



1 (2) A city or town that exercises its authority under chapter  
2 7.48 RCW, RCW 35.22.280, 35.23.440, or 35.27.410, or other applicable  
3 law to declare a nuisance, abate a nuisance, or impose fines or costs  
4 upon persons who create, continue, or maintain a nuisance may levy a  
5 special assessment on the land or premises where the nuisance is  
6 situated to reimburse the city or town for the expense of abatement.  
7 A city or town must, before levying a special assessment, notify the  
8 property owner and any identifiable mortgage holder that a special  
9 assessment will be levied on the property and provide the estimated  
10 amount of the special assessment. The notice must be sent by regular  
11 mail.

12 (3) The special assessment authorized by this section constitutes  
13 a lien against the property. After said lien is recorded in the  
14 county where the affected real property is located, up to two  
15 thousand dollars of the recorded lien is of equal rank with state,  
16 county, and municipal taxes.

17 (4) A city or town levying a special assessment under this  
18 section may contract with the county treasurer to collect the special  
19 assessment in accordance with RCW 84.56.035.

20 NEW SECTION. **Sec. 102.** A new section is added to chapter 35A.21  
21 RCW to read as follows:

22 (1) A code city that exercises its authority under chapter 7.48  
23 RCW, RCW 35.22.280, 35.23.440, or 35.27.410, or other applicable law  
24 to abate a nuisance which threatens health or safety must provide  
25 prior notice to the property owner that abatement is pending and a  
26 special assessment may be levied on the property for the expense of  
27 abatement. The special assessment authority is supplemental to any  
28 existing authority of a city or town to obtain a lien for costs of  
29 abatement. The notice must be sent by regular mail.

30 (2) A code city that exercises its authority under chapter 7.48  
31 RCW or other applicable law to declare a nuisance, abate a nuisance,  
32 or impose fines or costs upon persons who create, continue, or  
33 maintain a nuisance may levy a special assessment on the land or  
34 premises where the nuisance is situated to reimburse the code city  
35 for the expense of abatement. A code city must, before levying a  
36 special assessment, notify the property owner and any identifiable  
37 mortgage holder that a special assessment will be levied on the  
38 property and provide the estimated amount of the special assessment.  
39 The notice must be sent by regular mail.

1 (3) The special assessment authorized by this section constitutes  
2 a lien against the property. After said lien is recorded in the  
3 county where the affected real property is located, up to two  
4 thousand dollars of the recorded lien is of equal rank with state,  
5 county, and municipal taxes.

6 (4) A code city levying a special assessment under this section  
7 may contract with the county treasurer to collect the special  
8 assessment in accordance with RCW 84.56.035.

9 **PART II**

10 **Cost Recovery Mechanism for Public Records Sought for Commercial**  
11 **Purposes**

12 NEW SECTION. **Sec. 201.** The legislature finds that public  
13 agencies must remain capable of adequately informing the public of  
14 their activities through timely disclosure of public records.  
15 However, public agencies are increasingly burdened by broad record  
16 requests from commercial entities, including data miners, whose  
17 purpose is to sell or resell the public records for a private profit.  
18 Public agencies expend taxpayer dollars to locate, assemble, redact,  
19 review, and provide the requested public records. Under existing law,  
20 except for copying and mailing costs, public agencies may not recover  
21 the true costs of providing this service. As a result, the taxpayers  
22 of this state effectively subsidize commercial requestors.  
23 Accordingly, it is the intent of the legislature to protect the  
24 public interest and prevent diversion of scarce agency resources by  
25 authorizing public agencies to recover their costs through charging a  
26 reasonable fee when records are requested for the purpose of sale or  
27 resale. It is the intent of the legislature to authorize agencies to  
28 establish such fees, without in any manner limiting public inspection  
29 of records or delaying public access to records.

30 **Sec. 202.** RCW 42.56.080 and 2005 c 483 s 1 and 2005 c 274 s 285  
31 are each reenacted and amended to read as follows:

32 (1) Public records ((shall)) **must** be available for inspection and  
33 copying, and agencies ((shall)) **must**, upon request for identifiable  
34 public records, make them promptly available to any person  
35 ((including, if applicable,)). Public records may be made available  
36 on a partial or installment basis as records that are part of a

1 larger set of requested records are assembled or made ready for  
2 inspection or disclosure.

3 (2) Agencies (~~shall~~) must not deny a request for identifiable  
4 public records solely on the basis that the request is overbroad.

5 (3) Agencies (~~shall~~) must not distinguish among persons  
6 requesting records, and such persons (~~shall not be~~) are not  
7 required to provide information as to the purpose for the request,  
8 except to establish whether:

9 (a) Inspection and copying would violate RCW 42.56.070(9) or  
10 other statute which exempts or prohibits disclosure of specific  
11 information or records to certain persons; or

12 (b) The request is subject to the fee authorized under RCW  
13 42.56.120(3).

14 (4) Agency facilities (~~shall~~) must be made available to any  
15 person for the copying of public records except when and to the  
16 extent that this would unreasonably disrupt the operations of the  
17 agency. Agencies (~~shall~~) must honor requests received by mail for  
18 identifiable public records unless exempted by provisions of this  
19 chapter.

20 **Sec. 203.** RCW 42.56.100 and 1995 c 397 s 13 are each amended to  
21 read as follows:

22 (1) Agencies shall adopt and enforce reasonable rules and  
23 regulations, and the office of the secretary of the senate and the  
24 office of the chief clerk of the house of representatives shall adopt  
25 reasonable procedures allowing for the time, resource, and personnel  
26 constraints associated with legislative sessions, consonant with the  
27 intent of this chapter to provide full public access to public  
28 records, to protect public records from damage or disorganization,  
29 and to prevent excessive interference with other essential functions  
30 of the agency, the office of the secretary of the senate, or the  
31 office of the chief clerk of the house of representatives. Such rules  
32 and regulations shall provide for the fullest assistance to inquirers  
33 and the most timely possible action on requests for information.  
34 Nothing in this section shall relieve agencies, the office of the  
35 secretary of the senate, and the office of the chief clerk of the  
36 house of representatives from honoring requests received by mail for  
37 copies of identifiable public records.

38 (2) If a public record request is made at a time when such record  
39 exists but is scheduled for destruction in the near future, the

1 agency, the office of the secretary of the senate, or the office of  
2 the chief clerk of the house of representatives shall retain  
3 possession of the record, and may not destroy or erase the record  
4 until the request is resolved.

5 (3) Local agencies may adopt reasonable regulations by ordinance  
6 or rule, upon notice and public comment, which establish a priority  
7 for promptly fulfilling noncommercial purpose requests before  
8 commercial purpose requests.

9 **Sec. 204.** RCW 42.56.120 and 2005 c 483 s 2 are each amended to  
10 read as follows:

11 (1) Except as provided in this section, no fee ((shall)) may be  
12 charged ((for the inspection of public records. No fee shall be  
13 charged)) for locating, disclosing the existence of, producing, or  
14 inspecting public documents ((and)) or for making them available for  
15 copying.

16 (2) A reasonable charge may be imposed for providing copies of  
17 public records and for the use by any person of agency equipment or  
18 equipment of the office of the secretary of the senate or the office  
19 of the chief clerk of the house of representatives to copy public  
20 records, which charges ((shall)) may not exceed the amount necessary  
21 to reimburse the agency, the office of the secretary of the senate,  
22 or the office of the chief clerk of the house of representatives for  
23 its actual costs directly incident to such copying. Agency charges  
24 for photocopies ((shall)) must be imposed in accordance with the  
25 actual per page cost or other costs established and published by the  
26 agency. In no event may an agency charge a per page cost greater than  
27 the actual per page cost as established and published by the agency.  
28 To the extent the agency has not determined the actual per page cost  
29 for photocopies of public records, the agency may not charge in  
30 excess of fifteen cents per page. ((An agency may require a deposit  
31 in an amount not to exceed ten percent of the estimated cost of  
32 providing copies for a request. If an agency makes a request  
33 available on a partial or installment basis, the agency may charge  
34 for each part of the request as it is provided. If an installment of  
35 a records request is not claimed or reviewed, the agency is not  
36 obligated to fulfill the balance of the request.))

37 (3) A local agency may charge a fee to recover its actual costs  
38 in responding to a request made for a commercial purpose. Prior to  
39 charging this fee, a local agency must develop and adopt, with notice

1 and public hearing, a fee schedule. The agency must publish the fee  
2 schedule along with a summary of the methodology or rationale by  
3 which the fees were established. The fee may be a flat fee, a fee per  
4 record, or other type of fee, but must not exceed a reasonable  
5 estimate of the actual cost to provide the records and must be based  
6 upon the least costly method available to the local agency. Actual  
7 costs may include, but are not limited to, the cost of locating,  
8 producing, inspecting, redacting, and copying the records for the  
9 requestor.

10 (4) A local agency may require a requestor to sign a declaration,  
11 pursuant to RCW 9A.72.085, under penalty of perjury attesting whether  
12 or not the purpose of the request is for a commercial purpose. A  
13 person or entity intentionally misrepresenting the purpose of a  
14 request that is made for a commercial purpose is liable for a civil  
15 penalty at least equivalent to what the agency would have charged for  
16 the records. Penalties under this section are in addition to any  
17 other civil or criminal penalties and remedies available under any  
18 other law of this state.

19 (5) A local agency may enter into an agreement with a requestor  
20 to fulfill regular periodic records requests. Such an agreement may  
21 include a provision for an alternative fee arrangement from the fee  
22 authorized in subsection (3) of this section.

23 (6) If a fee is allowed under this section, an agency may require  
24 a deposit in an amount not to exceed ten percent of the estimated  
25 cost of providing copies for a request that is able to be fulfilled  
26 in one transaction. If an agency makes a request available on a  
27 partial or installment basis, the agency may charge ten percent as a  
28 deposit for each installment of the request and require payment for  
29 the remaining balance of the installment when it is provided. If an  
30 installment of a records request is not claimed, reviewed, or paid  
31 for, the agency is not obligated to fulfill the remainder of the  
32 request nor can it collect payment for the remainder of the request  
33 that is unfulfilled.

34 (7) For purposes of this section:

35 (a) A "commercial purpose" means the use of a public record, or  
36 part of a record, requested by or on behalf of a for-profit business,  
37 enterprise, or entity:

38 (i) For the purpose of sale or resale of the record for profit;  
39 or

1 (ii) For obtaining or compiling information derived from the  
2 record for the purpose of sale or resale for profit, or facilitating  
3 a profit, or increasing business opportunities from the use of such  
4 information.

5 (b) A "commercial purpose" does not mean the use of a public  
6 record or part of a record for publication by any print, electronic,  
7 or other transmitted news media outlet used to broadly disseminate  
8 information regarding matters of public interest or for use in any  
9 judicial or quasi-judicial proceeding.

10 **Sec. 205.** RCW 42.56.550 and 2011 c 273 s 1 are each amended to  
11 read as follows:

12 (1) Upon the motion of any person having been denied an  
13 opportunity to inspect or copy a public record by an agency, the  
14 superior court in the county in which a record is maintained may  
15 require the responsible agency to show cause why it has refused to  
16 allow inspection or copying of a specific public record or class of  
17 records. The burden of proof (~~shall be~~) is on the agency to  
18 establish that refusal to permit public inspection and copying is in  
19 accordance with a statute that exempts or prohibits disclosure in  
20 whole or in part of specific information or records.

21 (2) Upon the motion of any person who believes that an agency has  
22 not made a reasonable estimate of the time that the agency requires  
23 to respond to a public record request, the superior court in the  
24 county in which a record is maintained may require the responsible  
25 agency to show that the estimate it provided is reasonable. The  
26 burden of proof (~~shall be~~) is on the agency to show that the  
27 estimate it provided is reasonable.

28 (3) Upon the motion of any person who believes that an agency has  
29 required payment of a cost recovery fee that is not consistent with  
30 the fee schedule authorized in RCW 42.56.120(3), or has applied a fee  
31 for a request that is exempt under RCW 42.56.120(3), the superior  
32 court in the county in which a record is maintained may require the  
33 responsible agency to show by a preponderance of the evidence that  
34 the request was primarily for a commercial purpose and that no  
35 exemption is applicable, or that the fee schedule adopted by the  
36 local agency was correctly applied.

37 (4) Judicial review of all agency actions taken or challenged  
38 under RCW 42.56.030 through 42.56.520 (~~shall~~) must be de novo.  
39 Courts (~~shall~~) must take into account the policy of this chapter

1 that free and open examination of public records is in the public  
2 interest, even though such examination may cause inconvenience or  
3 embarrassment to public officials or others. Courts may examine any  
4 record in camera in any proceeding brought under this section. The  
5 court may conduct a hearing based solely on affidavits.

6 ~~((+4))~~ (5) Any person who prevails against an agency in any  
7 action in the courts seeking the right to inspect or copy any public  
8 record or the right to receive a response to a public record request  
9 within a reasonable amount of time (~~shall~~) must be awarded all  
10 costs, including reasonable attorney fees, incurred in connection  
11 with such legal action. In addition, it (~~shall be~~) is within the  
12 discretion of the court to award such person an amount not to exceed  
13 one hundred dollars for each day that he or she was denied the right  
14 to inspect or copy said public record.

15 ~~((+5))~~ (6) For actions under this section against counties, the  
16 venue provisions of RCW 36.01.050 apply.

17 ~~((+6))~~ (7) Actions under this section must be filed within one  
18 year of the agency's claim of exemption or the last production of a  
19 record on a partial or installment basis.

### 20 PART III

#### 21 Health Coverage Purchased by Political Subdivisions through the 22 Public Employees' Benefits Board Program

23 **Sec. 301.** RCW 41.04.205 and 1995 1st sp.s. c 6 s 8 are each  
24 amended to read as follows:

25 (1) Notwithstanding the provisions of RCW 41.04.180, the  
26 employees, with their dependents, of any county, municipality, or  
27 other political subdivision of this state (~~shall be~~) are eligible  
28 to participate in any insurance or self-insurance program for  
29 employees administered under chapter 41.05 RCW if the legislative  
30 authority of any such county, municipality, or other political  
31 subdivisions of this state determines, subject to collective  
32 bargaining under applicable statutes, a transfer to an insurance or  
33 self-insurance program administered under chapter 41.05 RCW should be  
34 made. In the event of a special district employee transfer pursuant  
35 to this section, members of the governing authority (~~shall be~~) are  
36 eligible to be included in such transfer if such members are  
37 authorized by law as of June 25, 1976 to participate in the insurance



1 program being transferred from and subject to payment by such members  
2 of all costs of insurance for members.

3 (2)(a) When the legislative authority of a county, municipality,  
4 or other political subdivision determines to so transfer, the state  
5 health care authority (~~shall~~) must:

6 (~~(a)~~) (i) Establish the conditions for participation; and

7 (~~(b)~~) (ii) Have the sole right to reject the application,  
8 except a group application from a county or other political  
9 subdivision of the state with fewer than five thousand employees must  
10 be approved.

11 (b) Approval of the application by the state health care  
12 authority (~~shall~~) effects a transfer of the employees involved to  
13 the insurance, self-insurance, or health care program applied for.

14 (3) Any application of this section to members of the law  
15 enforcement officers' and firefighters' retirement system under  
16 chapter 41.26 RCW is subject to chapter 41.56 RCW.

17 (4) School districts may voluntarily transfer, except that all  
18 eligible employees in a bargaining unit of a school district may  
19 transfer only as a unit and all nonrepresented employees in a  
20 district may transfer only as a unit.

21 **Sec. 302.** RCW 41.05.011 and 2015 c 116 s 2 are each amended to  
22 read as follows:

23 The definitions in this section apply throughout this chapter  
24 unless the context clearly requires otherwise.

25 (1) "Authority" means the Washington state health care authority.

26 (2) "Board" means the public employees' benefits board  
27 established under RCW 41.05.055.

28 (3) "Dependent care assistance program" means a benefit plan  
29 whereby state and public employees may pay for certain employment  
30 related dependent care with pretax dollars as provided in the salary  
31 reduction plan under this chapter pursuant to 26 U.S.C. Sec. 129 or  
32 other sections of the internal revenue code.

33 (4) "Director" means the director of the authority.

34 (5) "Emergency service personnel killed in the line of duty"  
35 means law enforcement officers and firefighters as defined in RCW  
36 41.26.030, members of the Washington state patrol retirement fund as  
37 defined in RCW 43.43.120, and reserve officers and firefighters as  
38 defined in RCW 41.24.010 who die as a result of injuries sustained in

1 the course of employment as determined consistent with Title 51 RCW  
2 by the department of labor and industries.

3 (6) "Employee" includes all employees of the state, whether or  
4 not covered by civil service; elected and appointed officials of the  
5 executive branch of government, including full-time members of  
6 boards, commissions, or committees; justices of the supreme court and  
7 judges of the court of appeals and the superior courts; and members  
8 of the state legislature. Pursuant to contractual agreement with the  
9 authority, "employee" may also include: (a) Employees of a county,  
10 municipality, or other political subdivision of the state and members  
11 of the legislative authority of any county, city, or town who are  
12 elected to office after February 20, 1970, if the legislative  
13 authority of the county, municipality, or other political subdivision  
14 of the state (~~seeks and receives the approval of~~) submits  
15 application materials to the authority to provide any of its  
16 insurance programs by contract with the authority, as provided in RCW  
17 41.04.205 and 41.05.021(1)(g); (b) employees of employee  
18 organizations representing state civil service employees, at the  
19 option of each such employee organization, and, effective October 1,  
20 1995, employees of employee organizations currently pooled with  
21 employees of school districts for the purpose of purchasing insurance  
22 benefits, at the option of each such employee organization; (c)  
23 employees of a school district if the authority agrees to provide any  
24 of the school districts' insurance programs by contract with the  
25 authority as provided in RCW 28A.400.350; (d) employees of a tribal  
26 government, if the governing body of the tribal government seeks and  
27 receives the approval of the authority to provide any of its  
28 insurance programs by contract with the authority, as provided in RCW  
29 41.05.021(1) (f) and (g); (e) employees of the Washington health  
30 benefit exchange if the governing board of the exchange established  
31 in RCW 43.71.020 seeks and receives approval of the authority to  
32 provide any of its insurance programs by contract with the authority,  
33 as provided in RCW 41.05.021(1) (g) and (n); and (f) employees of a  
34 charter school established under chapter 28A.710 RCW. "Employee" does  
35 not include: Adult family home providers; unpaid volunteers; patients  
36 of state hospitals; inmates; employees of the Washington state  
37 convention and trade center as provided in RCW 41.05.110; students of  
38 institutions of higher education as determined by their institution;  
39 and any others not expressly defined as employees under this chapter  
40 or by the authority under this chapter.

1 (7) "Employer" means the state of Washington.

2 (8) "Employing agency" means a division, department, or separate  
3 agency of state government, including an institution of higher  
4 education; a county, municipality, school district, educational  
5 service district, or other political subdivision; charter school; and  
6 a tribal government covered by this chapter.

7 (9) "Faculty" means an academic employee of an institution of  
8 higher education whose workload is not defined by work hours but  
9 whose appointment, workload, and duties directly serve the  
10 institution's academic mission, as determined under the authority of  
11 its enabling statutes, its governing body, and any applicable  
12 collective bargaining agreement.

13 (10) "Flexible benefit plan" means a benefit plan that allows  
14 employees to choose the level of health care coverage provided and  
15 the amount of employee contributions from among a range of choices  
16 offered by the authority.

17 (11) "Insuring entity" means an insurer as defined in chapter  
18 48.01 RCW, a health care service contractor as defined in chapter  
19 48.44 RCW, or a health maintenance organization as defined in chapter  
20 48.46 RCW.

21 (12) "Medical flexible spending arrangement" means a benefit plan  
22 whereby state and public employees may reduce their salary before  
23 taxes to pay for medical expenses not reimbursed by insurance as  
24 provided in the salary reduction plan under this chapter pursuant to  
25 26 U.S.C. Sec. 125 or other sections of the internal revenue code.

26 (13) "Participant" means an individual who fulfills the  
27 eligibility and enrollment requirements under the salary reduction  
28 plan.

29 (14) "Plan year" means the time period established by the  
30 authority.

31 (15) "Premium payment plan" means a benefit plan whereby state  
32 and public employees may pay their share of group health plan  
33 premiums with pretax dollars as provided in the salary reduction plan  
34 under this chapter pursuant to 26 U.S.C. Sec. 125 or other sections  
35 of the internal revenue code.

36 (16) "Retired or disabled school employee" means:

37 (a) Persons who separated from employment with a school district  
38 or educational service district and are receiving a retirement  
39 allowance under chapter 41.32 or 41.40 RCW as of September 30, 1993;

1 (b) Persons who separate from employment with a school district,  
2 educational service district, or charter school on or after October  
3 1, 1993, and immediately upon separation receive a retirement  
4 allowance under chapter 41.32, 41.35, or 41.40 RCW;

5 (c) Persons who separate from employment with a school district,  
6 educational service district, or charter school due to a total and  
7 permanent disability, and are eligible to receive a deferred  
8 retirement allowance under chapter 41.32, 41.35, or 41.40 RCW.

9 (17) "Salary" means a state employee's monthly salary or wages.

10 (18) "Salary reduction plan" means a benefit plan whereby state  
11 and public employees may agree to a reduction of salary on a pretax  
12 basis to participate in the dependent care assistance program,  
13 medical flexible spending arrangement, or premium payment plan  
14 offered pursuant to 26 U.S.C. Sec. 125 or other sections of the  
15 internal revenue code.

16 (19) "Seasonal employee" means an employee hired to work during a  
17 recurring, annual season with a duration of three months or more, and  
18 anticipated to return each season to perform similar work.

19 (20) "Separated employees" means persons who separate from  
20 employment with an employer as defined in:

21 (a) RCW 41.32.010(17) on or after July 1, 1996; or

22 (b) RCW 41.35.010 on or after September 1, 2000; or

23 (c) RCW 41.40.010 on or after March 1, 2002;

24 and who are at least age fifty-five and have at least ten years of  
25 service under the teachers' retirement system plan 3 as defined in  
26 RCW 41.32.010(33), the Washington school employees' retirement system  
27 plan 3 as defined in RCW 41.35.010, or the public employees'  
28 retirement system plan 3 as defined in RCW 41.40.010.

29 (21) "State purchased health care" or "health care" means medical  
30 and health care, pharmaceuticals, and medical equipment purchased  
31 with state and federal funds by the department of social and health  
32 services, the department of health, the basic health plan, the state  
33 health care authority, the department of labor and industries, the  
34 department of corrections, the department of veterans affairs, and  
35 local school districts.

36 (22) "Tribal government" means an Indian tribal government as  
37 defined in section 3(32) of the employee retirement income security  
38 act of 1974, as amended, or an agency or instrumentality of the  
39 tribal government, that has government offices principally located in  
40 this state.

1 (23) "Employer group" means those counties, municipalities,  
2 political subdivisions, the Washington health benefit exchange,  
3 tribal governments, school districts, and educational service  
4 districts, and employee organizations representing state civil  
5 service employees, obtaining employee benefits through a contractual  
6 agreement with the authority.

7 **Sec. 303.** RCW 41.05.050 and 2009 c 537 s 5 are each amended to  
8 read as follows:

9 (1) Every: (a) Department, division, or separate agency of state  
10 government; (b) county, municipal, school district, educational  
11 service district, or other political subdivisions; and (c) tribal  
12 governments as are covered by this chapter, (~~shall~~) must provide  
13 contributions to insurance and health care plans for its employees  
14 and their dependents, the content of such plans to be determined by  
15 the authority. Contributions, paid by the county, the municipality,  
16 other political subdivision, or a tribal government for their  
17 employees, (~~shall~~) must include an amount determined by the  
18 authority to pay such administrative expenses of the authority as are  
19 necessary to administer the plans for employees of those groups,  
20 except as provided in subsection (4) of this section.

21 (2) If the authority at any time determines that the  
22 participation of a county, municipal, other political subdivision, or  
23 a tribal government covered under this chapter adversely impacts  
24 insurance rates for state employees, the authority (~~shall implement~~  
25 ~~limitations on the participation of additional~~) may develop an  
26 employer-specific charge for each county, municipal, other political  
27 subdivision(~~s~~), or ((a)) tribal government that offsets a  
28 significant increase in insurance rates for state employees that  
29 could be caused by the participation of that employer.

30 (3) The contributions of any: (a) Department, division, or  
31 separate agency of the state government; (b) county, municipal, or  
32 other political subdivisions; and (c) any tribal government as are  
33 covered by this chapter, (~~shall~~) must be set by the authority,  
34 subject to the approval of the governor for availability of funds as  
35 specifically appropriated by the legislature for that purpose.  
36 Insurance and health care contributions for ferry employees (~~shall~~  
37 ~~be~~) are governed by RCW 47.64.270.

38 (4)(a) The authority (~~shall~~) must collect from each  
39 participating school district and educational service district an

1 amount equal to the composite rate charged to state agencies, plus an  
2 amount equal to the employee premiums by plan and family size as  
3 would be charged to state employees, for groups of district employees  
4 enrolled in authority plans. The authority may collect these amounts  
5 in accordance with the district fiscal year, as described in RCW  
6 28A.505.030.

7 (b) For all groups of district employees enrolling in authority  
8 plans for the first time after September 1, 2003, the authority  
9 (~~shall~~) must collect from each participating school district an  
10 amount equal to the composite rate charged to state agencies, plus an  
11 amount equal to the employee premiums by plan and by family size as  
12 would be charged to state employees, only if the authority determines  
13 that this method of billing the districts will not result in a  
14 material difference between revenues from districts and expenditures  
15 made by the authority on behalf of districts and their employees. The  
16 authority may collect these amounts in accordance with the district  
17 fiscal year, as described in RCW 28A.505.030.

18 (c) If the authority determines at any time that the conditions  
19 in (b) of this subsection cannot be met, the authority (~~shall~~) must  
20 offer enrollment to additional groups of district employees on a  
21 tiered rate structure until such time as the authority determines  
22 there would be no material difference between revenues and  
23 expenditures under a composite rate structure for all district  
24 employees enrolled in authority plans.

25 (d) The authority may charge districts a one-time set-up fee for  
26 employee groups enrolling in authority plans for the first time.

27 (e) For the purposes of this subsection:

28 (i) "District" means school district and educational service  
29 district; and

30 (ii) "Tiered rates" means the amounts the authority must pay to  
31 insuring entities by plan and by family size.

32 (f) Notwithstanding this subsection and RCW 41.05.065(4), the  
33 authority may allow districts enrolled on a tiered rate structure  
34 prior to September 1, 2002, to continue participation based on the  
35 same rate structure and under the same conditions and eligibility  
36 criteria.

37 (5) The authority (~~shall~~) must transmit a recommendation for  
38 the amount of the employer contribution to the governor and the  
39 director of financial management for inclusion in the proposed  
40 budgets submitted to the legislature.

1 **PART IV**

2 **Sales and Use Tax for Cities to Offset Municipal Service Costs to**  
3 **Newly Annexed Areas**

4 **Sec. 401.** RCW 82.14.415 and 2011 c 353 s 10 are each amended to  
5 read as follows:

6 (1) The legislative authority of any city that is located in a  
7 county with a population greater than six hundred thousand that  
8 annexes an area consistent with its comprehensive plan required by  
9 chapter 36.70A RCW may impose a sales and use tax in accordance with  
10 the terms of this chapter. The tax is in addition to other taxes  
11 authorized by law and is collected from those persons who are taxable  
12 by the state under chapters 82.08 and 82.12 RCW upon the occurrence  
13 of any taxable event within the city. The tax may only be imposed by  
14 a city if:

15 (a) The city has commenced annexation of an area having a  
16 population of at least ten thousand people, or four thousand in the  
17 case of a city described under subsection (3)(a)(i) of this section,  
18 prior to January 1, 2015; and

19 (b) The city legislative authority determines by resolution or  
20 ordinance that the projected cost to provide municipal services to  
21 the annexation area exceeds the projected general revenue that the  
22 city would otherwise receive from the annexation area on an annual  
23 basis.

24 (2) The tax authorized under this section is a credit against the  
25 state tax under chapter 82.08 or 82.12 RCW. The department of revenue  
26 must perform the collection of such taxes on behalf of the city at no  
27 cost to the city and must remit the tax to the city as provided in  
28 RCW 82.14.060.

29 (3)(a) Except as provided in (b) of this subsection, the maximum  
30 rate of tax any city may impose under this section is:

31 (i) 0.1 percent for each annexed area in which the population is  
32 greater than ten thousand and less than twenty thousand. The ten  
33 thousand population threshold in this subsection (3)(a)(i) is four  
34 thousand for a city with a population between one hundred fifteen  
35 thousand and one hundred forty thousand and located within a county  
36 with a population over one million five hundred thousand; and

37 (ii) 0.2 percent for an annexed area in which the population is  
38 greater than twenty thousand.

1 (b) Beginning July 1, 2011, the maximum rate of tax imposed under  
2 this section is 0.85 percent for an annexed area in which the  
3 population is greater than sixteen thousand if the annexed area was,  
4 prior to November 1, 2008, officially designated as a potential  
5 annexation area by more than one city, one of which has a population  
6 greater than four hundred thousand.

7 (4)(a) Except as provided in (b) of this subsection, the maximum  
8 cumulative rate of tax a city may impose under subsection (3)(a) of  
9 this section is 0.2 percent for the total number of annexed areas the  
10 city may annex.

11 (b) The maximum cumulative rate of tax a city may impose under  
12 subsection (3)(a) of this section is 0.3 percent, beginning July 1,  
13 2011, if the city commenced annexation of an area, prior to January  
14 1, 2010, that would have otherwise allowed the city to increase the  
15 rate of tax imposed under this section absent the rate limit imposed  
16 in (a) of this subsection.

17 (c) The maximum cumulative rate of tax a city may impose under  
18 subsection (3)(b) of this section is 0.85 percent for the single  
19 annexed area the city may annex and the amount of tax distributed to  
20 a city under subsection (3)(b) of this section may not exceed  
21 (~~five~~) eight million dollars per fiscal year.

22 (5)(a) Except as provided in (b) of this subsection, the tax  
23 imposed by this section may only be imposed at the beginning of a  
24 fiscal year and may continue for no more than ten years from the date  
25 that each increment of the tax is first imposed. Tax rate increases  
26 due to additional annexed areas are effective on July 1st of the  
27 fiscal year following the fiscal year in which the annexation  
28 occurred, provided that notice is given to the department as set  
29 forth in subsection (9) of this section.

30 (b) The tax imposed under subsection (3)(b) of this section may  
31 only be imposed at the beginning of a fiscal year and may continue  
32 for no more than six years from the date that each increment of the  
33 tax is first imposed.

34 (6) All revenue collected under this section may be used solely  
35 to provide, maintain, and operate municipal services for the  
36 annexation area.

37 (7) The revenues from the tax authorized in this section may not  
38 exceed that which the city deems necessary to generate revenue equal  
39 to the difference between the city's cost to provide, maintain, and  
40 operate municipal services for the annexation area and the general



1 revenues that the cities would otherwise expect to receive from the  
2 annexation during a year. If the revenues from the tax authorized in  
3 this section and the revenues from the annexation area exceed the  
4 costs to the city to provide, maintain, and operate municipal  
5 services for the annexation area during a given year, the city must  
6 notify the department and the tax distributions authorized in this  
7 section must be suspended for the remainder of the year.

8 (8) No tax may be imposed under this section before July 1, 2007.  
9 Before imposing a tax under this section, the legislative authority  
10 of a city must adopt an ordinance that includes the following:

11 (a) A certification that the amount needed to provide municipal  
12 services to the annexed area reflects the city's true and actual  
13 costs;

14 (b) The rate of tax under this section that is imposed within the  
15 city; and

16 (c) The threshold amount for the first fiscal year following the  
17 annexation and passage of the ordinance.

18 (9) The tax must cease to be distributed to the city for the  
19 remainder of the fiscal year once the threshold amount has been  
20 reached. No later than March 1st of each year, the city must provide  
21 the department with a certification of the city's true and actual  
22 costs to provide municipal services to the annexed area, a new  
23 threshold amount for the next fiscal year, and notice of any  
24 applicable tax rate changes. Distributions of tax under this section  
25 must begin again on July 1st of the next fiscal year and continue  
26 until the new threshold amount has been reached or June 30th,  
27 whichever is sooner. Any revenue generated by the tax in excess of  
28 the threshold amount belongs to the state of Washington. Any amount  
29 resulting from the threshold amount less the total fiscal year  
30 distributions, as of June 30th, may not be carried forward to the  
31 next fiscal year.

32 (10) The tax must cease to be distributed to a city imposing the  
33 tax under subsection (3)(b) of this section for the remainder of the  
34 fiscal year, if the total distributions to the city imposing the tax  
35 exceed ((five)) eight million dollars for the fiscal year. A city may  
36 not impose tax under subsection (3)(b) of this section unless the  
37 annexation is approved by a vote of the people residing within the  
38 annexed area. A city may not impose tax under subsection (3)(b) of  
39 this section if it provides sewer service in the annexed area.

1 (11) The resident population of the annexation area must be  
2 determined in accordance with chapter 35.13 or 35A.14 RCW.

3 (12) The following definitions apply throughout this section  
4 unless the context clearly requires otherwise:

5 (a) "Annexation area" means an area that has been annexed to a  
6 city under chapter 35.13 or 35A.14 RCW. "Annexation area" includes  
7 all territory described in the city resolution.

8 (b) "Commenced annexation" means the initiation of annexation  
9 proceedings has taken place under the direct petition method or the  
10 election method under chapter 35.13 or 35A.14 RCW.

11 (c) "Department" means the department of revenue.

12 (d) "Municipal services" means those services customarily  
13 provided to the public by city government.

14 (e) "Fiscal year" means the year beginning July 1st and ending  
15 the following June 30th.

16 (f) "Potential annexation area" means one or more geographic  
17 areas that a city has officially designated for potential future  
18 annexation, as part of its comprehensive plan adoption process under  
19 the state growth management act, chapter 36.70A RCW.

20 (g) "Threshold amount" means the maximum amount of tax  
21 distributions as determined by the city in accordance with subsection  
22 (7) of this section that the department must distribute to the city  
23 generated from the tax imposed under this section in a fiscal year.

24 **PART V**

25 **Miscellaneous Provisions**

26 NEW SECTION. **Sec. 501.** If any provision of this act or its  
27 application to any person or circumstance is held invalid, the  
28 remainder of the act or the application of the provision to other  
29 persons or circumstances is not affected.

30 NEW SECTION. **Sec. 502.** This act takes effect August 1, 2015.

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