
SENATE BILL 5802

State of Washington

56th Legislature

1999 Regular Session

By Senators Fairley, Hochstatter, Honeyford, Spanel and Franklin

Read first time 02/09/1999. Referred to Committee on Labor & Workforce Development.

1 AN ACT Relating to telecommunications contractors and
2 installations; amending RCW 43.84.092 and 43.84.092; adding a new
3 chapter to Title 18 RCW; prescribing penalties; providing an effective
4 date; and providing an expiration date.

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

6 NEW SECTION. **Sec. 1.** Definitions. The definitions of this
7 section apply throughout this chapter unless the context clearly
8 requires otherwise.

9 (1) "Backbone cabling systems" means a system that provides
10 interconnections between telecommunications closets, equipment rooms,
11 and entrance facilities in the telecommunications cabling system
12 structure. Backbone cabling consists of the backbone cables,
13 intermediate and main cross-connects, mechanical terminations, and
14 patch cords or jumpers used for backbone to backbone cross-connection.
15 Backbone cabling also includes cabling between buildings.

16 (2) "Board" means the telecommunications board created in section
17 5 of this act.

18 (3) "Department" means the department of labor and industries.

1 (4) "Director" means the director of the department or the
2 director's designee.

3 (5) "Horizontal cabling systems" means the portions of the
4 telecommunications cabling system that extends from the work area
5 telecommunications outlet or connector to the telecommunications
6 closet. The horizontal cabling includes the horizontal cables, the
7 telecommunications outlet or connector in the work area, the mechanical
8 termination, and horizontal cross-connections located in the
9 telecommunications closet.

10 (6) "Network demarcation point" means the point or interconnection
11 between the service provider's communications cabling, terminal
12 equipment, and protective apparatus and the customer's premises
13 telecommunications cabling system. The location of this point for
14 regulated carriers is determined by federal and state regulations. The
15 carrier should be contacted to determine the location policies in
16 effect in the area.

17 (7) "Scope of work" means the work of a telecommunications
18 contractor. This includes the installation, maintenance, and testing
19 of telecommunications systems, equipment, and associated hardware. The
20 scope includes installations of supporting hardware and pathway systems
21 including cable tray and flex tray rated exclusively for
22 telecommunications cabling; the scope also includes open wireway
23 systems of telecommunications cables, surface metallic or nonmetallic
24 raceway designated and used exclusively for telecommunications, optical
25 fiber innerduct raceway, underground raceways designated and used
26 exclusively for telecommunications, and incidental short sections of
27 circular raceway for access or protection of telecommunications
28 cabling.

29 (8) "Telecommunications administrator" means a person designated by
30 a telecommunications contractor to supervise the installation of
31 telecommunications systems in accordance with rules adopted under this
32 chapter.

33 (9) "Telecommunications closet" means a room for housing
34 telecommunications equipment, cable terminations, and cross-connect
35 wiring that serve that particular floor. The closet is the recognized
36 transition point between the backbone and horizontal pathway
37 facilities.

38 (10) "Telecommunications contractor" means a person, firm,
39 partnership, corporation, or other entity that advertises, offers to

1 undertake, undertakes, submits a bid for, or does the work of
2 installing or maintaining telecommunications systems.

3 (11) "Telecommunications systems" means structured cabling systems
4 that begin at the demarcation point between the local service provider
5 and the customer's premises structured cabling system. A structured
6 cabling system is the complete collective configuration of cabling and
7 associated hardware at a given site and installed to perform specific
8 telecommunications functions.

9 (a) Telecommunications systems encompass all forms of information
10 generation, processing, and transporting of signals conveyed
11 electronically or optically within or between buildings, including
12 voice, data, video, and audio.

13 (b) Telecommunications systems include structured cabling systems,
14 compatible connecting hardware, telecommunications equipment, premises
15 switching equipment, infrared, fiber optic, radio-frequency, and other
16 limited-energy interconnections associated with telecommunications
17 systems or appliances.

18 (c) Telecommunications systems do not include horizontal cabling
19 used for fire protection signaling systems, intrusion alarms, access
20 control systems, patient monitoring systems, energy management control
21 systems, industrial and automation control systems, HVAC/refrigeration
22 control systems, lighting control systems, and stand-alone amplified
23 sound or public address systems.

24 (d) Telecommunications systems may interface with other building
25 signal systems including security, alarms, and energy management at
26 cross-connection junctions within telecommunications closets or at
27 extended points of demarcation. Telecommunications systems do not
28 include the installation or termination of premises line voltage
29 service, feeder, or branch circuit conductors or equipment.

30 (12) "Workstation" means a building space where the occupant
31 normally interacts with telecommunications equipment. The
32 telecommunications outlet in the work area is the point at which end-
33 user equipment plugs into the building telecommunications utility
34 formed by the pathway, space, and building wiring system.

35 NEW SECTION. **Sec. 2.** (1) All installations of wires and equipment
36 defined as telecommunications systems are subject to the requirements
37 of this chapter. Installations shall be in conformity with approved
38 methods of construction for safety to life and property. The national

1 electrical code approved standards of the telecommunications industries
2 association, the electronic industries association, the American
3 national standards institute, and other safety standards approved by
4 the department shall be evidence of approved methods of installation.

5 (2) This chapter may not limit the authority or power of any city
6 or town to enact and enforce under authority given by law in RCW
7 19.28.360, any ordinance, or rule requiring an equal, higher, or better
8 standard of construction and an equal, higher, or better standard of
9 materials, devices, appliances, and equipment than that required by
10 this chapter.

11 NEW SECTION. **Sec. 3.** (1) It is unlawful for any person, firm,
12 partnership, corporation, or other entity to advertise, offer to do
13 work, submit a bid, engage in, conduct, or carry on the business of
14 installing or maintaining telecommunications systems without having a
15 telecommunications contractor registration. Telecommunications
16 contractors registered under this chapter are not required to be
17 registered under chapter 18.27 RCW or licensed under chapter 19.28 RCW.
18 All telecommunications registrations expire twenty-four calendar months
19 following the day of their issue. A telecommunications contractor
20 registration is not required for persons making telecommunications
21 installations on their own property or for regularly employed employees
22 working on the premises of their employer.

23 (2) Application for a telecommunications contractor registration
24 shall be made in writing to the department accompanied by the required
25 fee. The applications shall state:

26 (a) The name and address of the applicant. In the case of firms or
27 partnerships, the applications shall state the names of the individuals
28 composing the firm or partnership. In the case of corporations, the
29 applications shall state the names of the corporation's managing
30 officials;

31 (b) The location of the place of business of the applicant and the
32 name under which the business is conducted;

33 (c) The employer social security number or tax identification
34 number;

35 (d) Evidence of workers' compensation coverage for the applicant's
36 employees working in Washington, as follows:

37 (i) The applicant's industrial insurance account number issued by
38 the department;

1 (ii) The applicant's self-insurer number issued by the department;

2 or

3 (iii) For applicants domiciled in a state or province of Canada
4 subject to an agreement entered into under RCW 51.12.120(7), as
5 permitted by the agreement, filing a certificate of coverage issued by
6 the agency that administers the workers' compensation law in the
7 applicant's state or province of domicile certifying that the applicant
8 has secured the payment of compensation under the other state's or
9 province's workers' compensation law;

10 (e) The employment security department number; and

11 (f) The state excise tax registration number.

12 (3) The unified business identifier account number may be
13 substituted for the information required by subsection (2)(d), (e), and
14 (f) of this section if the applicant will not employ employees in
15 Washington.

16 (4) The department may verify the workers' compensation coverage
17 information provided by the applicant under subsection (2)(d) of this
18 section including, but not limited to, information regarding the
19 coverage of an individual employee of the applicant. If coverage is
20 provided under the laws of another state, the department may notify the
21 other state that the applicant is employing employees in Washington.

22 (5) To obtain a telecommunications contractor registration the
23 applicant must designate an individual who currently possesses a
24 telecommunications administrator certificate. To obtain an
25 administrator's certificate an individual must pass an examination as
26 set forth in section 4 of this act. Examination criteria will be
27 determined by the board.

28 (6) No examination may be required of any applicant for an
29 administrator certificate who was engaged as a bona fide registered or
30 licensed contractor performing telecommunications installations, or of
31 an employee, principle, or officer of a bona fide registered or
32 licensed contractor performing telecommunications installations in the
33 state of Washington on or before the effective date of this act.
34 Applicants qualifying under this section shall be issued an
35 administrator certificate by the department upon making an application
36 and paying the required fee. Individuals must apply before July 1,
37 2003, to qualify for an administrator certificate without examination
38 under this section. The board shall certify to the department the
39 names of all persons entitled to this administrator certificate.

1 (7) The application for a contractor registration shall be
2 accompanied by a bond in the sum of four thousand dollars with the
3 state of Washington named as obligee in the bond, with good and
4 sufficient surety, to be approved by the department. The bond shall at
5 all times be kept in full force and effect, and any cancellation or
6 revocation thereof, or withdrawal of the surety therefrom, suspends the
7 registration issued to the principal until a new bond has been filed
8 and approved as provided in this section. Upon approval of a bond, the
9 department shall, on the next business day, deposit the fee
10 accompanying the application in the telecommunications fund and shall
11 file the bond in the office. The department shall, upon request,
12 furnish to any person, firm, partnership, corporation, or other entity
13 a certified copy of the bond upon the payment of a fee that the
14 department shall set by rule. The fee shall cover but not exceed the
15 cost of furnishing the certified copy. The bond shall be conditioned
16 that the principal will pay for all labor, including employee benefits,
17 and material furnished or used upon the work, taxes and contributions
18 to the state of Washington, and all damages that may be sustained by
19 any person, firm, partnership, corporation, or other entity due to a
20 failure of the principal to make the installation or maintenance in
21 accordance with this chapter. In lieu of the surety bond required by
22 this section the applicant may file with the department a cash deposit
23 or other negotiable security acceptable to the department. If the
24 applicant has filed a cash deposit, the department shall deposit the
25 funds in a special trust savings account in a commercial bank, mutual
26 savings bank, or savings and loan association and shall pay annually to
27 the depositor the interest derived from the account.

28 (8) Any person, firm, or corporation sustaining any damage or
29 injury by reason of the principal's breach of the conditions of the
30 bond required under this section may bring an action against the surety
31 named therein, joining in the action the principal named in the bond;
32 the action shall be brought in the superior court of any county in
33 which the principal on the bond resides or transacts business, or in
34 the county in which the work was performed as a result of which the
35 breach is alleged to have occurred; the action shall be maintained and
36 prosecuted as other civil actions. Claims or actions against the
37 surety on the bond shall be paid in full in the following order of
38 priority: (a) Labor, including employee benefits, (b) materials and
39 equipment used upon such work, (c) taxes and contributions due to the

1 state, (d) damages sustained by any person, firm, or corporation due to
2 the failure of the principal to make the installation in accordance
3 with this chapter, or any ordinance, building code, or regulation
4 applicable thereto. However, the total liability of the surety on any
5 bond may not exceed the sum of four thousand dollars, and the surety on
6 the bond may not be liable for monetary penalties. Any action shall be
7 brought within one year from the completion of the work in the
8 performance of which the breach is alleged to have occurred. The
9 surety shall mail a conformed copy of the judgment against the bond to
10 the department within seven days. In the event that a cash or
11 securities deposit has been made in lieu of the surety bond, and in the
12 event of a judgment being entered against the depositor and deposit,
13 the director shall upon receipt of a certified copy of a final
14 judgment, pay the judgment from the deposit.

15 NEW SECTION. **Sec. 4.** (1) Each applicant for a telecommunications
16 contractor registration shall designate a supervisory employee or
17 member of the firm to take the administrator's examination. This
18 person shall be designated as administrator under the contractor's
19 registration. No person may qualify as administrator for more than one
20 contractor. If the relationship of the administrator with the
21 telecommunications contractor is terminated, the contractor's
22 registration is void within ninety days unless another administrator is
23 qualified by the board. However, if the administrator dies, the
24 contractor's registration is void within one hundred eighty days unless
25 another administrator is qualified by the board.

26 (2) A certificate issued under this section is valid for two years
27 from the nearest birthdate of the administrator, unless revoked or
28 suspended, and is nontransferable. The certificate may be renewed for
29 a two-year period without examination by appropriate application unless
30 the certificate has been revoked, suspended, or not renewed within
31 ninety days after the expiration date. If the certificate is not
32 renewed before the expiration date, the individual shall pay twice the
33 usual fee. A person may take the administrator's test as many times as
34 necessary to pass, without limit.

35 (3) The administrator shall:

36 (a) Be a member of the firm or a supervisory employee and shall be
37 available during working hours to carry out the duties of an
38 administrator under this section;

1 (b) Ensure that all telecommunications work complies with the
2 telecommunication installation laws and rules;

3 (c) Ensure proper permits are required and inspections made;

4 (d) See that corrective notices issued by an inspecting authority
5 are complied with; and

6 (e) Notify the department in writing within ten days if the
7 administrator terminates the relationship with the telecommunications
8 contractor.

9 NEW SECTION. **Sec. 5.** (1) There is created a telecommunications
10 board, consisting of seven members to be appointed by the governor with
11 the advice of the director as provided in this section.

12 (2) It is the purpose and function of the board to advise the
13 director on all matters pertaining to the enforcement of this chapter
14 including, but not limited to, standards of installation, minimum
15 inspection procedures, and the adoption of rules pertaining to this
16 chapter. However, no rules may be amended or repealed until the board
17 has had an opportunity to consider any proposed amendments or repeals,
18 and to make recommendations to the director relative thereto.

19 (3) The members of the board shall be selected and appointed as
20 follows: Two members representing workers in the telecommunications
21 industry; two members representing telecommunications contractors, with
22 one contractor member being a telephone company representative; one
23 member shall be a certified telecommunications administrator; one
24 member shall be a manufacturer in the telecommunications industry; and
25 one member representing the public.

26 (4) The governor shall appoint or reappoint board members for terms
27 of four years, except the governor may appoint the initial members to
28 staggered terms of from one to three years. The governor shall fill
29 vacancies caused by death, resignation, or otherwise for the unexpired
30 term of such members by appointing their successors from the same
31 business classification. The same procedure is followed in making such
32 subsequent appointments as is provided for the original appointments.
33 The board, at this first meeting shall elect one of its members to
34 serve as chair. The department in conjunction with the board shall
35 develop rules to govern board procedure.

36 (5) Meetings of the board shall be held at least quarterly in
37 accordance with a schedule established by the board. Each member of
38 the board shall receive compensation in accordance with RCW 43.03.240

1 and shall be reimbursed for travel expenses in accordance with RCW
2 43.03.050 and 43.03.060. Compensation is paid out of the
3 telecommunications fund, on vouchers approved by the director.

4 (6) The chief electrical inspector may serve as staff support and
5 secretary of the board, but may not be a voting member.

6 NEW SECTION. **Sec. 6.** All sums received from registrations, permit
7 fees, or other sources, shall be paid to the state treasurer and placed
8 in a special fund designated as the telecommunications fund. The
9 director or the director's designee, upon approval by the board, shall
10 issue vouchers for sums necessary to accomplish the intent of this
11 chapter to be paid regularly by the state treasurer. The treasurer
12 shall keep an accurate record of payments into, or receipts of, the
13 fund, and of all disbursements therefrom.

14 NEW SECTION. **Sec. 7.** (1) The director, after consulting with the
15 board and receiving the board's recommendations, shall set a schedule
16 of registration, work permit fees, and penalty fees that will cover the
17 costs of administration and enforcement of this chapter. The rules
18 shall be adopted in accordance with the administrative procedure act,
19 chapter 34.05 RCW.

20 (2) The director, after consulting with the board and receiving the
21 board's recommendations, shall adopt reasonable rules in furtherance of
22 safety to life and property. All rules shall be kept on file by the
23 department. Compliance with the rules shall be prima facie evidence of
24 compliance with this chapter. The department, upon request, shall
25 deliver a copy of the rules to all persons, firms, partnerships,
26 corporations, or other entities licensed under this chapter.

27 NEW SECTION. **Sec. 8.** (1) The director and the officials of all
28 incorporated cities and towns where electrical inspections are required
29 by local ordinances, allowed by RCW 19.28.360, have the power to
30 enforce this chapter in their jurisdictions.

31 (2) The director, through the chief electrical inspector and other
32 inspectors appointed under RCW 19.28.070, shall enforce this chapter.
33 Compliance enforcement may be performed by contractor compliance
34 inspectors appointed under chapter 18.27 RCW. The expenses of the
35 director and the salaries and expenses of state inspectors incurred in
36 carrying out the provisions of this chapter shall be paid entirely out

1 of the telecommunications dedicated fund, on vouchers approved by the
2 director.

3 NEW SECTION. **Sec. 9.** (1) The director shall require permits for
4 and cause an inspector to inspect all installations of
5 telecommunications systems on the customer side of the demarcation line
6 for projects greater than ten outlets. However:

7 (a) All projects penetrating fire barriers, passing through
8 hazardous locations and all riser backbone installations regardless of
9 size shall be inspected;

10 (b) All installations in single-family and duplex residences do not
11 require inspections;

12 (c) No permits or inspections may be required for installation or
13 replacement of cord and plug connected telecommunications equipment or
14 for patch cord and jumper cross-connected equipment.

15 (2) Upon request, the department shall make the required inspection
16 within forty-eight hours. The forty-eight hour period excludes
17 holidays, Saturdays, and Sundays.

18 (3) A written report of the inspection, which plainly and clearly
19 states any corrections or changes required, shall be made by the
20 inspector. A copy of the report shall be furnished to the person or
21 entity doing the installation work, and a copy shall be filed by the
22 department.

23 (4) Whenever the installation of any telecommunications cabling and
24 associated hardware is not in accordance with this chapter, or is in
25 such a condition as to be dangerous to life or property, the person,
26 firm, partnership, corporation, or other entity owning, using, or
27 operating it shall be notified by the department and shall within
28 fifteen working days, or such further reasonable time as may upon
29 request be granted, make such repairs and changes as are required to
30 remove the danger to life or property and to make it conform to this
31 chapter. The director, through the inspector, is empowered to
32 disconnect or order the discontinuance of the telecommunications
33 cabling or electrical service to conductors or equipment that are found
34 to be in a dangerous or unsafe condition and not in accordance with
35 this chapter. Upon making a disconnection, the inspector shall attach
36 a notice stating that the conductors have been found dangerous to life
37 or property and are not in accordance with this chapter. It is
38 unlawful for any person to reconnect such defective conductors or

1 equipment without the approval of the department, and until the
2 conductors and equipment have been placed in a safe and secure
3 condition that complies with this chapter.

4 (5) The director, through the electrical inspector, has the right
5 during reasonable hours to enter into and upon any building or premises
6 in the discharge of his or her official duties for the purpose of
7 making any inspection or test of the installation of new or altered
8 telecommunications systems contained in or on the buildings or
9 premises. No telecommunications cabling subject to this chapter may be
10 concealed until it has been approved by the inspector making the
11 inspection. At the time of the inspection, wiring or equipment subject
12 to this chapter must be sufficiently accessible to permit the inspector
13 to verify installation conformance with the adopted codes and any other
14 requirements of this chapter.

15 NEW SECTION. **Sec. 10.** (1) It is unlawful for any person, firm,
16 partnership, corporation, or other entity to install or maintain any
17 telecommunications cabling and associated hardware in violation of this
18 chapter. When the interpretation and application of the installation
19 or maintenance standards provided for in this chapter are in dispute or
20 in doubt, the board shall, upon application of any interested person,
21 firm, partnership, corporation, or other entity, determine the methods
22 of installation or maintenance of the cabling materials and hardware to
23 be used in the case submitted for its decision.

24 (2) Any person, firm, partnership, corporation, or other entity
25 desiring a decision of the board under this section shall, in writing,
26 notify the director of such desire and shall accompany the notice with
27 a certified check payable to the department in the sum of two hundred
28 dollars. The notice shall specify the ruling or interpretation desired
29 and the contention of the person, firm, partnership, corporation, or
30 other entity as to the proper interpretation or application on the
31 question on which a decision is desired. If the board determines that
32 the contention of the applicant for a decision was proper, the two
33 hundred dollars shall be returned to the applicant; otherwise it shall
34 be used in paying the expenses and per diem of the members of the board
35 in connection with the matter. Any portion of the two hundred dollars
36 not used in paying the per diem and expenses of the board in the case
37 shall be paid into the telecommunications fund.

1 NEW SECTION. **Sec. 11.** Any person, firm, partnership, corporation,
2 or other entity violating any of the provisions of this chapter shall
3 be assessed a penalty of not less than one hundred dollars or more than
4 ten thousand dollars per violation. The department, after consulting
5 with the board and receiving the board's recommendations, shall set by
6 rule a schedule of penalties for violating this chapter. The
7 department shall notify the person, firm, partnership, corporation, or
8 other entity violating any of these provisions of the amount of the
9 penalty and of the specific violation. The notice shall be sent by
10 certified mail, return receipt requested, to the last known address of
11 the assessed party. Penalties are subject to review by an appeal to
12 the board. The filing of an appeal stays the effect of the penalty
13 until the board makes its decision. The appeal shall be filed within
14 twenty days after notice of the penalty is given to the assessed party,
15 and shall be made by filing a written notice of appeal with the
16 department. The notice shall be accompanied by a certified check for
17 two hundred dollars, that shall be returned to the assessed party if
18 the decision of the department is not sustained by the board. If the
19 board sustains the decision of the department, the two hundred dollars
20 shall be applied by the department to the payment of the per diem and
21 expenses of the members of the board incurred in the matter, and any
22 balance remaining after payment of per diem and expenses shall be paid
23 into the telecommunications fund. The hearing and review procedures
24 shall be conducted in accordance with chapter 34.05 RCW. The board
25 shall assign its hearings to an administrative law judge to conduct the
26 hearing and issue a proposed decision and order. The board shall be
27 allowed a minimum of twenty days to review a proposed decision and
28 shall issue its decision no later than the next regularly scheduled
29 board meeting.

30 NEW SECTION. **Sec. 12.** (1) The department has the power, in case
31 of serious noncompliance with this chapter, to revoke or suspend for
32 such a period as it determines, any contractor registration or
33 administrator certificate issued under this chapter. The department
34 shall notify the holder of the registration or certificate of the
35 revocation or suspension. Notice shall be made by certified mail sent
36 to the address of the holder of the registration or certificate as
37 shown on the application. A revocation or suspension is effective
38 twenty days after the holder receives notice. Any revocation or

1 suspension is subject to review by an appeal to the board. The filing
2 of an appeal stays the effect of a revocation or suspension until the
3 board makes its decision. The appeal shall be filed within twenty days
4 after notice of the revocation or suspension is given, and shall be
5 effected by filing a written notice of appeal with the department,
6 accompanied by a certified check for two hundred dollars. The
7 certified check shall be returned to the holder of the registration or
8 certificate, if the decision of the department is not sustained by the
9 board. The hearing shall be conducted in accordance with chapter 34.05
10 RCW. If the board sustains the decision of the department, the two
11 hundred dollars shall be applied by the department to the payment of
12 the per diem and expenses of the members of the board incurred in the
13 matter, and any balance remaining after payment of per diem and
14 expenses shall be paid into the telecommunications fund.

15 (2) The department shall immediately suspend the registration or
16 certificate of a person who has been certified under RCW 74.20A.320 by
17 the department of social and health services as a person who is not in
18 compliance with a support order. If the person has continued to meet
19 all other requirements for reinstatement during the suspension,
20 reissuance of the registration or certificate shall be automatic upon
21 the department's receipt of a release issued by the department of
22 social and health services stating that the licensee is in compliance
23 with the order.

24 NEW SECTION. **Sec. 13.** Nothing contained in this chapter may be
25 construed to relieve from, or lessen the responsibility or liability
26 of, any person for injury or damage to person or property caused by, or
27 resulting from, any defect of any nature in any telecommunications work
28 performed by the person, or in any telecommunications equipment owned,
29 controlled, installed, operated, or used by him or her. The state of
30 Washington, its officers, agents, or employees may not incur, or be
31 held as assuming any liability by reason of, or in consequence of, any
32 permission, certificate of inspection, inspection, act performed, or
33 approval authorized, issued, or given under this chapter.

34 NEW SECTION. **Sec. 14.** Disputes arising under this chapter
35 regarding whether the city or town's telecommunications rules,
36 regulations, or ordinances are equal to the rules adopted by the
37 department shall be resolved by arbitration. The department shall

1 appoint two members of the board to serve on the arbitration panel, and
2 the city or town shall appoint two persons to serve on the arbitration
3 panel. These four persons shall choose a fifth person to serve. If
4 the four persons cannot agree on a fifth person, the presiding judge of
5 the superior court of the county in which the city or town is located
6 shall choose a fifth person. A decision of the arbitration panel may
7 be appealed to the superior court of the county in which the city or
8 town is located within thirty days after the date the panel issues its
9 final decision.

10 NEW SECTION. **Sec. 15.** (1) At the time of registration and
11 subsequent reregistration, the applicant shall furnish insurance or
12 financial responsibility in the form of an assigned account in the
13 amount of twenty thousand dollars for injury or damages to property,
14 fifty thousand dollars for injury or damage including death to any one
15 person, and one hundred thousand dollars for injury or damage including
16 death to more than one person, or financial responsibility to satisfy
17 these amounts.

18 (2) Failure to maintain insurance or financial responsibility
19 relative to the contractor's activities is cause to suspend or deny the
20 contractor's registration.

21 (3)(a) Proof of financial responsibility authorized in this section
22 may be given by providing, in the amount required by subsection (1) of
23 this section, an assigned account acceptable to the department. The
24 assigned account shall be held by the department to satisfy any
25 execution on a judgment issued against the contractor for damage to
26 property or injury or death to any person occurring in the contractor's
27 contracting operation, according to the provisions of the assigned
28 account agreement. The department shall have no liability for payment
29 in excess of the amount of the assigned account.

30 (b) The assigned account filed with the director as proof of
31 financial responsibility shall be canceled three years after:

32 (i) The contractor's registration has expired or been revoked;

33 (ii) The contractor has furnished proof of insurance as required by
34 subsection (1) of this section; or

35 (iii) No legal action has been instituted against the contractor or
36 on the account at the end of the three-year period.

37 (c) If a contractor chooses to file an assigned account as
38 authorized in this section, the contractor shall, on a contracting

1 project, notify each person with whom the contractor enters into a
2 contract or to whom the contractor submits a bid, that the contractor
3 has filed an assigned account in lieu of insurance and that recovery
4 from the account for any claim against the contractor for property
5 damage or personal injury or death occurring on the project requires
6 the claimant to obtain a court judgment.

7 **Sec. 16.** RCW 43.84.092 and 1997 c 218 s 5 are each amended to read
8 as follows:

9 (1) All earnings of investments of surplus balances in the state
10 treasury shall be deposited to the treasury income account, which
11 account is hereby established in the state treasury.

12 (2) The treasury income account shall be utilized to pay or receive
13 funds associated with federal programs as required by the federal cash
14 management improvement act of 1990. The treasury income account is
15 subject in all respects to chapter 43.88 RCW, but no appropriation is
16 required for refunds or allocations of interest earnings required by
17 the cash management improvement act. Refunds of interest to the
18 federal treasury required under the cash management improvement act
19 fall under RCW 43.88.180 and shall not require appropriation. The
20 office of financial management shall determine the amounts due to or
21 from the federal government pursuant to the cash management improvement
22 act. The office of financial management may direct transfers of funds
23 between accounts as deemed necessary to implement the provisions of the
24 cash management improvement act, and this subsection. Refunds or
25 allocations shall occur prior to the distributions of earnings set
26 forth in subsection (4) of this section.

27 (3) Except for the provisions of RCW 43.84.160, the treasury income
28 account may be utilized for the payment of purchased banking services
29 on behalf of treasury funds including, but not limited to, depository,
30 safekeeping, and disbursement functions for the state treasury and
31 affected state agencies. The treasury income account is subject in all
32 respects to chapter 43.88 RCW, but no appropriation is required for
33 payments to financial institutions. Payments shall occur prior to
34 distribution of earnings set forth in subsection (4) of this section.

35 (4) Monthly, the state treasurer shall distribute the earnings
36 credited to the treasury income account. The state treasurer shall
37 credit the general fund with all the earnings credited to the treasury
38 income account except:

1 (a) The following accounts and funds shall receive their
2 proportionate share of earnings based upon each account's and fund's
3 average daily balance for the period: The capitol building
4 construction account, the Cedar River channel construction and
5 operation account, the Central Washington University capital projects
6 account, the charitable, educational, penal and reformatory
7 institutions account, the common school construction fund, the county
8 criminal justice assistance account, the county sales and use tax
9 equalization account, the data processing building construction
10 account, the deferred compensation administrative account, the deferred
11 compensation principal account, the department of retirement systems
12 expense account, the drinking water assistance account, the Eastern
13 Washington University capital projects account, the education
14 construction fund, the emergency reserve fund, the federal forest
15 revolving account, the health services account, the public health
16 services account, the health system capacity account, the personal
17 health services account, the highway infrastructure account, the
18 industrial insurance premium refund account, the judges' retirement
19 account, the judicial retirement administrative account, the judicial
20 retirement principal account, the local leasehold excise tax account,
21 the local real estate excise tax account, the local sales and use tax
22 account, the medical aid account, the mobile home park relocation fund,
23 the municipal criminal justice assistance account, the municipal sales
24 and use tax equalization account, the natural resources deposit
25 account, the perpetual surveillance and maintenance account, the public
26 employees' retirement system plan I account, the public employees'
27 retirement system plan II account, the Puyallup tribal settlement
28 account, the resource management cost account, the site closure
29 account, the special wildlife account, the state employees' insurance
30 account, the state employees' insurance reserve account, the state
31 investment board expense account, the state investment board commingled
32 trust fund accounts, the supplemental pension account, the teachers'
33 retirement system plan I account, the teachers' retirement system plan
34 II account, the telecommunications fund, the transportation
35 infrastructure account, the tuition recovery trust fund, the University
36 of Washington bond retirement fund, the University of Washington
37 building account, the volunteer fire fighters' relief and pension
38 principal account, the volunteer fire fighters' relief and pension
39 administrative account, the Washington judicial retirement system

1 account, the Washington law enforcement officers' and fire fighters'
2 system plan I retirement account, the Washington law enforcement
3 officers' and fire fighters' system plan II retirement account, the
4 Washington state patrol retirement account, the Washington State
5 University building account, the Washington State University bond
6 retirement fund, the water pollution control revolving fund, and the
7 Western Washington University capital projects account. Earnings
8 derived from investing balances of the agricultural permanent fund, the
9 normal school permanent fund, the permanent common school fund, the
10 scientific permanent fund, and the state university permanent fund
11 shall be allocated to their respective beneficiary accounts. All
12 earnings to be distributed under this subsection (4)(a) shall first be
13 reduced by the allocation to the state treasurer's service fund
14 pursuant to RCW 43.08.190.

15 (b) The following accounts and funds shall receive eighty percent
16 of their proportionate share of earnings based upon each account's or
17 fund's average daily balance for the period: The aeronautics account,
18 the aircraft search and rescue account, the central Puget Sound public
19 transportation account, the city hardship assistance account, the
20 county arterial preservation account, the department of licensing
21 services account, the economic development account, the essential rail
22 assistance account, the essential rail banking account, the ferry bond
23 retirement fund, the gasohol exemption holding account, the grade
24 crossing protective fund, the high capacity transportation account, the
25 highway bond retirement fund, the highway construction stabilization
26 account, the highway safety account, the marine operating fund, the
27 motor vehicle fund, the motorcycle safety education account, the
28 pilotage account, the public transportation systems account, the Puget
29 Sound capital construction account, the Puget Sound ferry operations
30 account, the recreational vehicle account, the rural arterial trust
31 account, the safety and education account, the small city account, the
32 special category C account, the state patrol highway account, the
33 transfer relief account, the transportation capital facilities account,
34 the transportation equipment fund, the transportation fund, the
35 transportation improvement account, the transportation revolving loan
36 account, and the urban arterial trust account.

37 (5) In conformance with Article II, section 37 of the state
38 Constitution, no treasury accounts or funds shall be allocated earnings
39 without the specific affirmative directive of this section.

1 **Sec. 17.** RCW 43.84.092 and 1998 c 341 s 708 are each amended to
2 read as follows:

3 (1) All earnings of investments of surplus balances in the state
4 treasury shall be deposited to the treasury income account, which
5 account is hereby established in the state treasury.

6 (2) The treasury income account shall be utilized to pay or receive
7 funds associated with federal programs as required by the federal cash
8 management improvement act of 1990. The treasury income account is
9 subject in all respects to chapter 43.88 RCW, but no appropriation is
10 required for refunds or allocations of interest earnings required by
11 the cash management improvement act. Refunds of interest to the
12 federal treasury required under the cash management improvement act
13 fall under RCW 43.88.180 and shall not require appropriation. The
14 office of financial management shall determine the amounts due to or
15 from the federal government pursuant to the cash management improvement
16 act. The office of financial management may direct transfers of funds
17 between accounts as deemed necessary to implement the provisions of the
18 cash management improvement act, and this subsection. Refunds or
19 allocations shall occur prior to the distributions of earnings set
20 forth in subsection (4) of this section.

21 (3) Except for the provisions of RCW 43.84.160, the treasury income
22 account may be utilized for the payment of purchased banking services
23 on behalf of treasury funds including, but not limited to, depository,
24 safekeeping, and disbursement functions for the state treasury and
25 affected state agencies. The treasury income account is subject in all
26 respects to chapter 43.88 RCW, but no appropriation is required for
27 payments to financial institutions. Payments shall occur prior to
28 distribution of earnings set forth in subsection (4) of this section.

29 (4) Monthly, the state treasurer shall distribute the earnings
30 credited to the treasury income account. The state treasurer shall
31 credit the general fund with all the earnings credited to the treasury
32 income account except:

33 (a) The following accounts and funds shall receive their
34 proportionate share of earnings based upon each account's and fund's
35 average daily balance for the period: The capitol building
36 construction account, the Cedar River channel construction and
37 operation account, the Central Washington University capital projects
38 account, the charitable, educational, penal and reformatory
39 institutions account, the common school construction fund, the county

1 criminal justice assistance account, the county sales and use tax
2 equalization account, the data processing building construction
3 account, the deferred compensation administrative account, the deferred
4 compensation principal account, the department of retirement systems
5 expense account, the drinking water assistance account, the Eastern
6 Washington University capital projects account, the education
7 construction fund, the emergency reserve fund, the federal forest
8 revolving account, the health services account, the public health
9 services account, the health system capacity account, the personal
10 health services account, the highway infrastructure account, the
11 industrial insurance premium refund account, the judges' retirement
12 account, the judicial retirement administrative account, the judicial
13 retirement principal account, the local leasehold excise tax account,
14 the local real estate excise tax account, the local sales and use tax
15 account, the medical aid account, the mobile home park relocation fund,
16 the municipal criminal justice assistance account, the municipal sales
17 and use tax equalization account, the natural resources deposit
18 account, the perpetual surveillance and maintenance account, the public
19 employees' retirement system plan I account, the public employees'
20 retirement system plan II account, the Puyallup tribal settlement
21 account, the resource management cost account, the site closure
22 account, the special wildlife account, the state employees' insurance
23 account, the state employees' insurance reserve account, the state
24 investment board expense account, the state investment board commingled
25 trust fund accounts, the supplemental pension account, the teachers'
26 retirement system plan I account, the teachers' retirement system
27 combined plan II and plan III account, the telecommunications fund, the
28 transportation infrastructure account, the tuition recovery trust fund,
29 the University of Washington bond retirement fund, the University of
30 Washington building account, the volunteer fire fighters' relief and
31 pension principal account, the volunteer fire fighters' relief and
32 pension administrative account, the Washington judicial retirement
33 system account, the Washington law enforcement officers' and fire
34 fighters' system plan I retirement account, the Washington law
35 enforcement officers' and fire fighters' system plan II retirement
36 account, the Washington school employees' retirement system combined
37 plan II and III account, the Washington state patrol retirement
38 account, the Washington State University building account, the
39 Washington State University bond retirement fund, the water pollution

1 control revolving fund, and the Western Washington University capital
2 projects account. Earnings derived from investing balances of the
3 agricultural permanent fund, the normal school permanent fund, the
4 permanent common school fund, the scientific permanent fund, and the
5 state university permanent fund shall be allocated to their respective
6 beneficiary accounts. All earnings to be distributed under this
7 subsection (4)(a) shall first be reduced by the allocation to the state
8 treasurer's service fund pursuant to RCW 43.08.190.

9 (b) The following accounts and funds shall receive eighty percent
10 of their proportionate share of earnings based upon each account's or
11 fund's average daily balance for the period: The aeronautics account,
12 the aircraft search and rescue account, the central Puget Sound public
13 transportation account, the city hardship assistance account, the
14 county arterial preservation account, the department of licensing
15 services account, the economic development account, the essential rail
16 assistance account, the essential rail banking account, the ferry bond
17 retirement fund, the gasohol exemption holding account, the grade
18 crossing protective fund, the high capacity transportation account, the
19 highway bond retirement fund, the highway construction stabilization
20 account, the highway safety account, the marine operating fund, the
21 motor vehicle fund, the motorcycle safety education account, the
22 pilotage account, the public transportation systems account, the Puget
23 Sound capital construction account, the Puget Sound ferry operations
24 account, the recreational vehicle account, the rural arterial trust
25 account, the safety and education account, the small city account, the
26 special category C account, the state patrol highway account, the
27 transfer relief account, the transportation capital facilities account,
28 the transportation equipment fund, the transportation fund, the
29 transportation improvement account, the transportation revolving loan
30 account, and the urban arterial trust account.

31 (5) In conformance with Article II, section 37 of the state
32 Constitution, no treasury accounts or funds shall be allocated earnings
33 without the specific affirmative directive of this section.

34 NEW SECTION. **Sec. 18.** Sections 1 through 15 of this act
35 constitute a new chapter in Title 18 RCW.

36 NEW SECTION. **Sec. 19.** Section 16 of this act expires September 1,
37 2000.

1 NEW SECTION. **Sec. 20.** Section 17 of this act takes effect
2 September 1, 2000.

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