

SHB 2034 - H AMD 521

By Representative Sullivan

ADOPTED 06/06/2013

1 Strike everything after the enacting clause and insert the
2 following:

3 "Part I

4 **Narrowing or Eliminating Tax Preferences to Fund K-12 Basic Education and**
5 **Higher Education**

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

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

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

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

28 (c) Beginning July 1, 2015, dairy products that as of September 20,
29 2001, are identified in 21 C.F.R., chapter 1, parts 131, 133, and 135,

1 including by-products from the manufacturing of the dairy products such
2 as whey and casein; or selling the same to purchasers who transport in
3 the ordinary course of business the goods out of state; as to such
4 persons the tax imposed is equal to the value of the products
5 manufactured or the gross proceeds derived from such sales multiplied
6 by the rate of 0.138 percent. Sellers must keep and preserve records
7 for the period required by RCW 82.32.070 establishing that the goods
8 were transported by the purchaser in the ordinary course of business
9 out of this state;

10 (d) Beginning July 1, 2015, fruits or vegetables by canning,
11 preserving, freezing, processing, or dehydrating fresh fruits or
12 vegetables, or selling at wholesale fruits or vegetables manufactured
13 by the seller by canning, preserving, freezing, processing, or
14 dehydrating fresh fruits or vegetables and sold to purchasers who
15 transport in the ordinary course of business the goods out of this
16 state; as to such persons the amount of tax with respect to such
17 business is equal to the value of the products manufactured or the
18 gross proceeds derived from such sales multiplied by the rate of 0.138
19 percent. Sellers must keep and preserve records for the period
20 required by RCW 82.32.070 establishing that the goods were transported
21 by the purchaser in the ordinary course of business out of this state;

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

27 (f) Wood biomass fuel as defined in RCW 82.29A.135; as to such
28 persons the amount of tax with respect to the business is equal to the
29 value of wood biomass fuel manufactured, multiplied by the rate of
30 0.138 percent.

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

35 (3) Upon every nonprofit corporation and nonprofit association
36 engaging within this state in research and development, as to such
37 corporations and associations, the amount of tax with respect to such

1 activities is equal to the gross income derived from such activities
2 multiplied by the rate of 0.484 percent.

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

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

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

20 ~~((7))~~ (6) Upon every person engaging within this state in the
21 business of stevedoring and associated activities pertinent to the
22 movement of goods and commodities in waterborne interstate or foreign
23 commerce; as to such persons the amount of tax with respect to such
24 business is equal to the gross proceeds derived from such activities
25 multiplied by the rate of 0.275 percent. Persons subject to taxation
26 under this subsection are exempt from payment of taxes imposed by
27 chapter 82.16 RCW for that portion of their business subject to
28 taxation under this subsection. Stevedoring and associated activities
29 pertinent to the conduct of goods and commodities in waterborne
30 interstate or foreign commerce are defined as all activities of a
31 labor, service or transportation nature whereby cargo may be loaded or
32 unloaded to or from vessels or barges, passing over, onto or under a
33 wharf, pier, or similar structure; cargo may be moved to a warehouse or
34 similar holding or storage yard or area to await further movement in
35 import or export or may move to a consolidation freight station and be
36 stuffed, unstuffed, containerized, separated or otherwise segregated or
37 aggregated for delivery or loaded on any mode of transportation for
38 delivery to its consignee. Specific activities included in this

1 definition are: Wharfage, handling, loading, unloading, moving of
2 cargo to a convenient place of delivery to the consignee or a
3 convenient place for further movement to export mode; documentation
4 services in connection with the receipt, delivery, checking, care,
5 custody and control of cargo required in the transfer of cargo;
6 imported automobile handling prior to delivery to consignee; terminal
7 stevedoring and incidental vessel services, including but not limited
8 to plugging and unplugging refrigerator service to containers,
9 trailers, and other refrigerated cargo receptacles, and securing ship
10 hatch covers.

11 ~~((+8))~~ (7)(a) Upon every person engaging within this state in the
12 business of disposing of low-level waste, as defined in RCW 43.145.010;
13 as to such persons the amount of the tax with respect to such business
14 is equal to the gross income of the business, excluding any fees
15 imposed under chapter 43.200 RCW, multiplied by the rate of 3.3
16 percent.

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

21 ~~((+9))~~ (8) Upon every person engaging within this state as an
22 insurance producer or title insurance agent licensed under chapter
23 48.17 RCW or a surplus line broker licensed under chapter 48.15 RCW; as
24 to such persons, the amount of the tax with respect to such licensed
25 activities is equal to the gross income of such business multiplied by
26 the rate of 0.484 percent.

27 ~~((+10))~~ (9) Upon every person engaging within this state in
28 business as a hospital, as defined in chapter 70.41 RCW, that is
29 operated as a nonprofit corporation or by the state or any of its
30 political subdivisions, as to such persons, the amount of tax with
31 respect to such activities is equal to the gross income of the business
32 multiplied by the rate of 0.75 percent through June 30, 1995, and 1.5
33 percent thereafter.

34 ~~((+11))~~ (10)(a) Beginning October 1, 2005, upon every person
35 engaging within this state in the business of manufacturing commercial
36 airplanes, or components of such airplanes, or making sales, at retail
37 or wholesale, of commercial airplanes or components of such airplanes,
38 manufactured by the seller, as to such persons the amount of tax with

1 respect to such business is, in the case of manufacturers, equal to the
2 value of the product manufactured and the gross proceeds of sales of
3 the product manufactured, or in the case of processors for hire, equal
4 to the gross income of the business, multiplied by the rate of:

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

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

7 (b) Beginning July 1, 2008, upon every person who is not eligible
8 to report under the provisions of (a) of this subsection (~~((+11+))~~) (10)
9 and is engaging within this state in the business of manufacturing
10 tooling specifically designed for use in manufacturing commercial
11 airplanes or components of such airplanes, or making sales, at retail
12 or wholesale, of such tooling manufactured by the seller, as to such
13 persons the amount of tax with respect to such business is, in the case
14 of manufacturers, equal to the value of the product manufactured and
15 the gross proceeds of sales of the product manufactured, or in the case
16 of processors for hire, be equal to the gross income of the business,
17 multiplied by the rate of 0.2904 percent.

18 (c) For the purposes of this subsection (~~((+11+))~~) (10), "commercial
19 airplane" and "component" have the same meanings as provided in RCW
20 82.32.550.

21 (d) In addition to all other requirements under this title, a
22 person reporting under the tax rate provided in this subsection
23 (~~((+11+))~~) (10) must file a complete annual report with the department
24 under RCW 82.32.534.

25 (e) This subsection (~~((+11+))~~) (10) does not apply on and after July
26 1, 2024.

27 (~~((+12+))~~) (11)(a) Until July 1, 2024, upon every person engaging
28 within this state in the business of extracting timber or extracting
29 for hire timber; as to such persons the amount of tax with respect to
30 the business is, in the case of extractors, equal to the value of
31 products, including by-products, extracted, or in the case of
32 extractors for hire, equal to the gross income of the business,
33 multiplied by the rate of 0.4235 percent from July 1, 2006, through
34 June 30, 2007, and 0.2904 percent from July 1, 2007, through June 30,
35 2024.

36 (b) Until July 1, 2024, upon every person engaging within this
37 state in the business of manufacturing or processing for hire: (i)
38 Timber into timber products or wood products; or (ii) timber products

1 into other timber products or wood products; as to such persons the
2 amount of the tax with respect to the business is, in the case of
3 manufacturers, equal to the value of products, including by-products,
4 manufactured, or in the case of processors for hire, equal to the gross
5 income of the business, multiplied by the rate of 0.4235 percent from
6 July 1, 2006, through June 30, 2007, and 0.2904 percent from July 1,
7 2007, through June 30, 2024.

8 (c) Until July 1, 2024, upon every person engaging within this
9 state in the business of selling at wholesale: (i) Timber extracted by
10 that person; (ii) timber products manufactured by that person from
11 timber or other timber products; or (iii) wood products manufactured by
12 that person from timber or timber products; as to such persons the
13 amount of the tax with respect to the business is equal to the gross
14 proceeds of sales of the timber, timber products, or wood products
15 multiplied by the rate of 0.4235 percent from July 1, 2006, through
16 June 30, 2007, and 0.2904 percent from July 1, 2007, through June 30,
17 2024.

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

28 (e) For purposes of this subsection, the following definitions
29 apply:

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

33 (ii) "Paper and paper products" means products made of interwoven
34 cellulosic fibers held together largely by hydrogen bonding. "Paper
35 and paper products" includes newsprint; office, printing, fine, and
36 pressure-sensitive papers; paper napkins, towels, and toilet tissue;
37 kraft bag, construction, and other kraft industrial papers; paperboard,
38 liquid packaging containers, containerboard, corrugated, and solid-

1 fiber containers including linerboard and corrugated medium; and
2 related types of cellulosic products containing primarily, by weight or
3 volume, cellulosic materials. "Paper and paper products" does not
4 include books, newspapers, magazines, periodicals, and other printed
5 publications, advertising materials, calendars, and similar types of
6 printed materials.

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

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

17 (v) "Timber products" means:

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

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

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

25 (vi) "Wood products" means paper and paper products; dimensional
26 lumber; engineered wood products such as particleboard, oriented strand
27 board, medium density fiberboard, and plywood; wood doors; wood
28 windows; and biocomposite surface products.

29 (f) Except for small harvesters as defined in RCW 84.33.035, a
30 person reporting under the tax rate provided in this subsection
31 (~~((+12+))~~) (11) must file a complete annual survey with the department
32 under RCW 82.32.585.

33 (~~((+13+))~~) (12) Upon every person engaging within this state in
34 inspecting, testing, labeling, and storing canned salmon owned by
35 another person, as to such persons, the amount of tax with respect to
36 such activities is equal to the gross income derived from such
37 activities multiplied by the rate of 0.484 percent.

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

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

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

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

13 (a) Wheat into flour, barley into pearl barley, soybeans into
14 soybean oil, canola into canola oil, canola meal, or canola by-
15 products, or sunflower seeds into sunflower oil; as to such persons the
16 amount of tax with respect to such business is equal to the value of
17 the flour, pearl barley, oil, canola meal, or canola by-product
18 manufactured, multiplied by the rate of 0.138 percent;

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

31 (c) Beginning July 1, 2015, dairy products that as of September 20,
32 2001, are identified in 21 C.F.R., chapter 1, parts 131, 133, and 135,
33 including by-products from the manufacturing of the dairy products such
34 as whey and casein; or selling the same to purchasers who transport in
35 the ordinary course of business the goods out of state; as to such
36 persons the tax imposed is equal to the value of the products
37 manufactured or the gross proceeds derived from such sales multiplied

1 by the rate of 0.138 percent. Sellers must keep and preserve records
2 for the period required by RCW 82.32.070 establishing that the goods
3 were transported by the purchaser in the ordinary course of business
4 out of this state;

5 (d) Beginning July 1, 2015, fruits or vegetables by canning,
6 preserving, freezing, processing, or dehydrating fresh fruits or
7 vegetables, or selling at wholesale fruits or vegetables manufactured
8 by the seller by canning, preserving, freezing, processing, or
9 dehydrating fresh fruits or vegetables and sold to purchasers who
10 transport in the ordinary course of business the goods out of this
11 state; as to such persons the amount of tax with respect to such
12 business is equal to the value of the products manufactured or the
13 gross proceeds derived from such sales multiplied by the rate of 0.138
14 percent. Sellers must keep and preserve records for the period
15 required by RCW 82.32.070 establishing that the goods were transported
16 by the purchaser in the ordinary course of business out of this state;

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

22 (f) Wood biomass fuel as defined in RCW 82.29A.135; as to such
23 persons the amount of tax with respect to the business is equal to the
24 value of wood biomass fuel manufactured, multiplied by the rate of
25 0.138 percent.

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

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

35 (4) Upon every person engaging within this state in the business of
36 slaughtering, breaking and/or processing perishable meat products
37 and/or selling the same at wholesale only and not at retail; as to such

1 persons the tax imposed is equal to the gross proceeds derived from
2 such sales multiplied by the rate of 0.138 percent.

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

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

15 ~~((7))~~ (6) Upon every person engaging within this state in the
16 business of stevedoring and associated activities pertinent to the
17 movement of goods and commodities in waterborne interstate or foreign
18 commerce; as to such persons the amount of tax with respect to such
19 business is equal to the gross proceeds derived from such activities
20 multiplied by the rate of 0.275 percent. Persons subject to taxation
21 under this subsection are exempt from payment of taxes imposed by
22 chapter 82.16 RCW for that portion of their business subject to
23 taxation under this subsection. Stevedoring and associated activities
24 pertinent to the conduct of goods and commodities in waterborne
25 interstate or foreign commerce are defined as all activities of a
26 labor, service or transportation nature whereby cargo may be loaded or
27 unloaded to or from vessels or barges, passing over, onto or under a
28 wharf, pier, or similar structure; cargo may be moved to a warehouse or
29 similar holding or storage yard or area to await further movement in
30 import or export or may move to a consolidation freight station and be
31 stuffed, unstuffed, containerized, separated or otherwise segregated or
32 aggregated for delivery or loaded on any mode of transportation for
33 delivery to its consignee. Specific activities included in this
34 definition are: Wharfage, handling, loading, unloading, moving of
35 cargo to a convenient place of delivery to the consignee or a
36 convenient place for further movement to export mode; documentation
37 services in connection with the receipt, delivery, checking, care,
38 custody and control of cargo required in the transfer of cargo;

1 imported automobile handling prior to delivery to consignee; terminal
2 stevedoring and incidental vessel services, including but not limited
3 to plugging and unplugging refrigerator service to containers,
4 trailers, and other refrigerated cargo receptacles, and securing ship
5 hatch covers.

6 ~~((+8))~~ (7)(a) Upon every person engaging within this state in the
7 business of disposing of low-level waste, as defined in RCW 43.145.010;
8 as to such persons the amount of the tax with respect to such business
9 is equal to the gross income of the business, excluding any fees
10 imposed under chapter 43.200 RCW, multiplied by the rate of 3.3
11 percent.

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

16 ~~((+9))~~ (8) Upon every person engaging within this state as an
17 insurance producer or title insurance agent licensed under chapter
18 48.17 RCW or a surplus line broker licensed under chapter 48.15 RCW; as
19 to such persons, the amount of the tax with respect to such licensed
20 activities is equal to the gross income of such business multiplied by
21 the rate of 0.484 percent.

22 ~~((+10))~~ (9) Upon every person engaging within this state in
23 business as a hospital, as defined in chapter 70.41 RCW, that is
24 operated as a nonprofit corporation or by the state or any of its
25 political subdivisions, as to such persons, the amount of tax with
26 respect to such activities is equal to the gross income of the business
27 multiplied by the rate of 0.75 percent through June 30, 1995, and 1.5
28 percent thereafter.

29 ~~((+11))~~ (10)(a) Beginning October 1, 2005, upon every person
30 engaging within this state in the business of manufacturing commercial
31 airplanes, or components of such airplanes, or making sales, at retail
32 or wholesale, of commercial airplanes or components of such airplanes,
33 manufactured by the seller, as to such persons the amount of tax with
34 respect to such business is, in the case of manufacturers, equal to the
35 value of the product manufactured and the gross proceeds of sales of
36 the product manufactured, or in the case of processors for hire, equal
37 to the gross income of the business, multiplied by the rate of:

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

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

2 (b) Beginning July 1, 2008, upon every person who is not eligible
3 to report under the provisions of (a) of this subsection (~~((+11+))~~) (10)
4 and is engaging within this state in the business of manufacturing
5 tooling specifically designed for use in manufacturing commercial
6 airplanes or components of such airplanes, or making sales, at retail
7 or wholesale, of such tooling manufactured by the seller, as to such
8 persons the amount of tax with respect to such business is, in the case
9 of manufacturers, equal to the value of the product manufactured and
10 the gross proceeds of sales of the product manufactured, or in the case
11 of processors for hire, be equal to the gross income of the business,
12 multiplied by the rate of 0.2904 percent.

13 (c) For the purposes of this subsection (~~((+11+))~~) (10), "commercial
14 airplane" and "component" have the same meanings as provided in RCW
15 82.32.550.

16 (d) In addition to all other requirements under this title, a
17 person reporting under the tax rate provided in this subsection
18 (~~((+11+))~~) (10) must file a complete annual report with the department
19 under RCW 82.32.534.

20 (e) This subsection (~~((+11+))~~) (10) does not apply on and after July
21 1, 2024.

22 (~~((+12+))~~) (11)(a) Until July 1, 2024, upon every person engaging
23 within this state in the business of extracting timber or extracting
24 for hire timber; as to such persons the amount of tax with respect to
25 the business is, in the case of extractors, equal to the value of
26 products, including by-products, extracted, or in the case of
27 extractors for hire, equal to the gross income of the business,
28 multiplied by the rate of 0.4235 percent from July 1, 2006, through
29 June 30, 2007, and 0.2904 percent from July 1, 2007, through June 30,
30 2024.

31 (b) Until July 1, 2024, upon every person engaging within this
32 state in the business of manufacturing or processing for hire: (i)
33 Timber into timber products or wood products; or (ii) timber products
34 into other timber products or wood products; as to such persons the
35 amount of the tax with respect to the business is, in the case of
36 manufacturers, equal to the value of products, including by-products,
37 manufactured, or in the case of processors for hire, equal to the gross

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

4 (c) Until July 1, 2024, upon every person engaging within this
5 state in the business of selling at wholesale: (i) Timber extracted by
6 that person; (ii) timber products manufactured by that person from
7 timber or other timber products; or (iii) wood products manufactured by
8 that person from timber or timber products; as to such persons the
9 amount of the tax with respect to the business is equal to the gross
10 proceeds of sales of the timber, timber products, or wood products
11 multiplied by the rate of 0.4235 percent from July 1, 2006, through
12 June 30, 2007, and 0.2904 percent from July 1, 2007, through June 30,
13 2024.

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

24 (e) For purposes of this subsection, the following definitions
25 apply:

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

29 (ii) "Paper and paper products" means products made of interwoven
30 cellulosic fibers held together largely by hydrogen bonding. "Paper
31 and paper products" includes newsprint; office, printing, fine, and
32 pressure-sensitive papers; paper napkins, towels, and toilet tissue;
33 kraft bag, construction, and other kraft industrial papers; paperboard,
34 liquid packaging containers, containerboard, corrugated, and solid-
35 fiber containers including linerboard and corrugated medium; and
36 related types of cellulosic products containing primarily, by weight or
37 volume, cellulosic materials. "Paper and paper products" does not

1 include books, newspapers, magazines, periodicals, and other printed
2 publications, advertising materials, calendars, and similar types of
3 printed materials.

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

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

14 (v) "Timber products" means:

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

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

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

22 (vi) "Wood products" means paper and paper products; dimensional
23 lumber; engineered wood products such as particleboard, oriented strand
24 board, medium density fiberboard, and plywood; wood doors; wood
25 windows; and biocomposite surface products.

26 (f) Except for small harvesters as defined in RCW 84.33.035, a
27 person reporting under the tax rate provided in this subsection
28 (~~((+12+))~~) (11) must file a complete annual survey with the department
29 under RCW 82.32.585.

30 (~~((+13+))~~) (12) Upon every person engaging within this state in
31 inspecting, testing, labeling, and storing canned salmon owned by
32 another person, as to such persons, the amount of tax with respect to
33 such activities is equal to the gross income derived from such
34 activities multiplied by the rate of 0.484 percent.

35 (~~((+14+))~~) (13)(a) Upon every person engaging within this state in
36 the business of printing a newspaper, publishing a newspaper, or both,
37 the amount of tax on such business is equal to the gross income of the
38 business multiplied by the rate of 0.2904 percent.

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

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

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

12 (a) "Alcoholic beverages," which means beverages that are suitable
13 for human consumption and contain one-half of one percent or more of
14 alcohol by volume; and

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

17 (2) The exemption of "food and food ingredients" provided for in
18 subsection (1) of this section does not apply to prepared food, soft
19 drinks, bottled water, or dietary supplements. (~~(For purposes of this~~
20 ~~subsection, the following definitions apply:)~~) The definitions in this
21 subsection apply throughout this section unless the context clearly
22 requires otherwise.

23 (a) "Bottled water" means water that is placed in a safety sealed
24 container or package for human consumption. Bottled water is calorie
25 free and does not contain sweeteners or other additives except that it
26 may contain: (i) Antimicrobial agents; (ii) fluoride; (iii)
27 carbonation; (iv) vitamins, minerals, and electrolytes; (v) oxygen;
28 (vi) preservatives; and (vii) only those flavors, extracts, or essences
29 derived from a spice or fruit. "Bottled water" includes water that is
30 delivered to the buyer in a reusable container that is not sold with
31 the water.

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

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

35 (A) A vitamin;

36 (B) A mineral;

37 (C) An herb or other botanical;

1 (D) An amino acid;

2 (E) A dietary substance for use by humans to supplement the diet by
3 increasing the total dietary intake; or

4 (F) A concentrate, metabolite, constituent, extract, or combination
5 of any ingredient described in this subsection;

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

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

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

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

16 (B) Food sold with eating utensils provided by the seller,
17 including plates, knives, forks, spoons, glasses, cups, napkins, or
18 straws. A plate does not include a container or packaging used to
19 transport the food; or

20 (C) Two or more food ingredients mixed or combined by the seller
21 for sale as a single item, except:

22 (I) Food that is only cut, repackaged, or pasteurized by the
23 seller; or

24 (II) Raw eggs, fish, meat, poultry, and foods containing these raw
25 animal foods requiring cooking by the consumer as recommended by the
26 federal food and drug administration in chapter 3, part 401.11 of The
27 Food Code, published by the food and drug administration, as amended or
28 renumbered as of January 1, 2003, so as to prevent foodborne illness.

29 (ii) "Prepared food" does not include the following food or food
30 ingredients, if the food or food ingredients are sold without eating
31 utensils provided by the seller:

32 (A) Food sold by a seller whose proper primary North American
33 industry classification system (NAICS) classification is manufacturing
34 in sector 311, except subsector 3118 (bakeries), as provided in the
35 "North American industry classification system--United States, 2002";

36 (B) Food sold in an unheated state by weight or volume as a single
37 item; or

1 (C) Bakery items. The term "bakery items" includes bread, rolls,
2 buns, biscuits, bagels, croissants, pastries, donuts, Danish, cakes,
3 tortes, pies, tarts, muffins, bars, cookies, or tortillas.

4 ((+e)) (d) "Soft drinks" means nonalcoholic beverages that contain
5 natural or artificial sweeteners. Soft drinks do not include beverages
6 that contain: Milk or milk products; soy, rice, or similar milk
7 substitutes; or greater than fifty percent of vegetable or fruit juice
8 by volume.

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 that 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) That 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" means a facility:

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

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

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

34 (4)(a) Subsection (1) of this section notwithstanding, the retail
35 sale of food and food ingredients is subject to sales tax under RCW
36 82.08.020 if the food and food ingredients are sold through a vending
37 machine. Except as provided in (b) of this subsection, the selling

1 price of food and food ingredients sold through a vending machine for
2 purposes of RCW 82.08.020 is fifty-seven percent of the gross receipts.

3 (b) For soft drinks, bottled water, and hot prepared food and food
4 ingredients, other than food and food ingredients which are heated
5 after they have been dispensed from the vending machine, the selling
6 price is the total gross receipts of such sales divided by the sum of
7 one plus the sales tax rate expressed as a decimal.

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

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

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

16 (2) The exemption of "food and food ingredients" provided for in
17 subsection (1) of this section does not apply to prepared food, soft
18 drinks, bottled water, or dietary supplements. "Prepared food," "soft
19 drinks," "bottled water," and "dietary supplements" have the same
20 meanings as in RCW 82.08.0293.

21 (3) Notwithstanding anything in this section to the contrary, the
22 exemption of "food and food ingredients" provided in this section
23 applies to food and food ingredients which are furnished, prepared, or
24 served as meals:

25 (a) Under a state administered nutrition program for the aged as
26 provided for in the older Americans act (P.L. 95-478 Title III) and RCW
27 74.38.040(6);

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

31 (c) That are provided to residents, sixty-two years of age or
32 older, of a qualified low-income senior housing facility by the lessor
33 or operator of the facility. The sale of a meal that is billed to both
34 spouses of a marital community or both domestic partners of a domestic
35 partnership meets the age requirement in this subsection (3)(c) if at
36 least one of the spouses or domestic partners is at least sixty-two

1 years of age. For purposes of this subsection, "qualified low-income
2 senior housing facility" has the same meaning as in RCW 82.08.0293.

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

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

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

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

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

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

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

35 (1) The provisions of this chapter do not apply in respect to the

1 use of bottled water dispensed or to be dispensed to patients, pursuant
2 to a prescription for use in the cure, mitigation, treatment, or
3 prevention of disease or medical condition.

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

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

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

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

13 (i) The public water system providing the drinking water has issued
14 a public notification that the drinking water may pose a health risk,
15 and the notification is still in effect on the date that the bottled
16 water was purchased;

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

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

24 (2) Except for sales of bottled water delivered to the buyer in a
25 reusable container that is not sold with the water, sellers must
26 collect tax on sales subject to this exemption. Any buyer that has
27 paid at least twenty-five dollars in state and local sales taxes on
28 purchases of bottled water subject to this exemption may apply for a
29 refund of the taxes directly from the department in a form and manner
30 prescribed by the department. The department must deny any refund
31 application if the amount of the refund requested is less than
32 twenty-five dollars. No refund may be made for taxes paid more than
33 four years after the end of the calendar year in which the tax was paid
34 to the seller.

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

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

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

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

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

14 **Sec. 109.** RCW 82.04.4452 and 2010 c 114 s 114 are each amended to
15 read as follows:

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

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

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

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

28 ((+c)) (iii) Multiply the amount determined under ((+b)) (a)(ii)
29 of this subsection by ((the following):

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

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

35 (iii) ~~For the calendar year ending December 31, 2008, the greater~~
36 ~~of the person's average tax rate for that calendar year or 1.0 percent;~~

1 ~~(iv) For the calendar year ending December 31, 2009, the greater of~~
2 ~~the person's average tax rate for that calendar year or 1.25 percent;~~

3 ~~(v) For the calendar year ending December 31, 2010, and~~
4 ~~thereafter,)) 1.50 percent.~~

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

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

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

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

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

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

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

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

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

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

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

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

35 (e) "Taxable amount" means the taxable amount subject to the tax
36 imposed in this chapter required to be reported on the person's
37 combined excise tax returns for the calendar year for which the credit

1 is claimed, less any taxable amount for which a credit is allowed under
2 RCW 82.04.440.

3 ~~((+8))~~ (9) This section expires January 1, 2015.

4 **Sec. 110.** RCW 82.63.030 and 2008 c 15 s 4 are each amended to read
5 as follows:

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

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

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

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

19 NEW SECTION. **Sec. 111.** RCW 82.04.272 (Tax on warehousing and
20 reselling prescription drugs) and 2013 c 19 s 127, 2003 c 168 s 401, &
21 1998 c 343 s 1 are each repealed.

22 NEW SECTION. **Sec. 112.** Section 111 of this act applies to taxes
23 due for reporting periods beginning on or after the effective date of
24 section 111 of this act.

25 **Sec. 113.** RCW 82.12.0263 and 1980 c 37 s 62 are each amended to
26 read as follows:

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

1 September 1, 2014, and each September 1st thereafter, the university
2 shall provide a report that provides the specific detail on how these
3 amounts were spent in the preceding fiscal year including but not
4 limited to the cost per student, student completion rates, and the
5 number of low-income students enrolled in each program, any process
6 changes or best-practices implemented by the college, and how many
7 students are enrolled in computer science and engineering programs
8 above the 2012-2013 academic year baseline.

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

12 **FOR CENTRAL WASHINGTON UNIVERSITY**

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

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

19 **FOR EASTERN WASHINGTON UNIVERSITY**

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

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

27 **FOR THE EVERGREEN STATE COLLEGE**

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

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

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

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

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

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

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

19 **II-B**

20 **K-12 Policy Changes**

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

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

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

33 (a) For students enrolled in grades one through twelve, at least a
34 district-wide annual average of one thousand hours, which shall be
35 increased district-wide to (~~at least one thousand eighty instructional~~

1 ~~hours for students enrolled in each of grades seven through twelve~~
 2 ~~and)) at least one thousand instructional hours for students in each of~~
 3 ~~grades one through six ((according to an implementation schedule~~
 4 ~~adopted by the legislature, but not before)) beginning with the ((2014-~~
 5 ~~15)) 2017-18 school year((+)), and increased district-wide for students
 6 in each of grades seven through twelve according to the following
 7 implementation schedule:~~

| | <u>Minimum instructional</u> |
|--|------------------------------|
| | <u>hours for grades 7-12</u> |
| 10 <u>2014-15 school year</u> | <u>1,020</u> |
| 11 <u>2015-16 school year</u> | <u>1,040</u> |
| 12 <u>2016-17 school year</u> | <u>1,060</u> |
| 13 <u>2017-18 school year and thereafter</u> | <u>1,080</u> |

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

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

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

22 (b) Instruction that provides students the opportunity to complete
 23 twenty-four credits for high school graduation, subject to a phased-in
 24 implementation of the twenty-four credits as established by the
 25 legislature. Course distribution requirements may be established by
 26 the state board of education under RCW 28A.230.090;

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

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

34 (e) Supplemental instruction and services for eligible and enrolled
 35 students whose primary language is other than English through the
 36 transitional bilingual instruction program under RCW 28A.180.010
 37 through 28A.180.080;

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

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

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

9 (5) Each school district's kindergarten through twelfth grade basic
10 educational program shall be accessible to all students who are five
11 years of age, as provided by RCW 28A.225.160, and less than twenty-one
12 years of age and shall consist of a minimum of one hundred eighty
13 school days per school year in such grades as are conducted by a school
14 district, and one hundred eighty half-days of instruction, or
15 equivalent, in kindergarten, to be increased to a minimum of one
16 hundred eighty school days per school year according to the
17 implementation schedule under RCW 28A.150.315. However, schools
18 administering the Washington kindergarten inventory of developing
19 skills may use up to three school days at the beginning of the school
20 year to meet with parents and families as required in the parent
21 involvement component of the inventory. In addition, effective May 1,
22 1979, a school district may schedule the last five school days of the
23 one hundred and eighty day school year for noninstructional purposes in
24 the case of students who are graduating from high school, including,
25 but not limited to, the observance of graduation and early release from
26 school upon the request of a student, and all such students may be
27 claimed as a full-time equivalent student to the extent they could
28 otherwise have been so claimed for the purposes of RCW 28A.150.250 and
29 28A.150.260.

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

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

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

3 The purpose of this section is to provide for the allocation of
4 state funding that the legislature deems necessary to support school
5 districts in offering the minimum instructional program of basic
6 education under RCW 28A.150.220. The allocation shall be determined as
7 follows:

8 (1) The governor shall and the superintendent of public instruction
9 may recommend to the legislature a formula for the distribution of a
10 basic education instructional allocation for each common school
11 district.

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

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

1 full-time equivalent students in each grade level at each school in the
2 district and not based on the grade-level configuration of the school
3 to the extent that data is available. The allocations shall be further
4 adjusted from the school prototypes with minimum allocations for small
5 schools and to reflect other factors identified in the omnibus
6 appropriations act.

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

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

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

14 (iii) A prototypical elementary school has four hundred average
15 annual full-time equivalent students in grades kindergarten through
16 six.

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

| | General education average class size |
|----|--|
| 24 | |
| 25 | |
| 26 | |
| 27 | Grades K-3 25.23 |
| 28 | Grade 4 27.00 |
| 29 | Grades 5-6 27.00 |
| 30 | Grades 7-8 28.53 |
| 31 | Grades 9-12 28.74 |

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

(c) The minimum allocation for each prototypical middle and high school shall also provide for full-time equivalent classroom teachers based on the following number of full-time equivalent students per 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 | Middle | High |
| School | School | School |

| | | | | |
|----|--|---------------------|----------------------|----------------------|
| 1 | Principals, assistant principals, and other certificated building-level | | | |
| 2 | administrators | 1.253 | 1.353 | 1.880 |
| 3 | Teacher librarians, a function that includes information literacy, technology, | | | |
| 4 | and media to support school library media programs | 0.663 | 0.519 | 0.523 |
| 5 | Health and social services: | | | |
| 6 | School nurses | 0.076 | 0.060 | 0.096 |
| 7 | Social workers | 0.042 | 0.006 | 0.015 |
| 8 | Psychologists | 0.017 | 0.002 | 0.007 |
| 9 | Guidance counselors, a function that includes parent outreach and graduation | | | |
| 10 | advising | 0.493 | ((1.116)) | ((1.909)) |
| 11 | | | <u>1.283</u> | <u>2.076</u> |
| 12 | Teaching assistance, including any aspect of educational instructional | | | |
| 13 | services provided by classified employees | 0.936 | 0.700 | 0.652 |
| 14 | Office support and other noninstructional aides | 2.012 | 2.325 | 3.269 |
| 15 | Custodians | 1.657 | 1.942 | 2.965 |
| 16 | Classified staff providing student and staff safety | 0.079 | 0.092 | 0.141 |
| 17 | ((Parent involvement)) <u>Family engagement</u> coordinators | ((0.00)) | 0.00 | 0.00 |
| 18 | | <u>0.167</u> | | |

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

| | | |
|----|--|-----------------|
| 23 | | Staff per 1,000 |
| 24 | | K-12 students |
| 25 | Technology | 0.628 |
| 26 | Facilities, maintenance, and grounds | 1.813 |
| 27 | Warehouse, laborers, and mechanics | 0.332 |

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

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

1 (8)(a) Except as provided in (b) of this subsection, the minimum
2 allocation for each school district shall include allocations per
3 annual average full-time equivalent student for the following
4 materials, supplies, and operating costs, to be adjusted for inflation
5 from the 2008-09 school year:

| | Per annual average full-time equivalent student in grades K-12 |
|--|--|
| 6 | |
| 7 | |
| 8 | |
| 9 | |
| 10 | |
| 11 | |
| 12 | |
| 13 | |
| 14 | |
| 15 | |
| 16 | |
| Technology | \$54.43 |
| Utilities and insurance | \$147.90 |
| Curriculum and textbooks | \$58.44 |
| Other supplies and library materials | \$124.07 |
| Instructional professional development for certified and classified staff | \$9.04 |
| Facilities maintenance | \$73.27 |
| Security and central office | \$50.76 |

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

| | Per annual average full-time equivalent student in grades K-12 |
|---|--|
| 24 | |
| 25 | |
| 26 | |
| 27 | |
| 28 | |
| 29 | |
| 30 | |
| 31 | |
| 32 | |
| 33 | |
| 34 | |
| Technology | \$113.80 |
| Utilities and insurance | \$309.21 |
| Curriculum and textbooks | \$122.17 |
| Other supplies and library materials | \$259.39 |
| Instructional professional development for certificated and classified staff | \$18.89 |
| Facilities maintenance | \$153.18 |
| Security and central office administration | \$106.12 |

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

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

3 (b) Laboratory science courses for students in grades nine through
4 twelve;

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

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

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

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

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

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

36 (ii) The head count number of students in each school who have
37 exited the transitional bilingual instruction program within the
38 previous two years based on their performance on the English

1 proficiency assessment approved by the superintendent of public
2 instruction under RCW 28A.180.090. Beginning with the 2013-14 school
3 year, the minimum allocation under this subsection (10)(b)(ii) for each
4 level of prototypical school must provide resources to provide, on a
5 statewide average, 1.0 hours per week in extra instruction with fifteen
6 exited transitional bilingual instruction program students per teacher,
7 based on students who exited within the previous school year.
8 Beginning with the 2014-15 school year, the minimum allocation must be
9 based on students who exited within the previous two school years.

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

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

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

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

32 (b) Allocations or enhancements provided under subsections (4),
33 (7), and (9) of this section for exploratory and preparatory career and
34 technical education courses shall be provided only for courses approved
35 by the office of the superintendent of public instruction under chapter
36 28A.700 RCW.

37 (13)(a) This formula for distribution of basic education funds

1 shall be reviewed biennially by the superintendent and governor. The
2 recommended formula shall be subject to approval, amendment or
3 rejection by the legislature.

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

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

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

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

25 (1) The superintendent of public instruction shall submit to each
26 regular session of the legislature during an odd-numbered year a
27 programmed budget request for special education programs for students
28 with disabilities. Funding for programs operated by local school
29 districts shall be on an excess cost basis from appropriations provided
30 by the legislature for special education programs for students with
31 disabilities and shall take account of state funds accruing through RCW
32 28A.150.260 (4)(a) (~~and~~), (b), and (e), (5), (6), and (8).

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

35 (a) A district's annual average headcount enrollment of students
36 ages birth through four and those five year olds not yet enrolled in

1 kindergarten who are eligible for and enrolled in special education,
2 multiplied by the district's base allocation per full-time equivalent
3 student, multiplied by 1.15; and

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

8 (3) As used in this section:

9 (a) "Base allocation" means the total state allocation to all
10 schools in the district generated by the distribution formula under RCW
11 28A.150.260 (4)(a) (~~and~~), (b), and (e), (5), (6), and (8), to be
12 divided by the district's full-time equivalent enrollment.

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

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

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

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

27 As used throughout this chapter, unless the context clearly
28 indicates otherwise:

29 (1) "Transitional bilingual instruction" means:

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

36 (b) In those cases in which the use of two languages is not
37 practicable as established by the superintendent of public instruction

1 and unless otherwise prohibited by law, an alternative system of
2 instruction which may include English as a second language and is
3 designed to enable the pupil to achieve competency in English.

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

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

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

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

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

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

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

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

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

31 (i) The receiving school shall determine whether the district's
32 program is a like program when compared to the sending school's
33 program; and

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

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

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

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

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

16 **II-C**

17 **K-12 APPROPRIATIONS**

18 **Sec. 214.** 2013 1st sp.s. c ... (ESHB 1057) s 502 (uncodified) is
19 amended to read as follows:

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

| | | |
|----|---|-------------------------------|
| 21 | General Fund--State Appropriation (FY 2014) | \$5,445,282,000 |
| 22 | General Fund--State Appropriation (FY 2015) | \$5,735,636,000 |
| 23 | Education Legacy Trust Account--State Appropriation | (\$25,283,000) |
| 24 | | <u>\$106,604,000</u> |
| 25 | TOTAL APPROPRIATION | (\$11,206,201,000) |
| 26 | | <u>\$11,287,522,000</u> |

27 The appropriations in this section are subject to the following
28 conditions and limitations:

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

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

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

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

15 (2) CERTIFICATED INSTRUCTIONAL STAFF ALLOCATIONS

16 Allocations for certificated instructional staff salaries for the
17 2013-14 and 2014-15 school years are determined using formula-generated
18 staff units calculated pursuant to this subsection.

19 (a) Certificated instructional staff units, as defined in RCW
20 28A.150.410, shall be allocated to reflect the minimum class size
21 allocations, requirements, and school prototypes assumptions as
22 provided in RCW 28A.150.260. The superintendent shall make allocations
23 to school districts based on the district's annual average full-time
24 equivalent student enrollment in each grade.

25 (b) Additional certificated instructional staff units provided in
26 this subsection (2) that exceed the minimum requirements in RCW
27 28A.150.260 are enhancements outside the program of basic education,
28 except as otherwise provided in this section.

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

33
34 General education class size:

| 35 Grade | RCW 28A.150.260 | 2013-14 | 2014-15 |
|----------|-----------------|-------------|-------------|
| | | School Year | School Year |

| | | | | |
|---|-------------|-------|-------|-------|
| 1 | Grades K-3 | ..... | 23.50 | 23.50 |
| 2 | Grade 4 | ..... | 27.00 | 27.00 |
| 3 | Grades 5-6 | ..... | 27.00 | 27.00 |
| 4 | Grades 7-8 | ..... | 28.53 | 28.53 |
| 5 | Grades 9-12 | ..... | 28.74 | 28.74 |

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

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

14
15

| | | | | |
|----|--|-------|-------------|-------------|
| 16 | General education class size in high poverty | | 2013-14 | 2014-15 |
| 17 | school: | | School Year | School Year |
| 18 | Grades K-3 | ..... | 21.76 | 21.76 |
| 19 | Grade 4 | ..... | 27.00 | 27.00 |
| 20 | Grades 5-6 | ..... | 27.00 | 27.00 |
| 21 | Grades 7-8 | ..... | 28.53 | 28.53 |
| 22 | Grades 9-12 | ..... | 28.74 | 28.74 |

23 (iii) Pursuant to RCW 28A.150.260(4)(a), the assumed teacher
24 planning period, expressed as a percentage of a teacher work day, is
25 13.42 percent in grades K-6, and 16.67 percent in grades 7-12; and

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

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

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

6 Career and Technical Education
7 students 2.02 per 1000 student FTE's
8 Skill Center students 2.36 per 1000 student FTE's

9 (3) ADMINISTRATIVE STAFF ALLOCATIONS

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

19
20 Prototypical School Building:
21 Elementary School 1.253
22 Middle School 1.353
23 High School 1.880

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

30 (4) CLASSIFIED STAFF ALLOCATIONS

31 Allocations for classified staff units providing school building-
32 level and district-wide support services for the 2013-14 and 2014-15

1 school years are determined using the formula-generated staff units
2 provided in RCW 28A.150.260, and adjusted based on each district's
3 annual average full-time equivalent student enrollment in each grade.

4 (5) CENTRAL OFFICE ALLOCATIONS

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

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

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

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

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

36 (6) FRINGE BENEFIT ALLOCATIONS

37 Fringe benefit allocations shall be calculated at a rate of 18.68
38 percent in the 2013-14 school year and 18.68 percent in the 2014-15

1 school year for certificated salary allocations provided under
 2 subsections (2), (3), and (5) of this section, and a rate of 20.95
 3 percent in the 2013-14 school year and 20.95 percent in the 2014-15
 4 school year for classified salary allocations provided under
 5 subsections (4) and (5) of this section.

6 (7) INSURANCE BENEFIT ALLOCATIONS

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

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

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

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

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

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

26 MSOC RATES/STUDENT FTE

| 27 | 28 MSOC Component | 29 2013-14 SCHOOL YEAR | 30 2014-15 SCHOOL YEAR |
|----|--------------------------------------|---------------------------|---------------------------|
| 31 | Technology | \$82.43 | \$83.83 |
| 32 | Utilities and Insurance | \$223.98 | \$227.78 |
| 33 | Curriculum and Textbooks | \$88.50 | \$90.01 |
| 34 | Other Supplies and Library Materials | \$187.89 | \$191.08 |

| | | | |
|---|---|----------|----------|
| 1 | Instructional Professional Development for Certificated | | |
| 2 | and Classified Staff | \$13.69 | \$13.92 |
| 3 | Facilities Maintenance | \$110.96 | \$112.84 |
| 4 | Security and Central Office | \$76.86 | \$78.18 |
| 5 | TOTAL BASIC EDUCATION MSOC/STUDENT FTE | \$784.31 | \$797.64 |

6 (b) Students in approved skill center programs generate per student
7 FTE MSOC allocations of \$1,249.17 for the 2013-14 school year and
8 \$1,270.41 for the 2014-15 school year.

9 (c) Students in approved exploratory and preparatory career and
10 technical education programs generate a per student MSOC allocation of
11 \$1,249.17 for the 2013-14 school year and \$1,270.41 for the 2014-15
12 school year.

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

16 (9) SUBSTITUTE TEACHER ALLOCATIONS

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

21 (10) ALTERNATIVE LEARNING EXPERIENCE PROGRAM FUNDING

22 (a) Amounts provided in this section from July 1, 2013, to August
23 31, 2013, are adjusted to reflect provisions of chapter 34, Laws of
24 2011 1st sp. sess. (allocation of funding for funding for students
25 enrolled in alternative learning experiences).

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

29 (c) The superintendent of public instruction shall require all
30 districts receiving general apportionment funding for alternative
31 learning experience (ALE) programs as defined in WAC 392-121-182 to
32 provide separate financial accounting of expenditures for the ALE
33 programs offered in district or with a provider, including but not
34 limited to private companies and multidistrict cooperatives, as well as
35 accurate, monthly headcount and FTE enrollment claimed for basic

1 education, including separate counts of resident and nonresident
2 students.

3 (11) VOLUNTARY FULL DAY KINDERGARTEN PROGRAMS

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

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

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

26 (13) ADDITIONAL FUNDING FOR SMALL SCHOOL DISTRICTS AND REMOTE AND
27 NECESSARY PLANTS

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

37 (a) For districts enrolling not more than twenty-five average
38 annual full-time equivalent students in grades K-8, and for small

1 school plants within any school district which have been judged to be
2 remote and necessary by the superintendent of public instruction and
3 enroll not more than twenty-five average annual full-time equivalent
4 students in grades K-8:

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

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

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

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

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

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

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

36 (ii) For all other small high schools under this subsection, nine
37 certificated instructional staff units and one-half of a certificated
38 administrative staff unit for the first sixty average annual full-time

1 equivalent students, and additional staff units based on a ratio of
2 0.8732 certificated instructional staff units and 0.1268 certificated
3 administrative staff units per each additional forty-three and one-half
4 average annual full-time equivalent students;

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

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

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

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

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

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

35 (~~((+13))~~) (14) Any school district board of directors may petition
36 the superintendent of public instruction by submission of a resolution
37 adopted in a public meeting to reduce or delay any portion of its basic
38 education allocation for any school year. The superintendent of public

1 instruction shall approve such reduction or delay if it does not impair
2 the district's financial condition. Any delay shall not be for more
3 than two school years. Any reduction or delay shall have no impact on
4 levy authority pursuant to RCW 84.52.0531 and local effort assistance
5 pursuant to chapter 28A.500 RCW.

6 ~~((+14+))~~ (15) The superintendent may distribute funding for the
7 following programs outside the basic education formula during fiscal
8 years 2014 and 2015 as follows:

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

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

21 ~~((+15+))~~ (16) \$214,000 of the general fund--state appropriation for
22 fiscal year 2014 and \$218,000 of the general fund--state appropriation
23 for fiscal year 2015 are provided solely for school district
24 emergencies as certified by the superintendent of public instruction.
25 At the close of the fiscal year the superintendent of public
26 instruction shall report to the office of financial management and the
27 appropriate fiscal committees of the legislature on the allocations
28 provided to districts and the nature of the emergency.

29 ~~((+16+))~~ (17) Funding in this section is sufficient to fund a
30 maximum of 1.6 FTE enrollment for skills center students pursuant to
31 chapter 463, Laws of 2007.

32 ~~((+17+))~~ (18) Students participating in running start programs may
33 be funded up to a combined maximum enrollment of 1.2 FTE including
34 school district and institution of higher education enrollment. In
35 calculating the combined 1.2 FTE, the office of the superintendent of
36 public instruction may average the participating student's September
37 through June enrollment to account for differences in the start and end
38 dates for courses provided by the high school and higher education

1 institution. Additionally, the office of the superintendent of public
2 instruction, in consultation with the state board for community and
3 technical colleges, the higher education coordinating board, and the
4 education data center, shall annually track and report to the fiscal
5 committees of the legislature on the combined FTE experience of
6 students participating in the running start program, including course
7 load analyses at both the high school and community and technical
8 college system.

9 ~~((+18))~~ (19) If two or more school districts consolidate and each
10 district was receiving additional basic education formula staff units
11 pursuant to subsection ~~((+12))~~ (13) of this section, the following
12 apply:

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

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

23 ~~((+19))~~ (20)(a) Indirect cost charges by a school district to
24 approved career and technical education middle and secondary programs
25 shall not exceed ten percent of the combined basic education and career
26 and technical education program enhancement allocations of state funds.
27 Middle and secondary career and technical education programs are
28 considered separate programs for funding and financial reporting
29 purposes under this section.

30 (b) Career and technical education program full-time equivalent
31 enrollment shall be reported on the same monthly basis as the
32 enrollment for students eligible for basic support, and payments shall
33 be adjusted for reported career and technical education program
34 enrollments on the same monthly basis as those adjustments for
35 enrollment for students eligible for basic support.

36 **Sec. 215.** 2013 1st sp.s. c ... (ESHB 1057) s 507 (uncodified) is
37 amended to read as follows:

1 **FOR THE SUPERINTENDENT OF PUBLIC INSTRUCTION--FOR SPECIAL EDUCATION**
2 **PROGRAMS**

| | | |
|---|---|------------------------------|
| 3 | General Fund--State Appropriation (FY 2014) | \$727,748,000 |
| 4 | General Fund--State Appropriation (FY 2015) | \$764,041,000 |
| 5 | General Fund--Federal Appropriation | \$462,020,000 |
| 6 | Education Legacy Trust Account--State Appropriation | (\$756,000) |
| 7 | | <u>\$8,631,000</u> |
| 8 | TOTAL APPROPRIATION | (\$1,954,565,000) |
| 9 | | <u>\$1,962,440,000</u> |

10 The appropriations in this section are subject to the following
11 conditions and limitations:

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

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

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

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

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

37 (b) From July 1, 2013 to August 31, 2013, the superintendent shall
38 allocate funding to school district programs for special education

1 students as provided in section 507, chapter 50, Laws of 2011 1st sp.
2 sess., as amended through section 507 of the 2013 omnibus supplemental
3 operating appropriations act.

4 (5) The following applies throughout this section: The definitions
5 for enrollment and enrollment percent are as specified in RCW
6 28A.150.390(3). Each district's general fund--state funded special
7 education enrollment shall be the lesser of the district's actual
8 enrollment percent or 12.7 percent.

9 (6) At the request of any interdistrict cooperative of at least 15
10 districts in which all excess cost services for special education
11 students of the districts are provided by the cooperative, the maximum
12 enrollment percent shall be calculated in accordance with RCW
13 28A.150.390(3) (c) and (d), and shall be calculated in the aggregate
14 rather than individual district units. For purposes of this
15 subsection, the average basic education allocation per full-time
16 equivalent student shall be calculated in the aggregate rather than
17 individual district units.

18 (7) \$34,227,000 of the general fund--state appropriation for fiscal
19 year 2014, \$35,592,000 of the general fund--state appropriation for
20 fiscal year 2015, and \$29,574,000 of the general fund--federal
21 appropriation are provided solely for safety net awards for districts
22 with demonstrated needs for special education funding beyond the
23 amounts provided in subsection (4) of this section. If the federal
24 safety net awards based on the federal eligibility threshold exceed the
25 federal appropriation in this subsection (7) in any fiscal year, the
26 superintendent shall expend all available federal discretionary funds
27 necessary to meet this need. At the conclusion of each school year,
28 the superintendent shall recover safety net funds that were distributed
29 prospectively but for which districts were not subsequently eligible.

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

33 (b) The office of the superintendent of public instruction shall
34 make award determinations for state safety net funding in August of
35 each school year. Determinations on school district eligibility for
36 state safety net awards shall be based on analysis of actual
37 expenditure data from the current school year.

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

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

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

16 (11) \$252,000 of the general fund--state appropriation for fiscal
17 year 2014 and \$252,000 of the general fund--state appropriation for
18 fiscal year 2015 are provided solely for two additional full-time
19 equivalent staff to support the work of the safety net committee and to
20 provide training and support to districts applying for safety net
21 awards.

22 (12) \$50,000 of the general fund--state appropriation for fiscal
23 year 2014, \$50,000 of the general fund--state appropriation for fiscal
24 year 2015, and \$100,000 of the general fund--federal appropriation
25 shall be expended to support a special education ombudsman program
26 within the office of superintendent of public instruction.

27 **Sec. 216.** 2013 1st sp.s. c ... (ESHB 1057) s 509 (uncodified) is
28 amended to read as follows:

29 **FOR THE SUPERINTENDENT OF PUBLIC INSTRUCTION--FOR LOCAL EFFORT**
30 **ASSISTANCE**

| | | |
|----|--|-------------------------------|
| 31 | General Fund--State Appropriation (FY 2014) | \$309,436,000 |
| 32 | General Fund--State Appropriation (FY 2015) | \$334,289,000 |
| 33 | <u>Education Legacy Trust Account--State Appropriation</u> | <u>\$835,000</u> |
| 34 | TOTAL APPROPRIATION | (((\$643,725,000)) |
| 35 | | <u>\$644,560,000</u> |

36 The appropriations in this section are subject to the following
37 conditions and limitations: For purposes of RCW 84.52.0531, the

1 increase per full-time equivalent student is 5.0 percent from the 2012-
2 13 school year to the 2013-14 school year and 5.0 percent from the
3 2013-14 school year to the 2014-15 school year.

4 **Sec. 217.** 2013 1st sp.s. c ... (ESHB 1057) s 511 (uncodified) is
5 amended to read as follows:

6 **FOR PROGRAMS FOR HIGHLY CAPABLE STUDENTS**

| | | |
|----|--|-------------------------------|
| 7 | General Fund--State Appropriation (FY 2014) | \$9,377,000 |
| 8 | General Fund--State Appropriation (FY 2015) | \$9,696,000 |
| 9 | <u>Education Legacy Trust Account--State Appropriation</u> | <u>\$34,000</u> |
| 10 | TOTAL APPROPRIATION | ((\$19,073,000)) |
| 11 | | <u>\$19,107,000</u> |

12 The appropriations in this section are subject to the following
13 conditions and limitations:

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

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

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

32 (3) \$85,000 of the general fund--state appropriation for fiscal
33 year 2014 and \$85,000 of the general fund--state appropriation for
34 fiscal year 2015 are provided solely for the centrum program at Fort
35 Worden state park.

1 instructional weeks per year; (~~(vi)~~) (viii) 900 instructional hours
2 per teacher; and (~~(vii)~~) (ix) the district's average staff mix and
3 compensation rates as provided in sections 503 and 504 of this act.

4 (b) From July 1, 2013, to August 31, 2013, the superintendent shall
5 allocate funding to school districts for transitional bilingual
6 instruction programs as provided in section 514, chapter 50, Laws of
7 2011 1st sp. sess., as amended through section 512 of the 2013 omnibus
8 supplemental operating appropriations act.

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

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

18 (5) \$35,000 of the general fund--state appropriation for fiscal
19 year 2014 and \$35,000 of the general fund--state appropriation for
20 fiscal year 2015 are provided solely to track current and former
21 transitional bilingual program students.

22 **Sec. 219.** 2013 1st sp.s. c ... (ESHB 1057) s 515 (uncodified) is
23 amended to read as follows:

24 **FOR THE SUPERINTENDENT OF PUBLIC INSTRUCTION--FOR THE LEARNING**
25 **ASSISTANCE PROGRAM**

| | | |
|----|--|----------------------------|
| 26 | General Fund--State Appropriation (FY 2014) | \$158,963,000 |
| 27 | General Fund--State Appropriation (FY 2015) | \$175,003,000 |
| 28 | General Fund--Federal Appropriation | \$448,434,000 |
| 29 | <u>Education Legacy Trust Account--State Appropriation</u> | <u>\$275,000</u> |
| 30 | TOTAL APPROPRIATION | (\$782,400,000) |
| 31 | | <u>\$782,675,000</u> |

32 The appropriations in this section are subject to the following
33 conditions and limitations:

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

36 (a) The appropriations include such funds as are necessary to

1 complete the school year ending in the fiscal year and for prior fiscal
2 year adjustments.

3 (b)(i) For the 2013-14 and 2014-15 school years, the superintendent
4 shall allocate funding to school districts for learning assistance
5 programs as provided in RCW 28A.150.260(10)(a). In calculating the
6 allocations, the superintendent shall assume the following averages:
7 (A) Additional instruction of 1.9200 hours per week per funded learning
8 assistance program student for the 2013-14 school year and the 2014-15
9 school year; (B) fifteen learning assistance program students per
10 teacher; (C) 36 instructional weeks per year; (D) 900 instructional
11 hours per teacher; and (E) the district's average staff mix and
12 compensation rates as provided in sections 503 and 504 of this act.

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

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

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

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

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

35 NEW SECTION. **Sec. 220.** A new section is added to 2013 1st. sp.s.
36 c . . . (Engrossed Substitute House Bill 1057) (uncodified) to read as
37 follows:

1 The sum of two million four hundred seventy thousand dollars is
2 appropriated for the fiscal biennium ending June 30, 2015, from the
3 education legacy trust account to the superintendent of public
4 instruction for educational service districts. The appropriation in
5 this section is provided solely for regional professional development
6 related to English language arts curriculum and instructional
7 strategies, in support of implementation of the common core state
8 standards. Funding shall be distributed among each of the educational
9 service districts as determined by the superintendent of public
10 instruction. Each educational service district shall use this funding
11 solely for salary and benefits for a certificated instructional staff
12 with expertise in the appropriate subject matter and in professional
13 development delivery, and for travel, materials, and other expenditures
14 related to providing regional professional development support.

15 NEW SECTION. **Sec. 221.** A new section is added to 2013 1st. sp.s.
16 c . . . (Engrossed Substitute House Bill 1057) (uncodified) to read as
17 follows:

18 The sum of two million sixty-one thousand dollars is appropriated
19 for the fiscal biennium ending June 30, 2015, from the education legacy
20 trust account to the superintendent of public instruction. The amount
21 in this section is provided solely for chapter 184, Laws of 2013
22 (Second Substitute House Bill 1642) (academic acceleration). Of the
23 amount appropriated in this section, forty-nine thousand is provided as
24 one-time funding.

25 **Part III**
26 **Transfers to Education Legacy Trust Account**

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

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

34 (2) By December 15th and by June 15th of each year, the department

1 must estimate the increase in state general fund revenues from the
2 changes made under part I of this act for the current and prior
3 calendar quarters and notify the state treasurer of the increase.

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

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

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

10 The purpose of repealing or narrowing tax preferences in part I of
11 this act is to support education-related expenditures from the
12 education legacy trust account. For this reason, general state
13 revenues transferred to the education legacy trust account under
14 section 301 of this act are excluded from the calculation of general
15 state revenues for purposes of Article VIII, section 1 of the state
16 Constitution and RCW 39.42.130 and 39.42.140.

17 **Part IV**

18 **Miscellaneous Technical Provisions**

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

23 (2) Sections 101, 103 through 108, 111, and 112 of this act are
24 necessary for the immediate preservation of the public peace, health,
25 or safety, or support of the state government and its existing public
26 institutions, and take effect August 1, 2013.

27 (3) Sections 209 through 213 of this act are necessary for the
28 immediate preservation of the public peace, health, or safety, or
29 support of the state government and its existing public institutions,
30 and take effect September 1, 2013.

31 NEW SECTION. **Sec. 402.** Section 102 of this act takes effect July
32 1, 2015.

1 NEW SECTION. **Sec. 403.** Section 101 of this act expires July 1,
2 2015."

3 Correct the title.

EFFECT: Makes the following changes to the underlying bill:

Removes the provision of the bill that would change the nonresident sales and use tax exemption into a refund program. Makes technical corrections.

Eliminates the enhancement to the Materials, Supplies & Operating Cost per-student allocation and decreases appropriations from the Education Legacy Trust Account by \$48.82 million accordingly.

Removes funding appropriated for providing the full Basic Education allocation for students enrolled in ALE programs for the 2013-14 school year and decreases the Education Legacy Trust Account appropriation by \$16.604 million accordingly.

Appropriates \$2.47 million from the Education Legacy Trust Account to increase funding for the Educational Service Districts (ESDs) to add one full-time certificated staff in each ESD for professional development related to English Language Arts curriculum and instructional strategies related to implementation of the Common Core State Standards.

Appropriates \$2.061 million from the Education Legacy Trust Account to fund Second Substitute House Bill 1642 (academic acceleration), which was enacted during the regular session and provides a grant program for school districts to expand dual high school and college courses and an incentive to high schools for student enrollment in dual credit courses.

Corrects an erroneous reference to the 2013-14 school year in the funding for increased instructional hours, which instead takes effect in the 2014-15 school year.

Removes provisions directing the State Board of Education to adopt a 24-credit graduation requirement beginning with the graduating class of 2018.

Net change to appropriations: Decreases Education Legacy Trust Account by \$60.893 million.

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