

**HB 2797 - H AMD 861**

By Representative Dunshee

ADOPTED 03/04/2014

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

3 "PART I

4 INTENT

5 NEW SECTION. **Sec. 101.** The legislature finds that school  
6 districts are strapped for the physical space to meet education funding  
7 reforms as provided in chapter 548, Laws of 2009 (Engrossed Substitute  
8 House Bill No. 2261) and chapter 236, Laws of 2010 (Substitute House  
9 Bill No. 2776), as interpreted in *McCleary v. State*, related to all-day  
10 kindergarten and K-3 class size reduction. The legislature further  
11 finds that a program of near-term state grants without a local match  
12 requirement will assist school districts to provide these new programs  
13 by the scheduled full implementation date of the 2017-18 school year.  
14 The legislature further finds that school districts will need  
15 flexibility in determining the most appropriate construction method to  
16 accommodate the additional classroom space, including permanent  
17 construction, modular construction, or portables. The legislature  
18 further finds that the use of lottery revenues for common schools is  
19 consistent with the construction objectives of chapter 3, Laws of 2001  
20 (Initiative Measure No. 728). Therefore, it is the intent of the  
21 legislature to authorize seven hundred million dollars in lottery  
22 revenue bonds for grants to school districts to support the physical  
23 capacity required for statewide implementation of all-day kindergarten  
24 and K-3 class size reduction beginning with the 2015-2017 fiscal  
25 biennium.

26 PART II

27 BOND AUTHORIZATION

1        NEW SECTION.    **Sec. 201.**    LOTTERY REVENUE BONDS AUTHORIZED.    (1) For  
2 the purpose of providing needed construction assistance to support  
3 all-day kindergarten and K-3 class size reduction, the state finance  
4 committee is authorized to issue a total of seven hundred seven million  
5 dollars of lottery revenue bonds, or as much thereof as may be  
6 required, payable from the Washington opportunity pathways account  
7 revenues under RCW 28B.76.526, which consist of net lottery revenues  
8 deposited in the lottery account created in RCW 67.70.230, and net  
9 shared game lottery revenues deposited in the shared game lottery  
10 account in RCW 67.70.044, as such revenues are defined in section 202  
11 of this act, to finance these projects and all costs incidental  
12 thereto.

13        (2) Bonds authorized in this section may be sold at such price as  
14 the state finance committee shall determine. No bonds authorized in  
15 this section may be offered for sale without prior legislative  
16 appropriation of the net proceeds of the sale of the bonds.

17        (3) The state finance committee may determine and include in any  
18 resolution authorizing the issuance of any bonds authorized by this  
19 section and sections 202 through 207 of this act such terms,  
20 provisions, covenants, and conditions as it may deem appropriate in  
21 order to assist with the marketing and sale of the bonds, confer rights  
22 upon the owners of bonds, and safeguard rights of the owners of bonds,  
23 including, among other things:

24        (a) Provisions that the bonds shall be payable solely from and  
25 secured solely by the Washington opportunity pathways account revenues  
26 under RCW 28B.76.526, as such revenues are defined in section 202 of  
27 this act;

28        (b) The conditions that must be satisfied prior to the issuance of  
29 any additional bonds that are to be payable from and secured by the  
30 Washington opportunity pathways account revenues, as such revenues are  
31 defined in section 202 of this act, on equal basis with previously  
32 issued and outstanding bonds payable from the net lottery revenues and  
33 net shared game lottery revenues;

34        (c) Provisions regarding debt service reserves and credit  
35 enhancement; and

36        (d) Whether bonds may be issued as tax-exempt bonds or must be  
37 issued as taxable bonds under the applicable provisions of the federal  
38 internal revenue code.

1           NEW SECTION.           **Sec. 202.**           WASHINGTON OPPORTUNITY PATHWAYS

2 ACCOUNT/LOTTERY REVENUES PLEDGED TO BONDS. (1) Each bond issued under  
3 the authority of this section and sections 201 and 203 through 207 of  
4 this act shall distinctly state that payment or redemption of the bond  
5 and payment of the interest and any premium thereon is payable solely  
6 from and secured solely by a pledge of the Washington opportunity  
7 pathways account revenues under RCW 28B.76.526, which consist of net  
8 lottery revenues received in the lottery account established in RCW  
9 67.70.230 and net shared game lottery revenues received in the shared  
10 game lottery account in RCW 67.70.044 and is not a general obligation  
11 of the state to which the full faith and credit of the state is  
12 pledged. The legislature covenants to appropriate the Washington  
13 opportunity pathways account revenues pledged to the payment of the  
14 bonds issued under this section and sections 201 and 203 through 207 of  
15 this act. The legislature further agrees for the benefit of the owners  
16 of outstanding bonds issued by the state under this section and  
17 sections 201 and 203 through 207 of this act to continue in effect and  
18 not to impair the operation of the state lottery as authorized in  
19 chapter 67.70 RCW for the payment and security of the bonds. The state  
20 finance committee shall include this pledge and agreement of the state  
21 to owners of any bonds issued under this section and sections 201 and  
22 203 through 207 of this act. The owner of any bond or the trustee for  
23 the owner of any of the bonds may by mandamus or other appropriate  
24 proceeding require the transfer and payment of pledged revenues as  
25 directed in this section.

26           (2) For purposes of this section and sections 201 and 203 through  
27 209 of this act:

28           (a) "Washington opportunity pathways account revenues" means all  
29 revenues of the Washington opportunity pathways account in RCW  
30 28B.76.526 including, but not limited to, net lottery revenues and net  
31 shared game lottery revenues;

32           (b) "Net lottery revenues" means all revenues deposited in the  
33 lottery account, excluding revenues used to make the following  
34 distributions under RCW 67.70.240: Payment of prizes under RCW  
35 67.70.240(1)(a) other than unclaimed prizes under RCW 67.70.190;  
36 deposits made by the lottery commission in the reserve account and  
37 lottery administrative account under RCW 67.70.240(1)(b); amounts

1 obligated under RCW 67.70.240(1)(d); amounts used for the purchase and  
2 promotion of games and services under RCW 67.70.240(1)(e); and payments  
3 to agents under RCW 67.70.240(1)(f); and

4 (c) "Net shared game lottery revenues" means all moneys deposited  
5 in the shared game lottery account in RCW 67.70.044 excluding direct  
6 expenses of the shared game.

7 **Sec. 203.** RCW 67.70.230 and 2010 1st sp.s. c 37 s 941 are each  
8 amended to read as follows:

9 NET LOTTERY REVENUES PLEDGED TO BONDS. There is hereby created and  
10 established a separate account, to be known as the state lottery  
11 account. Such account shall be managed, maintained, and controlled by  
12 the commission and shall consist of all revenues received from the sale  
13 of lottery tickets or shares, and all other moneys credited or  
14 transferred thereto from any other fund or source pursuant to law. The  
15 account shall be a separate account outside the state treasury. No  
16 appropriation is required to permit expenditures and payment of  
17 obligations from the account. (~~During the 2009-2011 fiscal biennium,~~  
18 ~~the legislature may transfer from the state lottery account to the~~  
19 ~~education legacy trust account such amounts as reflect the excess fund~~  
20 ~~balance of the account.)) As set forth in section 202 of this act, net  
21 lottery revenues are pledged to principal and interest payments on  
22 bonds issued under section 201 of this act, including any required  
23 reserves as provided in the bond proceedings, and must be transferred  
24 for this purpose by the state treasurer into the Washington opportunity  
25 pathways account in RCW 28B.76.526.~~

26 **Sec. 204.** RCW 67.70.044 and 2010 1st sp.s. c 37 s 940 are each  
27 amended to read as follows:

28 NET SHARED GAME LOTTERY REVENUES PLEDGED TO BONDS. (1) Pursuant to  
29 RCW 67.70.040(1)(a), the commission may enter into the multistate  
30 agreement establishing a shared game lottery known as "The Big Game,"  
31 that was entered into by party state lotteries in August 1996 and  
32 subsequently amended and a shared game lottery known as "Powerball."

33 (2) The shared game lottery account is created as a separate  
34 account outside the state treasury. The account is managed,  
35 maintained, and controlled by the commission and consists of all  
36 revenues received from the sale of shared game lottery tickets or

1 shares, and all other moneys credited or transferred to it from any  
2 other fund or source under law. The account is allotted according to  
3 chapter 43.88 RCW. (~~During the 2009-2011 fiscal biennium, the~~  
4 ~~legislature may transfer from the shared game lottery account to the~~  
5 ~~education legacy trust account such amounts as reflect the excess fund~~  
6 ~~balance of the account.~~))

7 (3) As set forth in section 202 of this act, net shared game  
8 lottery revenues deposited in the shared game lottery account are  
9 pledged to principal and interest payments on bonds issued under  
10 section 201 of this act, including any required reserves as provided in  
11 the bond proceedings, and must be transferred for this purpose by the  
12 state treasurer into the Washington opportunity pathways account in RCW  
13 28B.76.526.

14 NEW SECTION. Sec. 205. BOND PROCEEDS DEPOSITED INTO EDUCATION  
15 CONSTRUCTION REVENUE BOND PROCEEDS ACCOUNT. The proceeds from the sale  
16 of bonds authorized in section 201 of this act shall be deposited in  
17 the education construction revenue bond proceeds account hereby created  
18 in the state treasury. Moneys in the account may be spent only after  
19 appropriation and only for the purposes stated in section 201 of this  
20 act, for the payment of bond anticipation notes or other interim  
21 financing, if any, capitalizing interest on the bonds, and payment of  
22 expenses incurred in the sale and issuance of the bonds, including  
23 underwriter compensation. The state treasurer may establish  
24 subaccounts in the account for the purpose of segregating bond  
25 proceeds, including separate subaccounts for segregating proceeds of  
26 tax-exempt bonds and taxable bonds.

27 **Sec. 206.** RCW 28B.76.526 and 2010 1st sp.s. c 27 s 2 are each  
28 amended to read as follows:

29 WASHINGTON OPPORTUNITY PATHWAYS ACCOUNT; PRIORITY PLEDGE OF  
30 REVENUES TO BONDS. (1) The Washington opportunity pathways account is  
31 created in the state treasury. Deposits to the account must include  
32 net lottery revenues as defined in section 202 of this act that are  
33 required to be deposited in the account pursuant to RCW 67.70.230, net  
34 shared game lottery revenues as defined in section 202 of this act that  
35 are required to be deposited in the account pursuant to RCW 67.70.044,

1 and any other amounts directed by the legislature to be transferred to  
2 or deposited in the account.

3 (2) As set forth in sections 202, 208, and 209 of this act, net  
4 lottery revenues and net shared game lottery revenues deposited in the  
5 account are pledged to principal and interest payments on bonds issued  
6 under section 201 of this act, including any required reserves as  
7 provided in the bond proceedings. This pledge of Washington  
8 opportunity pathways account revenues to pay and secure bonds issued  
9 under section 201 of this act takes priority over the use of Washington  
10 opportunity pathways account revenues to make any other expenditures  
11 from the account for any other purpose. Before any other expenditures  
12 may be made from the account, moneys in the account must have been  
13 expended or set aside on or before the applicable payment date for debt  
14 service requirements and debt service reserve requirements of the bonds  
15 issued under section 201 of this act in the amounts certified from time  
16 to time by the state finance committee pursuant to section 207 of this  
17 act. The state finance committee in the bond proceedings may provide  
18 for the establishment of a special subaccount in the account to serve  
19 as a debt service reserve fund for bonds issued under section 201 of  
20 this act.

21 (3) After applicable debt service requirements and debt service  
22 reserve requirements for bonds issued under section 201 of this act  
23 have been satisfied or provided for pursuant to subsection (2) of this  
24 section, other expenditures from the account may be used only for  
25 programs in chapter 28B.12 RCW (state work-study), chapter 28B.50 RCW  
26 (opportunity grant), RCW 28B.76.660 (Washington scholars award), RCW  
27 28B.76.670 (Washington award for vocational excellence), chapter 28B.92  
28 RCW (state need grant program), chapter 28B.101 RCW (educational  
29 opportunity grant), chapter 28B.105 RCW (GET ready for math and science  
30 scholarship), chapter 28B.117 RCW (passport to college promise),  
31 chapter 28B.118 RCW (college bound scholarship), chapter 28B.119 RCW  
32 (Washington promise scholarship), chapter 43.215 RCW (early childhood  
33 education and assistance program), and RCW 43.330.280 (recruitment of  
34 entrepreneurial researchers, innovation partnership zones and research  
35 teams).

36 NEW SECTION. Sec. 207. RETIREMENT OF BONDS. (1) The nondebt-

1 limit bond retirement account shall be used for the payment of  
2 principal of and interest on the bonds authorized in section 201 of  
3 this act.

4 (2) The state finance committee shall, on or before June 30th of  
5 each year, certify to the state treasurer the amount required for  
6 principal and interest payments on the bonds and the amounts, if any,  
7 required for the funding or replenishment of any debt service reserve  
8 fund for the bonds in accordance with the bond proceedings.

9 (3) On each date on which any principal and interest payment is due  
10 on bonds or on which any amount is required for the funding or  
11 replenishment of any debt service reserve fund for bonds issued for the  
12 purposes of section 201 of this act, the state treasurer shall withdraw  
13 from the Washington opportunity pathways account an amount equal to the  
14 amount certified by the state finance committee to be due or required  
15 on such date.

16 **Sec. 208.** RCW 67.70.240 and 2013 c 136 s 1 are each amended to  
17 read as follows:

18 DISTRIBUTION OF LOTTERY REVENUES. (1) The moneys in the state  
19 lottery account may be used only:

20 (a) For the payment of prizes to the holders of winning lottery  
21 tickets or shares;

22 (b) For purposes of making deposits into the reserve account  
23 created by RCW 67.70.250 and into the lottery administrative account  
24 created by RCW 67.70.260;

25 (c) (~~For purposes of making deposits into the Washington~~  
26 ~~opportunity pathways account created in RCW 28B.76.526. Moneys in the~~  
27 ~~state lottery account deposited in the Washington opportunity pathways~~  
28 ~~account are included in "general state revenues" under RCW 39.42.070;)~~  
29 For deposits in the Washington opportunity pathways account for  
30 purposes of debt service payments and any required reserve on bonds  
31 issued under section 201 of this act and for other authorized purposes  
32 of the account after such payments are made;

33 (d) For distribution to the stadium and exhibition center account,  
34 created in RCW 43.99N.060. Subject to the conditions of RCW  
35 43.99N.070, six million dollars must be distributed under this  
36 subsection during the calendar year 1998. During subsequent years,  
37 such distribution must equal the prior year's distributions increased

1 by four percent. No distribution may be made under this subsection  
2 after December 31, 1999, unless the conditions for issuance of the  
3 bonds under RCW 43.99N.020(2) are met. Distributions under this  
4 subsection must cease when the bonds are retired, but not later than  
5 December 31, 2020;

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

8 (f) For the payment of agent compensation.

9 (2) The office of financial management shall require the allotment  
10 of all expenses paid from the account and shall report to the ways and  
11 means committees of the senate and house of representatives any changes  
12 in the allotments.

13 **Sec. 209.** RCW 67.70.340 and 2012 1st sp.s. c 10 s 6 are each  
14 amended to read as follows:

15 DISTRIBUTION OF SHARED GAME REVENUES. (1) (~~The legislature  
16 recognizes that creating a shared game lottery could result in less  
17 revenue being raised by the existing state lottery ticket sales. The  
18 legislature further recognizes that the fund most impacted by this  
19 potential event is the Washington opportunity pathways account.  
20 Therefore, it is the intent of the legislature to use some of the  
21 proceeds from the shared game lottery to make up the difference that  
22 the potential state lottery revenue loss would have on the Washington  
23 opportunity pathways account. The legislature further intends to use  
24 some of the proceeds from the shared game lottery to fund programs and  
25 services related to problem and pathological gambling.~~

26 ~~(2) The Washington opportunity pathways account is expected to  
27 receive one hundred two million dollars annually from state lottery  
28 games other than the shared game lottery. For fiscal year 2011 and  
29 thereafter, if the amount of lottery revenues earmarked for the  
30 Washington opportunity pathways account is less than one hundred two  
31 million dollars, the commission, after making the transfer required  
32 under subsection (3) of this section, must transfer sufficient moneys  
33 from revenues derived from the shared game lottery into the Washington  
34 opportunity pathways account to bring the total revenue up to one  
35 hundred two million dollars.~~

36 ~~(3)) If at any time the amount available to be transferred from  
37 the state lottery account in RCW 67.70.240 to the Washington~~



1 opportunity pathways account pursuant to section 207 of this act is  
2 insufficient to satisfy the amount certified under RCW 28B.76.526, then  
3 before the commission may make any transfers under this section the  
4 treasurer must transfer net shared game lottery revenues from the  
5 shared game lottery account to the Washington opportunity pathways  
6 account.

7 (a) The commission shall transfer, from revenue derived from the  
8 shared game lottery, to the problem gambling account created in RCW  
9 43.20A.892, an amount equal to the percentage specified in (b) of this  
10 subsection of net receipts. For purposes of this subsection, "net  
11 receipts" means the difference between (i) revenue received from the  
12 sale of lottery tickets or shares and revenue received from the sale of  
13 shared game lottery tickets or shares; and (ii) the sum of payments  
14 made to winners.

15 (b) In fiscal year 2006, the percentage to be transferred to the  
16 problem gambling account is one-tenth of one percent. In fiscal year  
17 2007 and subsequent fiscal years, the percentage to be transferred to  
18 the problem gambling account is thirteen one-hundredths of one percent.

19 ~~((+4))~~ (2) The commission shall transfer the remaining net  
20 revenues, if any, derived from the shared game lottery "Powerball"  
21 authorized in RCW 67.70.044(1) after the transfers pursuant to this  
22 section into the state general fund for support for the program of  
23 basic education under RCW 28A.150.200.

24 ~~((+5))~~ (3) The remaining net revenues, if any, in the shared game  
25 lottery account after the transfers pursuant to this section shall be  
26 deposited into the Washington opportunity pathways account.

27 **Sec. 210.** RCW 67.70.040 and 2006 c 290 s 3 are each amended to  
28 read as follows:

29 LOTTERY COMMISSION DUTIES. The commission shall have the power,  
30 and it shall be its duty:

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

1 (a) The type of lottery to be conducted which may include the  
2 selling of tickets or shares, but such tickets or shares may not be  
3 sold over the internet. The use of electronic or mechanical devices or  
4 video terminals which allow for individual play against such devices or  
5 terminals shall be prohibited. An affirmative vote of sixty percent of  
6 both houses of the legislature is required before offering any game  
7 allowing or requiring a player to become eligible for a prize or to  
8 otherwise play any portion of the game by interacting with any device  
9 or terminal involving digital, video, or other electronic  
10 representations of any game of chance, including scratch tickets, pull-  
11 tabs, bingo, poker or other cards, dice, roulette, keno, or slot  
12 machines. Approval of the legislature shall be required before  
13 entering any agreement with other state lotteries to conduct shared  
14 games;

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

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

18 (d) The manner of selecting the winning tickets or shares, except  
19 as limited by (a) of this subsection;

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

23 (f) The frequency of the drawings or selections of winning tickets  
24 or shares. Approval of the legislature is required before conducting  
25 any online game in which the drawing or selection of winning tickets  
26 occurs more frequently than once every twenty-four hours;

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

29 (h) The method to be used in selling tickets or shares, except as  
30 limited by (a) of this subsection;

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

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

1 (k) The apportionment of the total revenues accruing from the sale  
2 of lottery tickets or shares and from all other sources among: (i) The  
3 payment of prizes to the holders of winning tickets or shares, which  
4 shall not be less than forty-five percent of the gross annual revenue  
5 from such lottery, (ii) transfers to the lottery administrative account  
6 created by RCW 67.70.260, ((and)) (iii) ((transfer to the state's  
7 general fund. Transfers to the state general fund shall be made in  
8 compliance with RCW 43.01.050)) transfers of net lottery revenues and  
9 net shared game lottery revenues to the Washington opportunity pathways  
10 account as required by sections 202 through 204, 206, and 207 of this  
11 act, and (iv) transfers established in RCW 67.70.240 and 67.70.340;

12 (1) Such other matters necessary or desirable for the efficient and  
13 economical operation and administration of the lottery and for the  
14 convenience of the purchasers of tickets or shares and the holders of  
15 winning tickets or shares.

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

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

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

24 NEW SECTION. Sec. 211. ANALYSIS OF FINANCING STRUCTURE. (1) The  
25 state finance committee and the office of financial management must  
26 conduct an objective analysis of the most effective financing structure  
27 for the lottery revenue bonds authorized in section 201 of this act.

28 (2) In conducting the objective analysis, the state finance  
29 committee and the office of financial management must review data,  
30 information, and analysis from multiple sources, including consultation  
31 with a minimum of five firms with expertise in helping state and local  
32 governments organize and manage a wide variety of financing structures,  
33 including revenue bonds.

34 (3) The objective analysis must consider and rate options designed  
35 to:

36 (a) Maximize the amount of bond proceeds available to address all-  
37 day kindergarten and K-3 class size reduction facility needs;

1 (b) Leverage lottery revenues in a manner that would cause the  
2 bonds to be rated at the highest investment grade possible;

3 (c) Achieve the lowest cost of issuance; and

4 (d) Strengthen the issuance and its marketability to investors by  
5 considering terms of borrowing such as maturity, debt service reserves,  
6 coverage ratios, legal covenants, and other credit enhancements.

7 (4) The state finance committee and the office of financial  
8 management shall provide a report to the legislature by December 1,  
9 2014, that includes the options considered and recommendations on the  
10 preferred financing structure for the lottery revenue bonds.

11 **PART III**  
12 **GRANT PROGRAM**

13 NEW SECTION. **Sec. 301.** SUPERINTENDENT OF PUBLIC INSTRUCTION--  
14 GRANT PROGRAM PREPARATION. (1) The legislature intends to provide  
15 funding in the 2015-2017 fiscal biennium for grants to school districts  
16 to address the physical capacity required for statewide implementation  
17 of all-day kindergarten and K-3 class size reduction.

18 (2) The office of the superintendent of public instruction shall  
19 establish a plan for grant allocations that considers the following  
20 criteria: Public schools must demonstrate the existence of unhoused K-  
21 3 students based on a ninety square feet student space allocation per  
22 enrolled student in a public school.

23 (3)(a) The office of the superintendent of public instruction may  
24 award grants to school districts for the following types of projects:  
25 (i) Projects to modernize existing building space; (ii) projects to  
26 build permanent instructional space; (iii) the purchase and  
27 installation of modular facilities; and (iv) the purchase and  
28 installation of portable facilities.

29 (b) For the purposes of this subsection:

30 (i) "Modular facility" means a factory-built structure, whether a  
31 total building or a room, which is either wholly manufactured or is in  
32 substantial part manufactured at an off-site location to be wholly or  
33 partially assembled on-site. Modular facility does not include mobile  
34 homes or manufactured homes as defined in RCW 46.04.302; and

35 (ii) "Portable facility" means a prefabricated structure consisting  
36 of one or more rooms with direct exterior egress from the classroom or

1 classrooms. The structure is transportable in one or more sections and  
2 is designed to be used as an educational space with or without a  
3 permanent foundation. The structure is capable of being demounted and  
4 relocated to other locations as needs arise.

5 (4) One hundred percent of the project costs are eligible for  
6 grants under this section.

7 (5) Grants must be awarded solely for instructional space used by  
8 K-3 students.

9 (6) Subject to the approval of the office of the superintendent of  
10 public instruction, grant awards to a school district under this  
11 section for a project at an identified public school may be reallocated  
12 for use at another public school, including reopening an existing  
13 school building within the district if the school can demonstrate it is  
14 unable to build permanent space, or install a modular or portable  
15 facility at the identified school.

16 (7) The office of the superintendent of public instruction shall  
17 develop rules to implement the grant program authorized under this  
18 section.

19 (8) The office of the superintendent of public instruction shall  
20 provide a report to the appropriate policy and fiscal committees of the  
21 legislature by December 1, 2014, describing: Estimated need for  
22 additional classrooms to address all-day kindergarten and K-3 class  
23 size reduction by school; implementation timelines; and proposed rules.

24 **PART IV**  
25 **MISCELLANEOUS**

26 NEW SECTION. **Sec. 401.** CODIFICATION. Sections 201, 202, 205, and  
27 207 of this act constitute a new chapter in Title 43 RCW.

28 NEW SECTION. **Sec. 402.** EFFECTIVE DATE. This act is necessary for  
29 the immediate preservation of the public peace, health, or safety, or  
30 support of the state government and its existing public institutions,  
31 and takes effect immediately."

32 Correct the title.

EFFECT: Makes technical clarification to the description of

pledged revenues and the process for making debt service payments.

Requires the State Finance Committee and the Office of Financial Management to conduct an objective analysis to determine the most appropriate financing structure for the lottery revenue bonds by December 1, 2014.

Provides a new definition of "portable facility" that aligns with the most recent proposed definition in rules of the State Building Code Council.

--- END ---