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HOUSE BILL 3149

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State of Washington

56th Legislature

2000 Regular Session

By Representatives Schual-Berke, Dunshee, Dickerson, Eickmeyer, Edmonds, Doumit, Kenney, Conway, H. Sommers, McIntire, Wood, Kastama, Ruderman, Wolfe, Anderson, Hatfield, Kessler, Lovick, Morris, Cooper, Ogden, Miloscia, Reardon, Romero, Fisher, Linville, Kagi, Haigh, Lantz, Hurst, Keiser, Rockefeller, O'Brien and Stensen

Read first time 02/28/2000. Referred to Committee on Appropriations.

1 AN ACT Relating to improving funding for education; amending RCW  
2 43.135.035, 43.135.045, 67.70.040, and 67.70.240; adding a new section  
3 to chapter 28A.300 RCW; creating a new section; providing an effective  
4 date; and providing for submission of this act to a vote of the people.

5 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF WASHINGTON:

6 NEW SECTION. **Sec. 1.** A new section is added to chapter 28A.300  
7 RCW to read as follows:

8 (1) The better schools fund is created in the state treasury.  
9 Moneys in the fund may be spent only after appropriation. Moneys in  
10 the fund shall be apportioned in the same manner as moneys are  
11 apportioned under chapter 28A.510 RCW. The amount allocated to each  
12 school district shall be based on the number of full-time equivalent  
13 students in the school district during the school year ending just  
14 prior to the allocation.

15 (2) Allocations received under this section shall be used for only  
16 the following purposes:

17 (a) To reduce class sizes in kindergarten through sixth grade by  
18 hiring additional certificated teachers;

1 (b) To improve student academic achievement in grades kindergarten  
2 through twelve by providing new and expanded learning opportunities,  
3 including but not limited to, before-and-after school programs, weekend  
4 school programs, summer school programs, full-day kindergarten  
5 programs, and intercession opportunities;

6 (c) To provide new and expanded developmental preschool programs  
7 designed to prepare prekindergarten children for successful learning;  
8 and

9 (d) To provide improvements or additions to school building  
10 facilities, which improvements or additions are directly related to the  
11 new or expanded services in (a) through (c) of this subsection.

12 (3) School districts are prohibited from using moneys allocated  
13 under this section for loan repayment or for debt service.

14 **Sec. 2.** RCW 43.135.035 and 1994 c 2 s 4 are each amended to read  
15 as follows:

16 (1) After July 1, 1995, any action or combination of actions by the  
17 legislature that raises state revenue or requires revenue-neutral tax  
18 shifts may be taken only if approved by a two-thirds vote of each  
19 house, and then only if state expenditures in any fiscal year,  
20 including the new revenue, will not exceed the state expenditure limits  
21 established under this chapter.

22 (2)(a) If the legislative action under subsection (1) of this  
23 section will result in expenditures in excess of the state expenditure  
24 limit, then the action of the legislature shall not take effect until  
25 approved by a vote of the people at a November general election. The  
26 office of financial management shall adjust the state expenditure limit  
27 by the amount of additional revenue approved by the voters under this  
28 section. This adjustment shall not exceed the amount of revenue  
29 generated by the legislative action during the first full fiscal year  
30 in which it is in effect. The state expenditure limit shall be  
31 adjusted downward upon expiration or repeal of the legislative action.

32 (b) The ballot title for any vote of the people required under this  
33 section shall be substantially as follows:

34 "Shall taxes be imposed on . . . . . in order to allow a  
35 spending increase above last year's authorized spending adjusted for  
36 inflation and population increases?"

1 (3)(a) The state expenditure limit may be exceeded upon declaration  
2 of an emergency for a period not to exceed twenty-four months by a law  
3 approved by a two-thirds vote of each house of the legislature and  
4 signed by the governor. The law shall set forth the nature of the  
5 emergency, which is limited to natural disasters that require immediate  
6 government action to alleviate human suffering and provide humanitarian  
7 assistance. The state expenditure limit may be exceeded for no more  
8 than twenty-four months following the declaration of the emergency and  
9 only for the purposes contained in the emergency declaration.

10 (b) Additional taxes required for an emergency under this section  
11 may be imposed only until thirty days following the next general  
12 election, unless an extension is approved at that general election.  
13 The additional taxes shall expire upon expiration of the declaration of  
14 emergency. The legislature shall not impose additional taxes for  
15 emergency purposes under this subsection unless funds in the education  
16 construction fund have been exhausted.

17 (c) The state or any political subdivision of the state shall not  
18 impose any tax on intangible property listed in RCW 84.36.070 as that  
19 statute exists on January 1, 1993.

20 (4) If the cost of any state program or function is shifted from  
21 the state general fund on or after January 1, 1993, to another source  
22 of funding, or if moneys are transferred from the state general fund to  
23 another fund or account, the office of financial management shall lower  
24 the state expenditure limit to reflect the shift. This subsection does  
25 not apply to transfers to the better schools fund under RCW 67.70.040  
26 and 67.70.240.

27 **Sec. 3.** RCW 43.135.045 and 1994 c 2 s 3 are each amended to read  
28 as follows:

29 (1) The emergency reserve fund is established in the state  
30 treasury. During each fiscal year, the state treasurer shall deposit  
31 in the emergency reserve fund all general fund--state revenues in  
32 excess of the state expenditure limit for that fiscal year. Deposits  
33 shall be made at the end of each fiscal quarter based on projections of  
34 state revenues and the state expenditure limit. Beginning in fiscal  
35 year 2002 and each fiscal year thereafter, the state treasurer shall  
36 transfer from the emergency reserve fund to the common school  
37 construction fund the sum of one hundred million dollars divided into

1 four equal deposits occurring on July 1st, October 1st, January 1st,  
2 and April 1st of each year.

3 (2) The legislature may appropriate moneys from the emergency  
4 reserve fund only with approval of at least two-thirds of the members  
5 of each house of the legislature, and then only if the appropriation  
6 does not cause total expenditures to exceed the state expenditure limit  
7 under this chapter.

8 (3) The emergency reserve fund balance shall not exceed five  
9 percent of (~~biennial~~) annual general fund--state revenues as  
10 projected by the official state revenue forecast. Any balance in  
11 excess of five percent shall be transferred on a quarterly basis by the  
12 state treasurer to the education construction fund hereby created in  
13 the treasury.

14 (4)(a) Funds may be appropriated from the education construction  
15 fund exclusively for common school construction or higher education  
16 construction.

17 (b) Funds may be appropriated for any other purpose only if  
18 approved by a two-thirds vote of each house of the legislature and if  
19 approved by a vote of the people at the next general election. An  
20 appropriation approved by the people under this subsection shall result  
21 in an adjustment to the state expenditure limit only for the fiscal  
22 period for which the appropriation is made and shall not affect any  
23 subsequent fiscal period.

24 **Sec. 4.** RCW 67.70.040 and 1994 c 218 s 4 are each amended to read  
25 as follows:

26 The commission shall have the power, and it shall be its duty:

27 (1) To promulgate such rules governing the establishment and  
28 operation of a state lottery as it deems necessary and desirable in  
29 order that such a lottery be initiated at the earliest feasible and  
30 practicable time, and in order that such lottery produce the maximum  
31 amount of net revenues for the state consonant with the dignity of the  
32 state and the general welfare of the people. Such rules shall include,  
33 but shall not be limited to, the following:

34 (a) The type of lottery to be conducted which may include the  
35 selling of tickets or shares. The use of electronic or mechanical  
36 devices or video terminals which allow for individual play against such  
37 devices or terminals shall be prohibited. Approval of the legislature

1 shall be required before entering any agreement with other state  
2 lotteries to conduct shared games;

3 (b) The price, or prices, of tickets or shares in the lottery;

4 (c) The numbers and sizes of the prizes on the winning tickets or  
5 shares;

6 (d) The manner of selecting the winning tickets or shares;

7 (e) The manner and time of payment of prizes to the holder of  
8 winning tickets or shares which, at the director's option, may be paid  
9 in lump sum amounts or installments over a period of years;

10 (f) The frequency of the drawings or selections of winning tickets  
11 or shares. Approval of the legislature is required before conducting  
12 any on-line game in which the drawing or selection of winning tickets  
13 occurs more frequently than once every twenty-four hours;

14 (g) Without limit as to number, the type or types of locations at  
15 which tickets or shares may be sold;

16 (h) The method to be used in selling tickets or shares;

17 (i) The licensing of agents to sell or distribute tickets or  
18 shares, except that a person under the age of eighteen shall not be  
19 licensed as an agent;

20 (j) The manner and amount of compensation, if any, to be paid  
21 licensed sales agents necessary to provide for the adequate  
22 availability of tickets or shares to prospective buyers and for the  
23 convenience of the public;

24 (k) The apportionment of the total revenues accruing from the sale  
25 of lottery tickets or shares and from all other sources among: (i) The  
26 payment of prizes to the holders of winning tickets or shares, which  
27 shall not be less than forty-five percent of the gross annual revenue  
28 from such lottery, (ii) transfers to the lottery administrative account  
29 created by RCW 67.70.260, and (iii) transfer to the state's (~~general~~)  
30 better schools fund. Transfers to the (~~state general~~) better schools  
31 fund shall be made in compliance with RCW 43.01.050;

32 (l) Such other matters necessary or desirable for the efficient and  
33 economical operation and administration of the lottery and for the  
34 convenience of the purchasers of tickets or shares and the holders of  
35 winning tickets or shares.

36 (2) To ensure that in each place authorized to sell lottery tickets  
37 or shares, on the back of the ticket or share, and in any advertising  
38 or promotion there shall be conspicuously displayed an estimate of the  
39 probability of purchasing a winning ticket.

1 (3) To amend, repeal, or supplement any such rules from time to  
2 time as it deems necessary or desirable.

3 (4) To advise and make recommendations to the director for the  
4 operation and administration of the lottery.

5 **Sec. 5.** RCW 67.70.240 and 1997 c 220 s 206 are each amended to  
6 read as follows:

7 The moneys in the state lottery account shall be used only:

8 (1) For the payment of prizes to the holders of winning lottery  
9 tickets or shares;

10 (2) For purposes of making deposits into the reserve account  
11 created by RCW 67.70.250 and into the lottery administrative account  
12 created by RCW 67.70.260;

13 (3) For purposes of making deposits into the state's (~~general~~)  
14 better schools fund;

15 (4) For distribution to a county for the purpose of paying the  
16 principal and interest payments on bonds issued by the county to  
17 construct a baseball stadium, as defined in RCW 82.14.0485, including  
18 reasonably necessary preconstruction costs. Three million dollars  
19 shall be distributed under this subsection during calendar year 1996.  
20 During subsequent years, such distributions shall equal the prior  
21 year's distributions increased by four percent. Distributions under  
22 this subsection shall cease when the bonds issued for the construction  
23 of the baseball stadium are retired, but not more than twenty years  
24 after the tax under RCW 82.14.0485 is first imposed;

25 (5) For distribution to the stadium and exhibition center account,  
26 created in RCW 43.99N.060. Subject to the conditions of RCW  
27 43.99N.070, six million dollars shall be distributed under this  
28 subsection during the calendar year 1998. During subsequent years,  
29 such distribution shall equal the prior year's distributions increased  
30 by four percent. No distribution may be made under this subsection  
31 after December 31, 1999, unless the conditions for issuance of the  
32 bonds under RCW 43.99N.020(2) are met. Distributions under this  
33 subsection shall cease when the bonds are retired, but not later than  
34 December 31, 2020;

35 (6) For the purchase and promotion of lottery games and game-  
36 related services; and

37 (7) For the payment of agent compensation.

1       The office of financial management shall require the allotment of  
2 all expenses paid from the account and shall report to the ways and  
3 means committees of the senate and house of representatives any changes  
4 in the allotments.

5       NEW SECTION.   **Sec. 6.**   By July 1, 2001, the state board of  
6 education shall modify the allocation of state assistance for school  
7 facilities by increasing the cost per square foot and space allowance  
8 per student to more closely reflect actual construction size and cost.

9       NEW SECTION.   **Sec. 7.**   This act takes effect January 1, 2001.

10       NEW SECTION.   **Sec. 8.**   The secretary of state shall submit this act  
11 to the people for their adoption and ratification, or rejection, at the  
12 next general election to be held in this state, in accordance with  
13 Article II, section 1 of the state Constitution and the laws adopted to  
14 facilitate its operation.

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