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HOUSE BILL 3171

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State of Washington                      56th Legislature                      2000 1 Special Session

By Representatives Quall, Talcott, H. Sommers, Huff, Rockefeller, Woods, Schual-Berke, Alexander, Haigh, Schindler, Keiser, Boldt, Stensen, Mielke, Santos, Bush, Linville, McDonald, Hurst, Hankins, Conway, Kessler, Kastama, Ruderman, Edwards, Scott, Dunshee, Constantine, Romero, Mulliken, Carlson, Sump, Wensman, Esser, Dunn, Van Luven, Skinner, G. Chandler, Ballasiotes, Radcliff, Thomas, Ogden, Cody, Barlean, Cooper, Wood, Regala, Miloscia, O'Brien, Anderson, Wolfe, Lovick, Lantz, Tokuda, Morris, Dickerson, Voloria, Fisher, Benson, Sullivan, Lisk, Parlette, Campbell, Fortunato, D. Schmidt, Clements, Buck, Pennington and Mastin

Read first time 03/21/2000. Referred to Committee on Appropriations.

1            AN ACT Relating to improving funding for education; amending RCW  
2 43.135.035, 67.70.040, and 67.70.240; adding a new section to chapter  
3 28A.300 RCW; and providing an effective date.

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

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

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

14            (2) Allocations received under this section shall be used for only  
15 the following new and expanded educational enhancements:

16            (a) To reduce class sizes in kindergarten through fourth grade by  
17 hiring additional certificated teachers and paying nonemployee-related  
18 costs associated with those additional teachers;

1 (b) To make selected reductions in class sizes in grades five  
2 through twelve;

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

8 (d) To provide additional professional development for certificated  
9 and classified staff, including additional paid time for curriculum and  
10 lesson redesign and development work, training to ensure that  
11 instruction is aligned with state standards and student needs,  
12 reimbursement for higher education costs related to enhancing skills  
13 and knowledge, extended year and extended day teaching contracts, and  
14 mentoring programs to match new teachers with skilled master teachers;

15 (e) To provide new and expanded developmental preschool programs  
16 designed to prepare prekindergarten children for successful learning;  
17 and

18 (f) To provide improvements or additions to school building  
19 facilities, which improvements or additions are directly related to the  
20 new or expanded services in (a) through (c) of this subsection.

21 (3) Expenditure of better schools fund moneys for salary increases  
22 or additional compensation must be directly related to additional  
23 duties or enhanced programs under this section. Payments made under  
24 this section are not basic education program salaries under RCW  
25 28A.400.200.

26 (4) School districts are prohibited from using moneys allocated  
27 under this section for loan repayment or for debt service.

28 (5) The educational enhancements provided pursuant to this section  
29 are not within the state's program of basic education.

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

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

1 (2)(a) If the legislative action under subsection (1) of this  
2 section will result in expenditures in excess of the state expenditure  
3 limit, then the action of the legislature shall not take effect until  
4 approved by a vote of the people at a November general election. The  
5 office of financial management shall adjust the state expenditure limit  
6 by the amount of additional revenue approved by the voters under this  
7 section. This adjustment shall not exceed the amount of revenue  
8 generated by the legislative action during the first full fiscal year  
9 in which it is in effect. The state expenditure limit shall be  
10 adjusted downward upon expiration or repeal of the legislative action.

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

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

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

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

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

35 (4) If the cost of any state program or function is shifted from  
36 the state general fund on or after January 1, 1993, to another source  
37 of funding, or if moneys are transferred from the state general fund to  
38 another fund or account, the office of financial management shall lower

1 the state expenditure limit to reflect the shift. This subsection does  
2 not apply to transfers to the better schools fund under RCW 67.70.040  
3 and 67.70.240.

4 **Sec. 3.** RCW 67.70.040 and 1994 c 218 s 4 are each amended to read  
5 as follows:

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

7 (1) To promulgate such rules governing the establishment and  
8 operation of a state lottery as it deems necessary and desirable in  
9 order that such a lottery be initiated at the earliest feasible and  
10 practicable time, and in order that such lottery produce the maximum  
11 amount of net revenues for the state consonant with the dignity of the  
12 state and the general welfare of the people. Such rules shall include,  
13 but shall not be limited to, the following:

14 (a) The type of lottery to be conducted which may include the  
15 selling of tickets or shares. The use of electronic or mechanical  
16 devices or video terminals which allow for individual play against such  
17 devices or terminals shall be prohibited. Approval of the legislature  
18 shall be required before entering any agreement with other state  
19 lotteries to conduct shared games;

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

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

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

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

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

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

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

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

37 (j) The manner and amount of compensation, if any, to be paid  
38 licensed sales agents necessary to provide for the adequate

1 availability of tickets or shares to prospective buyers and for the  
2 convenience of the public;

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

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

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

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

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

23 **Sec. 4.** RCW 67.70.240 and 1997 c 220 s 206 are each amended to  
24 read as follows:

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

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

28 (2) For purposes of making deposits into the reserve account  
29 created by RCW 67.70.250 and into the lottery administrative account  
30 created by RCW 67.70.260;

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

33 (4) For distribution to a county for the purpose of paying the  
34 principal and interest payments on bonds issued by the county to  
35 construct a baseball stadium, as defined in RCW 82.14.0485, including  
36 reasonably necessary preconstruction costs. Three million dollars  
37 shall be distributed under this subsection during calendar year 1996.  
38 During subsequent years, such distributions shall equal the prior

1 year's distributions increased by four percent. Distributions under  
2 this subsection shall cease when the bonds issued for the construction  
3 of the baseball stadium are retired, but not more than twenty years  
4 after the tax under RCW 82.14.0485 is first imposed;

5 (5) For distribution to the stadium and exhibition center account,  
6 created in RCW 43.99N.060. Subject to the conditions of RCW  
7 43.99N.070, six million dollars shall be distributed under this  
8 subsection during the calendar year 1998. During subsequent years,  
9 such distribution shall equal the prior year's distributions increased  
10 by four percent. No distribution may be made under this subsection  
11 after December 31, 1999, unless the conditions for issuance of the  
12 bonds under RCW 43.99N.020(2) are met. Distributions under this  
13 subsection shall cease when the bonds are retired, but not later than  
14 December 31, 2020;

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

17 (7) For the payment of agent compensation.

18 The office of financial management shall require the allotment of  
19 all expenses paid from the account and shall report to the ways and  
20 means committees of the senate and house of representatives any changes  
21 in the allotments.

22 NEW SECTION. **Sec. 5.** This act takes effect January 1, 2001.

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