
SENATE BILL 5895

State of Washington

63rd Legislature

2013 Regular Session

By Senators Hill and Hargrove

Read first time 04/03/13. Referred to Committee on Ways & Means.

1 AN ACT Relating to education funding; amending RCW 43.135.025,
2 43.135.034, 82.45.100, 82.16.020, 82.18.040, 67.70.190, 28A.525.010,
3 28A.525.020, 28A.515.320, 39.42.140, and 84.52.067; reenacting and
4 amending RCW 82.45.060 and 43.135.045; adding a new section to chapter
5 28A.150 RCW; adding a new section to chapter 82.08 RCW; creating new
6 sections; providing effective dates; providing an expiration date; and
7 declaring an emergency.

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

9 **PART I**

10 **STATE EXPENDITURE LIMIT**

11 NEW SECTION. **Sec. 100.** The legislature recognizes that it is the
12 paramount duty of the state under Article IX of the state Constitution
13 to provide for the education of the citizens of the state. The state
14 supreme court ruled the legislature has not provided adequate state
15 funding from dependable and regular sources to comply with the
16 paramount duty. It is the intent of the legislature, therefore,
17 through section 101 of this act to modify the state expenditure limit
18 to ensure a limit is placed on the remainder of state government

1 expenditures that will enable the state to commit an increasing
2 proportion of state tax dollars and the state budget to the education
3 of our citizens in fulfillment of the state's paramount duty.

4 **Sec. 101.** RCW 43.135.025 and 2009 c 479 s 35 are each amended to
5 read as follows:

6 (1) The state shall not expend from the general fund during any
7 fiscal year state moneys in excess of the state expenditure limit
8 established under this chapter.

9 (2) Except pursuant to a declaration of emergency under RCW
10 (~~43.135.035~~) 43.135.034 or pursuant to an appropriation under RCW
11 43.135.045(2), the state treasurer shall not issue or redeem any check,
12 warrant, or voucher that will result in a state general fund or related
13 fund expenditure for any fiscal year in excess of the state expenditure
14 limit established under this chapter. A violation of this subsection
15 constitutes a violation of RCW 43.88.290 and shall subject the state
16 treasurer to the penalties provided in RCW 43.88.300. After July 1,
17 2015, and prior to July 1, 2023, the state expenditure limit
18 established by this section does not apply to:

19 (a) State allocations to school districts and educational service
20 districts under chapter 28A.315 RCW;

21 (b) Appropriations to the state's institutions of higher education
22 or appropriations to state student financial aid programs;

23 (c) Appropriations for the early learning program under RCW
24 43.215.141 and 43.215.142 and other licensed child care programs under
25 chapter 43.215 RCW that promote positive child outcomes through
26 curriculum, learning, and training;

27 (d) The costs of court rulings imposing new state costs issued
28 after July 1, 2015, and prior to July 1, 2023;

29 (e) Expenditures of extraordinary revenue growth, as defined in
30 Article 7, section 12 of the state Constitution, to the extent that the
31 extraordinary revenue growth is not deposited to the budget
32 stabilization account; or

33 (f) The cost of extraordinary growth in the caseloads of state
34 entitlement programs to the extent that total biennial entitlement
35 caseload costs exceed by one-third the average biennial percentage
36 growth over the prior five fiscal biennia, not including the cost of

1 new entitlements or the expansion of existing entitlements after
2 January 1, 2013, or the expansion of medicaid eligibility under the
3 federal affordable care act.

4 The exceptions established in (a) through (f) of this subsection
5 shall be calculated by the state expenditure limit committee.

6 (3) The state expenditure limit for any fiscal year shall be the
7 previous fiscal year's state expenditure limit increased by a
8 percentage rate that equals the fiscal growth factor.

9 (4)(a) For purposes of computing the state expenditure limit for
10 the fiscal year beginning July 1, ~~((2009))~~ 2015, the phrase "the
11 previous fiscal year's state expenditure limit" means the total state
12 expenditures from the state general fund(~~(, the public safety and~~
13 ~~education account, the health services account, the violence reduction~~
14 ~~and drug enforcement account, the student achievement fund, the water~~
15 ~~quality account, and the equal justice subaccount, not including~~
16 ~~federal funds,)) and related funds for the fiscal year beginning July
17 1, ~~((2008))~~ 2014, plus the fiscal growth factor, excluding expenditures
18 for the purposes of subsection (2)(a), (b), and (c) of this section.~~

19 (b) For purposes of computing the state expenditure limit for the
20 fiscal year beginning July 1, 2023, the phrase "the previous fiscal
21 year's state expenditure limit" means the total state expenditures from
22 the state general fund and related funds for the fiscal year beginning
23 July 1, 2022, plus the fiscal growth factor, including expenditures for
24 the purposes of subsection (2)(a) through (f) of this section.

25 (5) A state expenditure limit committee is established for the
26 purpose of determining and adjusting the state expenditure limit as
27 provided in this chapter. The members of the state expenditure limit
28 committee are the director of financial management, the attorney
29 general or the attorney general's designee, and the chairs and ranking
30 minority members of the senate committee on ways and means and the
31 house of representatives committee on ways and means. All actions of
32 the state expenditure limit committee taken pursuant to this chapter
33 require an affirmative vote of at least four members.

34 (6) Each November, the state expenditure limit committee shall
35 adjust the expenditure limit for the preceding fiscal year based on
36 actual expenditures and known changes in the fiscal growth factor and
37 then project an expenditure limit for the next two fiscal years. If,
38 by November 30th, the state expenditure limit committee has not adopted

1 the expenditure limit adjustment and projected expenditure limit as
2 provided in subsection (5) of this section, the attorney general or his
3 or her designee shall adjust or project the expenditure limit, as
4 necessary.

5 (7)(a) "Fiscal growth factor," after July 1, 2015, and prior to
6 July 1, 2023, means the average of the sum of inflation and population
7 change for each of the prior three fiscal years.

8 (b) "Inflation" means the percentage change in the implicit price
9 deflator for the United States for each fiscal year as published by the
10 federal bureau of labor statistics.

11 (c) "Population change" means the percentage change in state
12 population for each fiscal year as reported by the office of financial
13 management.

14 (d) "Fiscal growth factor," prior to July 1, 2015, and after July
15 1, 2023, means the average growth in state personal income for the
16 prior ten fiscal years.

17 (8) "General fund" means the state general fund.

18 (9) "Related funds" means the Washington opportunity pathways
19 account and the education legacy trust account.

20 **Sec. 102.** RCW 43.135.034 and 2013 c 1 s 2 (Initiative Measure No.
21 1185) are each amended to read as follows:

22 (1)(a) Any action or combination of actions by the legislature that
23 raises taxes may be taken only if approved by a two-thirds vote in both
24 the house of representatives and the senate. Pursuant to the
25 referendum power set forth in Article II, section 1(b) of the state
26 Constitution, tax increases may be referred to the voters for their
27 approval or rejection at an election.

28 (b) For the purposes of this chapter, "raises taxes" means any
29 action or combination of actions by the state legislature that
30 increases state tax revenue deposited in any fund, budget, or account,
31 regardless of whether the revenues are deposited into the general fund.

32 (2)(a) If the legislative action under subsection (1) of this
33 section will result in expenditures in excess of the state expenditure
34 limit, then the action of the legislature shall not take effect until
35 approved by a vote of the people at a November general election. The
36 state expenditure limit committee shall adjust the state expenditure
37 limit by the amount of additional revenue approved by the voters under

1 this section. This adjustment shall not exceed the amount of revenue
2 generated by the legislative action during the first full fiscal year
3 in which it is in effect. The state expenditure limit shall be
4 adjusted downward upon expiration or repeal of the legislative action.

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

7 "Shall taxes be imposed on in order to allow a
8 spending increase above last year's authorized spending adjusted for
9 personal income growth?"

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

19 (b) Additional taxes required for an emergency under this section
20 may be imposed only until thirty days following the next general
21 election, unless an extension is approved at that general election.
22 The additional taxes shall expire upon expiration of the declaration of
23 emergency. The legislature shall not impose additional taxes for
24 emergency purposes under this subsection unless funds in the education
25 construction fund have been exhausted.

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

29 (4) If the cost of any state program or function is shifted from
30 the state general fund or related fund to another source of funding, or
31 if moneys are transferred from the state general fund or related fund
32 to another fund or account, the state expenditure limit committee,
33 acting pursuant to RCW 43.135.025(5), shall lower the state expenditure
34 limit to reflect the shift. For the purposes of this section, a
35 transfer of money from the state general fund or related fund to
36 another fund or account includes any state legislative action taken
37 that has the effect of reducing revenues from a particular source,
38 where such revenues would otherwise be deposited into the state general

1 fund or related fund, while increasing the revenues from that
2 particular source to another state or local government account. This
3 subsection does not apply to: (a) The dedication or use of lottery
4 revenues under RCW 67.70.240(3), in support of education or education
5 expenditures; or (b) a transfer of moneys to, or an expenditure from,
6 the budget stabilization account.

7 (5) If the cost of any state program or function and the ongoing
8 revenue necessary to fund the program or function are shifted to the
9 state general fund or related fund on or after January 1, 2007, the
10 state expenditure limit committee, acting pursuant to RCW
11 43.135.025(5), shall increase the state expenditure limit to reflect
12 the shift unless the shifted revenue had previously been shifted from
13 the general fund or related fund.

14 **PART II**

15 **EDUCATION LEGACY TRUST ACCOUNT**

16 NEW SECTION. **Sec. 200.** Article IX of the Washington state
17 Constitution states that it is the paramount duty of the state to make
18 ample provision for the education of all children residing within its
19 borders. The legislature finds that the proliferation of special
20 dedicated funds and diversions of state revenues for purposes other
21 than this paramount duty erodes the state's financial capacity to
22 fulfill this constitutional duty. The legislature intends to meet this
23 constitutional duty, in part, by reprioritizing some of these diverted
24 state resources to the paramount duty.

25 NEW SECTION. **Sec. 201.** A new section is added to chapter 28A.150
26 RCW to read as follows:

27 (1) Beginning July 1, 2013, and ending June 30, 2023, the office of
28 financial management must annually calculate the state general fund
29 expenditures that would have been expended that fiscal year under RCW
30 28A.400.205, 28B.50.465, and 28B.50.468, as they existed prior to their
31 repeal by chapter . . . (Substitute Senate Bill No. 5194), Laws of
32 2013. Annually, for each fiscal year subject to this section, the
33 office of financial management shall notify the state treasurer and the
34 fiscal committees of the legislature the amount calculated under this

1 section. On the last working day of the fiscal year, the state
2 treasurer must transfer such amount from the general fund to the
3 education legacy trust account created in RCW 83.100.230.

4 (2) If Substitute Senate Bill No. 5194 (educational compensation)
5 is not enacted by June 30, 2013, this section shall not take effect.

6 (3) This section expires July 1, 2023.

7 **PART II A**

8 **REAL ESTATE EXCISE TAX**

9 **Sec. 210.** RCW 82.45.060 and 2011 1st sp.s. c 50 s 975 and 2011 1st
10 sp.s. c 48 s 7035 are each reenacted and amended to read as follows:

11 There is imposed an excise tax upon each sale of real property at
12 the rate of one and twenty-eight one-hundredths percent of the selling
13 price. An amount equal to (~~six and one-tenth~~) two percent of the
14 proceeds of this tax to the state treasurer must be deposited in the
15 public works assistance account created in RCW 43.155.050(~~(+ PROVIDED,~~
16 ~~That during the fiscal year 2011, six and one-tenth percent of the~~
17 ~~proceeds of this tax must be deposited in the general fund for general~~
18 ~~purpose expenditures)), and an amount equal to four and one-tenth
19 percent must be deposited in the education legacy trust account created
20 in RCW 83.100.230. Except as otherwise provided in this section, an
21 amount equal to one and six-tenths percent of the proceeds of this tax
22 to the state treasurer must be deposited in the city-county assistance
23 account created in RCW 43.08.290. (~~(During the 2011-2013 fiscal~~
24 ~~biennium, 1.546 percent of the proceeds of this tax to the state~~
25 ~~treasurer must be deposited in the city-county assistance account.))~~)~~

26 **Sec. 211.** RCW 82.45.100 and 2010 1st sp.s. c 23 s 211 are each
27 amended to read as follows:

28 (1) Payment of the tax imposed under this chapter is due and
29 payable immediately at the time of sale, and if not paid within one
30 month thereafter will bear interest from the time of sale until the
31 date of payment.

32 (a) Interest imposed before January 1, 1999, is computed at the
33 rate of one percent per month.

34 (b) Interest imposed after December 31, 1998, is computed on a
35 monthly basis at the rate as computed under RCW 82.32.050(2). The rate

1 so computed must be adjusted on the first day of January of each year
2 for use in computing interest for that calendar year. The department
3 must provide written notification to the county treasurers of the
4 variable rate on or before December 1st of the year preceding the
5 calendar year in which the rate applies.

6 (2) In addition to the interest described in subsection (1) of this
7 section, if the payment of any tax is not received by the county
8 treasurer or the department of revenue, as the case may be, within one
9 month of the date due, there is assessed a penalty of five percent of
10 the amount of the tax; if the tax is not received within two months of
11 the date due, there will be assessed a total penalty of ten percent of
12 the amount of the tax; and if the tax is not received within three
13 months of the date due, there will be assessed a total penalty of
14 twenty percent of the amount of the tax. The payment of the penalty
15 described in this subsection is collectible from the seller only, and
16 RCW 82.45.070 does not apply to the penalties described in this
17 subsection.

18 (3) If the tax imposed under this chapter is not received by the
19 due date, the transferee is personally liable for the tax, along with
20 any interest as provided in subsection (1) of this section, unless an
21 instrument evidencing the sale is recorded in the official real
22 property records of the county in which the property conveyed is
23 located.

24 (4) If upon examination of any affidavits or from other information
25 obtained by the department or its agents it appears that all or a
26 portion of the tax is unpaid, the department must assess against the
27 taxpayer the additional amount found to be due plus interest and
28 penalties as provided in subsections (1) and (2) of this section. The
29 department must notify the taxpayer by mail, or electronically as
30 provided in RCW 82.32.135, of the additional amount and the same
31 becomes due and must be paid within thirty days from the date of the
32 notice, or within such further time as the department may provide.

33 (5) No assessment or refund may be made by the department more than
34 four years after the date of sale except upon a showing of:

- 35 (a) Fraud or misrepresentation of a material fact by the taxpayer;
36 (b) A failure by the taxpayer to record documentation of a sale or
37 otherwise report the sale to the county treasurer; or

1 (c) A failure of the transferor or transferee to report the sale
2 under RCW 82.45.090(2).

3 (6) Penalties collected on taxes due under this chapter under
4 subsection (2) of this section and RCW 82.32.090 (2) through (8) must
5 be deposited in the (~~housing trust fund as described in chapter 43.185~~
6 ~~RCW~~) education legacy trust account created in RCW 83.100.230.

7 **PART II B**
8 **PUBLIC UTILITY TAX**

9 **Sec. 220.** RCW 82.16.020 and 2011 1st sp.s. c 48 s 7033 are each
10 amended to read as follows:

11 (1) There is levied and (~~there shall be~~) collected from every
12 person a tax for the act or privilege of engaging within this state in
13 any one or more of the businesses herein mentioned. The tax (~~shall~~
14 ~~be~~) is equal to the gross income of the business, multiplied by the
15 rate set out after the business, as follows:

16 (a) Express, sewerage collection, and telegraph businesses: Three
17 and six-tenths percent;

18 (b) Light and power business: Three and sixty-two one-hundredths
19 percent;

20 (c) Gas distribution business: Three and six-tenths percent;

21 (d) Urban transportation business: Six-tenths of one percent;

22 (e) Vessels under sixty-five feet in length, except tugboats,
23 operating upon the waters within the state: Six-tenths of one percent;

24 (f) Motor transportation, railroad, railroad car, and tugboat
25 businesses, and all public service businesses other than ones mentioned
26 above: One and eight-tenths of one percent;

27 (g) Water distribution business: Four and seven-tenths percent.

28 (2) An additional tax is imposed equal to the rate specified in RCW
29 82.02.030 multiplied by the tax payable under subsection (1) of this
30 section.

31 (3) Twenty percent of the moneys collected under subsection (1) of
32 this section on water distribution businesses and sixty percent of the
33 moneys collected under subsection (1) of this section on sewerage
34 collection businesses (~~shall~~) must be deposited in the (~~public works~~
35 ~~assistance account created in RCW 43.155.050: PROVIDED, That during~~
36 ~~the fiscal year 2011, twenty percent of the moneys collected under~~

1 ~~subsection (1) of this section on water distribution businesses and~~
2 ~~sixty percent of the moneys collected under subsection (1) of this~~
3 ~~section on sewerage collection businesses must be deposited in the~~
4 ~~general fund for general purpose expenditures)) education legacy trust~~
5 ~~account created in RCW 83.100.230.~~

6 **PART II C**
7 **SOLID WASTE COLLECTION TAX**

8 **Sec. 230.** RCW 82.18.040 and 2012 2nd sp.s. c 5 s 2 are each
9 amended to read as follows:

10 (1) Taxes collected under this chapter must be held in trust until
11 paid to the state. Except as otherwise provided in this subsection
12 (1), taxes received by the state must be deposited in the ((~~public~~
13 ~~works assistance account created in RCW 43.155.050~~)) education legacy
14 trust account created in RCW 83.100.230. For the period beginning July
15 1, 2011, and ending June 30, 2015, taxes received by the state under
16 this chapter must be deposited in the general fund for general purpose
17 expenditures. For fiscal years 2016, 2017, and 2018, one-half of the
18 taxes received by the state under this chapter must be deposited in the
19 general fund for general purpose expenditures and the remainder
20 deposited in the ((~~public works assistance~~)) education legacy trust
21 account created in RCW 83.100.230. Any person collecting the tax who
22 appropriates or converts the tax collected is guilty of a gross
23 misdemeanor if the money required to be collected is not available for
24 payment on the date payment is due. If a taxpayer fails to pay the tax
25 imposed by this chapter to the person charged with collection of the
26 tax and the person charged with collection fails to pay the tax to the
27 department, the department may, in its discretion, proceed directly
28 against the taxpayer for collection of the tax.

29 (2) The tax is due from the taxpayer within twenty-five days from
30 the date the taxpayer is billed by the person collecting the tax.

31 (3) The tax is due from the person collecting the tax at the end of
32 the tax period in which the tax is received from the taxpayer. If the
33 taxpayer remits only a portion of the total amount billed for taxes,
34 consideration, and related charges, the amount remitted must be applied
35 first to payment of the solid waste collection tax and this tax has
36 priority over all other claims to the amount remitted.

1 **PART II D**

2 **UNCLAIMED STATE LOTTERY PRIZES**

3 **Sec. 240.** RCW 67.70.190 and 2009 c 564 s 949 are each amended to
4 read as follows:

5 Unclaimed prizes (~~shall~~) must be retained in the state lottery
6 account for the person entitled thereto for one hundred eighty days
7 after the drawing in which the prize is won, or after the official end
8 of the game for instant prizes. If no claim is made for the prize
9 within this time, all rights to the prize (~~shall be~~) are
10 extinguished, and the prize (~~shall be retained in the state lottery
11 fund for further use as prizes, except that one third of all unclaimed
12 prize money shall be deposited in the economic development strategic
13 reserve account created in RCW 43.330.250~~) amount must be transferred
14 to the education legacy trust account created in RCW 83.100.230.

15 (~~On July 1, 2009, June 30, 2010, and June 30, 2011, all unclaimed
16 prize money retained in the state lottery fund [account] in excess of
17 three million dollars, excluding amounts distributed to the economic
18 development strategic reserve account, shall be transferred into the
19 state general fund.~~)

20 **PART II E**

21 **SALES TAX FROM REMOTE SELLERS**

22 NEW SECTION. **Sec. 250.** A new section is added to chapter 82.08
23 RCW to read as follows:

24 (1) If either contingency in RCW 82.08.050(12) occurs, the
25 department, in consultation with the economic and revenue forecast work
26 group created in RCW 82.33.040, must annually estimate the anticipated
27 net increase in state sales tax revenues resulting from remote sellers
28 collecting and remitting sales tax on retail sales to buyers located in
29 this state.

30 (2) Annually, beginning in the fiscal year during which either of
31 the contingencies in RCW 82.08.050(12) occurred, the department must
32 notify the state treasurer of the estimated amount determined under
33 subsection (1) of this section for that fiscal year. On the last
34 working day of the fiscal year, the state treasurer must transfer such
35 amount from the general fund to the education legacy trust account
36 created in RCW 83.100.230.

1 (3) For purposes of this section, "net increase" means the increase
2 in state sales tax revenues received by the state resulting from remote
3 sellers collecting and remitting sales tax on retail sales to buyers
4 located in this state, which must reflect any vendor compensation the
5 state is required to provide sellers as a condition to requiring remote
6 sellers to collect sales tax on sales to Washington consumers.

7 **PART III**
8 **SCHOOL CONSTRUCTION**

9 **Sec. 300.** RCW 28A.525.010 and 1969 ex.s. c 223 s 28A.47.050 are
10 each amended to read as follows:

11 It is hereby declared to be the intent of the legislature that the
12 following provisions be enacted for the purpose of establishing and
13 providing for the operation of a program of state assistance to school
14 districts in providing school plant facilities. It is also the intent
15 of the legislature that first priority for the state's general
16 obligation bond capacity must be for capital budget appropriations
17 necessary to support this state assistance program to assist school
18 districts in the construction and ownership of local school plant
19 facilities. By fully funding the state assistance program under this
20 chapter with state general obligation bonds, the cash receipts to the
21 common school construction account, minus any amounts necessary for
22 debt service payments for reimbursable bonds, may be used for operating
23 budget appropriations for the common schools as allowed in Article IX,
24 section 3 of the state Constitution.

25 **Sec. 301.** RCW 28A.525.020 and 2006 c 263 s 301 are each amended to
26 read as follows:

27 The superintendent of public instruction, considering policy
28 recommendations from the school facilities citizen advisory panel,
29 shall have the power and duty (1) to prescribe rules governing the
30 administration, control, terms, conditions, and disbursements of
31 allotments to school districts to assist them in providing school plant
32 facilities; (2) to approve allotments to districts that apply for state
33 assistance whenever such action is advisable; (3) to authorize the
34 payment of approved allotments by warrant of the state treasurer; and
35 (4) in the event that the amount of state assistance applied for

1 exceeds the funds available for such assistance during any biennium, to
2 make allotments on the basis of the urgency of need for school
3 facilities in the districts that apply for assistance (~~and/or to~~
4 ~~prorate allotments among such districts in conformity with applicable~~
5 ~~procedures and rules~~) and to request any necessary supplemental
6 appropriations for inclusion in the governor's supplemental capital
7 budget request. The governor must review the technical accuracy of
8 that supplemental budget request and include sufficient general
9 obligation bonds from within available capacity, including
10 reprioritizing existing bond appropriations if necessary, in the
11 governor's budget submittal to the legislature to fully fund the
12 required state assistance.

13 **Sec. 302.** RCW 28A.515.320 and 1996 c 186 s 503 are each amended to
14 read as follows:

15 The common school construction fund is to be used exclusively for
16 the purpose of financing the construction of facilities for the common
17 schools. The sources of said fund shall be: (1) Those proceeds
18 derived from sale or appropriation of timber and other crops from
19 school and state land other than those granted for specific purposes;
20 (2) the interest accruing on the permanent common school fund less the
21 allocations to the state treasurer's service (~~account [fund]~~) fund
22 pursuant to RCW 43.08.190 and the state investment board expense
23 account pursuant to RCW 43.33A.160 together with all rentals and other
24 revenue derived therefrom and from land and other property devoted to
25 the permanent common school fund; (3) all moneys received by the state
26 from the United States under the provisions of section 191, Title 30,
27 United States Code, Annotated, and under section 810, chapter 12, Title
28 16, (Conservation), United States Code, Annotated, except moneys
29 received before June 30, 2001, and when thirty megawatts of geothermal
30 power is certified as commercially available by the receiving utilities
31 and the department of (~~community, trade, and economic development~~)
32 commerce, eighty percent of such moneys, under the Geothermal Steam Act
33 of 1970 pursuant to RCW 43.140.030; and (4) such other sources as the
34 legislature may direct. That portion of the common school construction
35 fund derived from interest on the permanent common school fund may be
36 used to retire such bonds as may be authorized by law for the purpose
37 of financing the construction of facilities for the common schools.

1 The interest accruing on the permanent common school fund less the
2 allocations to the state treasurer's service fund pursuant to RCW
3 43.08.190 and the state investment board expense account pursuant to
4 RCW 43.33A.160 together with all rentals and other revenues accruing
5 thereto pursuant to subsection (2) of this section prior to July 1,
6 1967, shall be exclusively applied to the current use of the common
7 schools.

8 To the extent that the moneys in the common school construction
9 fund are in excess of the amount necessary to allow fulfillment of the
10 purpose of said fund, the excess shall be available for deposit to the
11 credit of the permanent common school fund or available for the current
12 use of the common schools, as the legislature may direct. Any money
13 from the common school construction fund which is made available for
14 the current use of the common schools shall be restored to the fund by
15 appropriation, including interest income (~~foregone~~—[~~forgone~~])
16 forgone, before the end of the next fiscal biennium following such use
17 only to the extent that other funds appropriated and available for
18 fully funding the school construction assistance program under chapter
19 28A.525 RCW are insufficient.

20 **Sec. 303.** RCW 43.135.045 and 2012 2nd sp.s. c 5 s 1 and 2012 1st
21 sp.s. c 10 s 5 are each reenacted and amended to read as follows:

22 The education construction fund is hereby created in the state
23 treasury.

24 (1) Funds may be appropriated from the education construction fund
25 exclusively for common school construction or higher education
26 construction. (~~During the 2007-2009 fiscal biennium, funds may also~~
27 ~~be used for higher education facilities preservation and maintenance.~~
28 ~~During the 2009-2011 and 2011-2013 fiscal biennia, the legislature may~~
29 ~~transfer from the education construction fund to the state general fund~~
30 ~~such amounts as reflect the excess fund balance of the fund.))~~

31 (2) Funds may be appropriated for any other purpose only if
32 approved by a two-thirds vote of each house of the legislature and if
33 approved by a vote of the people at the next general election. An
34 appropriation approved by the people under this subsection must result
35 in an adjustment to the state expenditure limit only for the fiscal
36 period for which the appropriation is made and does not affect any
37 subsequent fiscal period.

1 ((~~3~~) After July 1, 2010, the state treasurer must transfer one
 2 hundred two million dollars from the general fund to the education
 3 construction fund by June 30th of each year. However, the transfers
 4 may not take place in the fiscal biennium ending June 30, 2015.))

5 **PART IV**
 6 **STATE DEBT LIMIT**

7 NEW SECTION. **Sec. 400.** It is the intent of the legislature by
 8 sections 401 and 402 of this act to meet its obligation to fund the
 9 common school system of the state by reducing future debt service
 10 payments by the state.

11 **Sec. 401.** RCW 39.42.140 and 2011 1st sp.s. c 46 s 3 are each
 12 amended to read as follows:

13 The state finance committee must recommend a working debt limit for
 14 purposes of budget development for various purpose capital bond
 15 appropriations. Nothing in this section shall in any manner affect the
 16 validity of indebtedness incurred in compliance with the provisions of
 17 Article VIII, section 1 of the state Constitution. The working debt
 18 limit must be updated periodically following forecasts of the economic
 19 and revenue forecast council. The governor and legislature must
 20 develop capital bond budgets within the most recent recommended working
 21 debt limit. The working debt limit must be lower than the state
 22 constitutional debt limit in order to reserve capacity under the
 23 constitutional limit for emergencies and economic uncertainties. In
 24 order to begin to accomplish the objectives of stabilizing debt
 25 capacity and reducing the debt service burden on the operating budget,
 26 the state finance committee must recommend working debt limits of eight
 27 and one-half percent from July 1, 2015, to and including June 30, 2017;
 28 eight and one-quarter percent from July 1, 2017, to and including June
 29 30, 2019; eight percent from July 1, 2019, to and including June 30,
 30 ((2021)) 2034; seven and three-quarters percent from July 1, ((2021))
 31 2034, and thereafter. The state finance committee may recommend
 32 modified working debt limits in response to extraordinary economic
 33 conditions. The state finance committee is authorized to reduce or
 34 delay the issuance of bonds if an issuance would result in exceeding
 35 the recommended working debt limit.

1 **Sec. 402.** RCW 84.52.067 and 2009 c 479 s 73 are each amended to
2 read as follows:

3 All property taxes levied by the state for the support of common
4 schools shall be paid into (~~the general fund of~~) the state treasury
5 as provided in RCW 84.56.280. Beginning on the effective date of this
6 section through June 30, 2018, one-half shall be paid into the general
7 fund and one-half shall be paid into the education legacy trust account
8 for the purposes of RCW 83.100.230. Beginning July 1, 2018, all
9 property taxes levied by the state for the support of common schools
10 shall be paid into the education legacy trust account for the purposes
11 of RCW 83.100.230.

12 **PART V**
13 **MISCELLANEOUS**

14 NEW SECTION. **Sec. 500.** If any provision of this act or its
15 application to any person or circumstance is held invalid, the
16 remainder of the act or the application of the provision to other
17 persons or circumstances is not affected.

18 NEW SECTION. **Sec. 501.** (1) Except as otherwise provided in this
19 section, this act is necessary for the immediate preservation of the
20 public peace, health, or safety, or support of the state government and
21 its existing public institutions, and takes effect July 1, 2013.

22 (2) Section 220 of this act is necessary for the immediate
23 preservation of the public peace, health, or safety, or support of the
24 state government and its existing public institutions, and takes effect
25 June 30, 2013.

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