appropriation (FY 2014)	\$89,123,000
10	General Fund--State Appropriation (FY 2015)	\$95,248,000
11	General Fund--Federal Appropriation	\$71,016,000
12	<u>Education Legacy Trust Account--State Appropriation</u>	<u>\$12,869,000</u>
13	TOTAL APPROPRIATION	((\$255,387,000))
14		<u>\$268,256,000</u>

15 The appropriations in this section are subject to the following
16 conditions and limitations:

17 (1) Each general fund fiscal year appropriation includes such funds
18 as are necessary to complete the school year ending in the fiscal year
19 and for prior fiscal year adjustments.

20 (2)(a) For the 2013-14 and 2014-15 school years, the superintendent
21 shall allocate funding to school districts for transitional bilingual
22 programs as provided in RCW 28A.150.260(10)(b). In calculating the
23 allocations, the superintendent shall assume the following averages:

24 (i) Additional instruction of 4.7780 hours per week per transitional
25 bilingual program student in grades kindergarten through six in school
26 years 2013-14 and 2014-15; (ii) additional instruction of ~~((4.7780))~~
27 5.1850 hours per week in school year 2013-14 and ~~((4.7780 hours per~~
28 ~~week in))~~ school year 2014-15 per transitional bilingual program
29 student in grades seven through eight; (iii) additional instruction of
30 ~~((4.7780))~~ 5.8520 hours per week in school year 2013-14 and ~~((4.7780~~
31 ~~hours per week in))~~ school year 2014-15 per transitional bilingual
32 program student in grades nine through twelve; (iv) additional
33 instruction of 1.0000 hours per week in school year 2013-14 for the
34 head count number of students who have exited the transitional
35 bilingual instruction program within the previous school year based on
36 their performance on the English proficiency assessment; (v) additional
37 instruction of 1.0000 hours per week in school year 2014-15 for the

1 head count number of students who have exited the transitional
2 bilingual instruction program within the previous two years based on
3 their performance on the English proficiency assessment; (vi) fifteen
4 transitional bilingual program students per teacher; ~~((+v+))~~ (vii) 36
5 instructional weeks per year; ~~((+vi+))~~ (viii) 900 instructional hours
6 per teacher; and ~~((+vii+))~~ (ix) the district's average staff mix and
7 compensation rates as provided in sections 503 and 504 of this act.

8 (b) From July 1, 2013, to August 31, 2013, the superintendent shall
9 allocate funding to school districts for transitional bilingual
10 instruction programs as provided in section 514, chapter 50, Laws of
11 2011 1st sp. sess., as amended through section 512 of the 2013 omnibus
12 supplemental operating appropriations act.

13 (3) The superintendent may withhold allocations to school districts
14 in subsection (2) of this section solely for the central provision of
15 assessments as provided in RCW 28A.180.090 (1) and (2) up to the
16 following amounts: 1.86 percent for school year 2013-14 and 1.79
17 percent for school year 2014-15.

18 (4) The general fund--federal appropriation in this section is for
19 migrant education under Title I Part C and English language
20 acquisition, and language enhancement grants under Title III of the
21 elementary and secondary education act.

22 (5) \$35,000 of the general fund--state appropriation for fiscal
23 year 2014 and \$35,000 of the general fund--state appropriation for
24 fiscal year 2015 are provided solely to track current and former
25 transitional bilingual program students.

26 **Sec. 220.** 2013 1st sp.s. c ... (HB 1057) s 515 (uncodified) is
27 amended to read as follows:

28 **FOR THE SUPERINTENDENT OF PUBLIC INSTRUCTION--FOR THE LEARNING**
29 **ASSISTANCE PROGRAM**

30	General Fund--State Appropriation (FY 2014)	\$158,963,000
31	General Fund--State Appropriation (FY 2015)	\$175,003,000
32	General Fund--Federal Appropriation	\$448,434,000
33	<u>Education Legacy Trust Account--State Appropriation</u>	<u>\$275,000</u>
34	TOTAL APPROPRIATION	(((\$782,400,000))
35		<u>\$782,675,000</u>

36 The appropriations in this section are subject to the following
37 conditions and limitations:

1 (1) The general fund--state appropriations in this section are
2 subject to the following conditions and limitations:

3 (a) The appropriations include such funds as are necessary to
4 complete the school year ending in the fiscal year and for prior fiscal
5 year adjustments.

6 (b)(i) For the 2013-14 and 2014-15 school years, the superintendent
7 shall allocate funding to school districts for learning assistance
8 programs as provided in RCW 28A.150.260(10)(a). In calculating the
9 allocations, the superintendent shall assume the following averages:

10 (A) Additional instruction of 1.9200 hours per week per funded learning
11 assistance program student for the 2013-14 school year and the 2014-15
12 school year; (B) fifteen learning assistance program students per
13 teacher; (C) 36 instructional weeks per year; (D) 900 instructional
14 hours per teacher; and (E) the district's average staff mix and
15 compensation rates as provided in sections 503 and 504 of this act.

16 (ii) From July 1, 2013, to August 31, 2013, the superintendent
17 shall allocate funding to school districts for learning assistance
18 programs as provided in section 515, chapter 50, Laws of 2011 1st sp.
19 sess., as amended through section 513 of the 2013 omnibus supplemental
20 operating appropriations act.

21 (c) A school district's funded students for the learning assistance
22 program shall be the sum of the district's full-time equivalent
23 enrollment in grades K-12 for the prior school year multiplied by the
24 district's percentage of October headcount enrollment in grades K-12
25 eligible for free or reduced price lunch in the prior school year.

26 (2) Allocations made pursuant to subsection (1) of this section
27 shall be adjusted to reflect ineligible applications identified through
28 the annual income verification process required by the national school
29 lunch program, as recommended in the report of the state auditor on the
30 learning assistance program dated February, 2010.

31 (3) The general fund--federal appropriation in this section is
32 provided for Title I Part A allocations of the no child left behind act
33 of 2001.

34 (4) A school district may carry over from one year to the next up
35 to 10 percent of the general fund--state funds allocated under this
36 program; however, carryover funds shall be expended for the learning
37 assistance program.

1 **Part III**

2 **Transfers to Education Legacy Trust Account**

3 NEW SECTION. **Sec. 301.** A new section is added to chapter 82.32
4 RCW to read as follows:

5 (1) By the last workday of the second and fourth calendar quarters,
6 the state treasurer must transfer the amount specified in subsection
7 (2) of this section from the general fund to the education legacy trust
8 account. The first transfer under this subsection (1) must occur by
9 December 31, 2013.

10 (2) By December 15th and by June 15th of each year, the department
11 must estimate the increase in state general fund revenues from the
12 changes made under part I of this act for the current and prior
13 calendar quarters and notify the state treasurer of the increase.

14 NEW SECTION. **Sec. 302.** A new section is added to chapter 43.135
15 RCW to read as follows:

16 RCW 43.135.034(4) does not apply to the transfers under section 301
17 of this act.

18 NEW SECTION. **Sec. 303.** A new section is added to chapter 39.42
19 RCW to read as follows:

20 The purpose of repealing or narrowing tax preferences in part I of
21 this act is to support education-related expenditures from the
22 education legacy trust account. For this reason, general state
23 revenues transferred to the education legacy trust account under
24 section 301 of this act are excluded from the calculation of general
25 state revenues for purposes of Article VIII, section 1 of the state
26 Constitution and RCW 39.42.130 and 39.42.140.

27 **Part IV**

28 **Miscellaneous Technical Provisions**

29 NEW SECTION. **Sec. 401.** (1) Except as otherwise provided in this
30 section, this act is necessary for the immediate preservation of the
31 public peace, health, or safety, or support of the state government and
32 its existing public institutions, and takes effect July 1, 2013.

1 (2) Sections 101, 103 through 109, 112, and 113 of this act are
2 necessary for the immediate preservation of the public peace, health,
3 or safety, or support of the state government and its existing public
4 institutions, and take effect August 1, 2013.

5 (3) Sections 209 through 214 of this act are necessary for the
6 immediate preservation of the public peace, health, or safety, or
7 support of the state government and its existing public institutions,
8 and take effect September 1, 2013.

9 NEW SECTION. **Sec. 402.** Section 102 of this act takes effect July
10 1, 2015.

11 NEW SECTION. **Sec. 403.** Section 101 of this act expires July 1,
12 2015.

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