
SENATE BILL 6362

State of Washington 61st Legislature 2010 Regular Session

By Senators Zarelli, Hewitt, Parlette, and Stevens

Read first time 01/13/10. Referred to Committee on Government Operations & Elections.

1 AN ACT Relating to government accountability; amending RCW
2 43.09.475, 82.08.020, 82.08.020, and 82.12.0201; adding a new chapter
3 to Title 43 RCW; providing an effective date; and providing an
4 expiration date.

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

6 NEW SECTION. **Sec. 1.** LEGISLATIVE FINDINGS. The legislature finds
7 that:

8 (1) Public confidence in government is essential. Public programs
9 must continuously improve in quality, efficiency, and effectiveness in
10 order to increase public trust;

11 (2) Washington state government and other entities that receive tax
12 dollars must continuously improve the way they operate and deliver
13 services so citizens receive maximum value for their tax dollars;

14 (3) State government must establish priorities for the delivery of
15 governmental services and continually reassess the ability of state
16 agencies, programs, and activities to contribute to those priorities.
17 The highest priority programs must be evaluated to determine if they
18 are operating at maximum efficiency, while the lowest priority programs
19 must be assessed to determine their continued viability;

1 (4) Fair, independent, professional performance audits of state
2 agencies by the state auditor are essential to improving the efficiency
3 and effectiveness of government.

4 NEW SECTION. **Sec. 2.** PRIORITIES OF GOVERNMENT. (1) The
5 legislature finds that the highest priority functions of state
6 government serve the following objectives:

7 (a) Improve student achievement in elementary, middle, and high
8 schools;

9 (b) Improve the quality and productivity of, and respect for, the
10 state's public workforce, including consideration of competitive
11 compensation, realistic workloads, and recruitment and retention;

12 (c) Improve the value of a state college or university education;

13 (d) Improve the health of the state's citizens;

14 (e) Improve the security of the state's vulnerable children and
15 adults;

16 (f) Improve the economic vitality of businesses and individuals;

17 (g) Improve statewide mobility of people, goods, information, and
18 energy;

19 (h) Improve the safety of people and property;

20 (i) Improve the quality of the state's natural resources; and

21 (j) Improve cultural and recreational opportunities throughout the
22 state.

23 (2) The ten priority functions of state government identified in
24 this section form the basis of the priorities of government reviews
25 under section 3 of this act.

26 NEW SECTION. **Sec. 3.** PRIORITIES OF GOVERNMENT REVIEWS. (1) By
27 July 1st of each year, the joint legislative audit and review committee
28 must select one of the priority functions of government identified in
29 section 2 of this act.

30 (2) By the following January 1st of each year:

31 (a) For all agency programs and activities within the priority
32 function of government identified in subsection (1) of this section,
33 the joint legislative audit and review committee must determine the
34 relative priority of each program and activity based on the program or
35 activity's contribution to the overall objectives of the function.

1 (b) Based on the priority list developed under (a) of this
2 subsection, the committee must select at least one but no more than
3 four priority programs or activities to be the subject of performance
4 audits conducted under section 5 of this act. One of the programs or
5 activities selected for a performance audit may be from a different
6 priority objective under section 2 of this act. The programs or
7 activities must be selected for performance audits under this
8 subsection based on evidence that the program or activity would likely
9 benefit from the evaluation and review.

10 (c) Based on the priority list developed under (a) of this
11 subsection, the committee must select one or more of the lowest
12 priority programs or activities to be the subject of activity
13 assessments as provided in section 4 of this act. The number and scope
14 of activity assessments conducted under this subsection must be
15 determined by the committee, subject to the availability of funds.

16 NEW SECTION. **Sec. 4.** LOWEST PRIORITY PROGRAMS--ACTIVITY
17 ASSESSMENTS. (1) The state auditor must conduct activity assessments
18 of those agencies, programs, and activities identified by the joint
19 legislative audit and review committee under section 3(2)(c) of this
20 act.

21 (2) The state auditor may contract with public and private
22 organizations to conduct the activity assessments under this section.
23 For each activity assessment, the state auditor must address the
24 following questions:

25 (a) Does the program or activity continue to serve the purpose for
26 which it was created?

27 (b) In comparison to other programs and priorities, does this
28 purpose continue to merit the use of the state's limited resources?

29 (c) Does this program or activity continue to contribute to the
30 priorities of government identified in section 2 of this act?

31 (d) Are there better alternatives for the use of these resources or
32 to accomplish the objective of the program or activity?

33 (3) By December 1st of the year in which an activity assessment is
34 undertaken, the state auditor must submit a final report on the
35 activity assessment to the joint legislative audit and review
36 committee. The committee and the state auditor must jointly release
37 the activity assessment report to the citizens of the state, the

1 governor, and the appropriate legislative committees. The committee
2 must submit proposed legislation, as appropriate, to implement the
3 findings of the activity assessment. The appropriate legislative
4 committee in each house must conduct a public hearing during the
5 legislative session on legislation submitted under this section. Final
6 activity assessments must be available on the internet.

7 NEW SECTION. **Sec. 5.** HIGHEST PRIORITY PROGRAMS--PERFORMANCE
8 AUDITS. (1) The state auditor must conduct performance audits of those
9 agencies, programs, and activities identified by the joint legislative
10 audit and review committee under section 3(2)(b) of this act.

11 (2) Agencies must be audited using criteria that include generally
12 accepted government auditing standards as well as legislative mandates
13 and performance objectives established by state agencies. Mandates
14 include, but are not limited to, agency strategies, timelines, program
15 objectives, and mission and goals as required in RCW 43.88.090.

16 (3) The state auditor may contract with public and private
17 organizations to conduct the performance audits under this section.
18 The audits may include an evaluation of:

19 (a) Programs and services that can be eliminated, reduced,
20 consolidated, or enhanced;

21 (b) Identification of funding sources of the state agency, program,
22 or activity that can be eliminated, reduced, consolidated, or enhanced;

23 (c) Analysis of gaps and overlaps in programs and services and
24 recommendations for improving, eliminating, blending, or separating
25 functions to correct gaps or overlaps;

26 (d) Planning, budgeting, and program evaluation policies and
27 practices;

28 (e) Personnel systems operation and management;

29 (f) State purchasing operations and management policies and
30 practices; and

31 (g) Organizational structure and staffing levels, particularly in
32 terms of the ratio of managers and supervisors to nonmanagement
33 personnel.

34 (4) Audit staff must have access to any state agency records, data,
35 and other information deemed necessary to carry out the audit. State
36 agencies must provide the requested information at no cost and in a
37 timely manner. In requesting information from state agencies, the

1 audit staff must seek to minimize duplication of effort by making
2 maximum use of existing audit records, accreditation records and
3 reports, and other existing program documentation.

4 (5) The state auditor must solicit comments on preliminary
5 performance audit reports from the audited state agency, the governor,
6 the office of financial management, and the joint legislative audit and
7 review committee.

8 (6) By December 1st of the year in which a performance audit is
9 undertaken, the state auditor must submit a final report on the
10 performance audit to the joint legislative audit and review committee.
11 The committee and the state auditor must jointly release final reports
12 to the citizens of the state, the governor, and the appropriate
13 legislative committees. The committee must also submit proposed
14 legislation, as appropriate, to implement the findings of the
15 performance audit. The appropriate legislative committee in each house
16 must conduct a public hearing during the legislative session on
17 legislation submitted under this section. Final performance audit
18 reports must be available on the internet.

19 NEW SECTION. **Sec. 6.** Sections 1 through 5 of this act constitute
20 a new chapter in Title 43 RCW.

21 **Sec. 7.** RCW 43.09.475 and 2009 c 564 s 929 are each amended to
22 read as follows:

23 The performance audits of government account is hereby created in
24 the custody of the state treasurer. Revenue identified in RCW
25 82.08.020(5) and 82.12.0201 (~~shall~~) must be deposited in the account.
26 Seventy percent of the money in the account (~~shall~~) must be used to
27 fund the performance audits and follow-up performance audits under RCW
28 43.09.470, and (~~shall~~) thirty percent must be used to fund the
29 activity assessments and performance audits under chapter . . . RCW
30 (the new chapter created in section 6 of this act). Money must be
31 expended by the state auditor and joint legislative audit and review
32 committee in accordance with chapter 1, Laws of 2006 and chapter . . .
33 RCW (the new chapter created in section 6 of this act). Only the joint
34 legislative audit and review committee or state auditor or the state
35 auditor's designee may authorize expenditures from the account. The
36 account is subject to allotment procedures under chapter 43.88 RCW, but

1 an appropriation is not required for expenditures. During the 2009-
2 2011 fiscal biennium, the legislature may transfer from the performance
3 audits of government account to the state general fund ((~~such~~)) amounts
4 ((~~as~~)) deemed to be appropriate or necessary.

5 **Sec. 8.** RCW 82.08.020 and 2009 c 469 s 802 are each amended to
6 read as follows:

7 (1) There is levied and ((~~there shall be~~)) collected a tax on each
8 retail sale in this state equal to six and five-tenths percent of the
9 selling price.

10 (2) There is levied and ((~~there shall be~~)) collected an additional
11 tax on each retail car rental, regardless of whether the vehicle is
12 licensed in this state, equal to five and nine-tenths percent of the
13 selling price. The revenue collected under this subsection ((~~shall~~))
14 must be deposited in the multimodal transportation account created in
15 RCW 47.66.070.

16 (3) Beginning July 1, 2003, there is levied and collected an
17 additional tax of three-tenths of one percent of the selling price on
18 each retail sale of a motor vehicle in this state, other than retail
19 car rentals taxed under subsection (2) of this section. The revenue
20 collected under this subsection ((~~shall~~)) must be deposited in the
21 multimodal transportation account created in RCW 47.66.070.

22 (4) For purposes of subsection (3) of this section, "motor vehicle"
23 has the meaning provided in RCW 46.04.320, but does not include farm
24 tractors or farm vehicles as defined in RCW 46.04.180 and 46.04.181,
25 off-road and nonhighway vehicles as defined in RCW 46.09.020, and
26 snowmobiles as defined in RCW 46.10.010.

27 (5) Beginning on December 8, 2005, 0.16 percent of the taxes
28 collected under subsection (1) of this section ((~~shall~~)) must be
29 dedicated to funding comprehensive performance audits required under
30 RCW 43.09.470 and the activity assessments and performance audits under
31 chapter . . . RCW (the new chapter created in section 6 of this act).
32 The revenue identified in this subsection ((~~shall~~)) must be deposited
33 in the performance audits of government account created in RCW
34 43.09.475.

35 (6) The taxes imposed under this chapter ((~~shall~~)) apply to
36 successive retail sales of the same property.

1 (7)(a) Until January 1, 2011, the tax imposed in subsection (3) of
2 this section and the dedication of revenue provided for in subsection
3 (5) of this section(~~(7)~~) do not apply with respect to the sales of new
4 passenger cars, light duty trucks, and medium duty passenger vehicles,
5 which utilize hybrid technology and have a United States environmental
6 protection agency estimated highway gasoline mileage rating of at least
7 forty miles per gallon.

8 (b) As used in this subsection, "hybrid technology" means
9 propulsion units powered by both electricity and gasoline.

10 (8) The rates provided in this section apply to taxes imposed under
11 chapter 82.12 RCW as provided in RCW 82.12.020.

12 **Sec. 9.** RCW 82.08.020 and 2006 c 1 s 3 are each amended to read as
13 follows:

14 (1) There is levied and (~~there shall be~~) collected a tax on each
15 retail sale in this state equal to six and five-tenths percent of the
16 selling price.

17 (2) There is levied and (~~there shall be~~) collected an additional
18 tax on each retail car rental, regardless of whether the vehicle is
19 licensed in this state, equal to five and nine-tenths percent of the
20 selling price. The revenue collected under this subsection (~~shall~~)
21 must be deposited in the multimodal transportation account created in
22 RCW 47.66.070.

23 (3) Beginning July 1, 2003, there is levied and collected an
24 additional tax of three-tenths of one percent of the selling price on
25 each retail sale of a motor vehicle in this state, other than retail
26 car rentals taxed under subsection (2) of this section. The revenue
27 collected under this subsection (~~shall~~) must be deposited in the
28 multimodal transportation account created in RCW 47.66.070.

29 (4) For purposes of subsection (3) of this section, "motor vehicle"
30 has the meaning provided in RCW 46.04.320, but does not include farm
31 tractors or farm vehicles as defined in RCW 46.04.180 and 46.04.181,
32 off-road and nonhighway vehicles as defined in RCW 46.09.020, and
33 snowmobiles as defined in RCW 46.10.010.

34 (5) Beginning on December 8, 2005, 0.16 percent of the taxes
35 collected under subsection (1) of this section (~~shall~~) must be
36 dedicated to funding comprehensive performance audits required under
37 RCW 43.09.470 and the activity assessments and performance audits under

1 chapter . . . RCW (the new chapter created in section 6 of this act).
2 The revenue identified in this subsection (~~shall~~) must be deposited
3 in the performance audits of government account created in RCW
4 43.09.475.

5 (6) The taxes imposed under this chapter (~~shall~~) apply to
6 successive retail sales of the same property.

7 (7) The rates provided in this section apply to taxes imposed under
8 chapter 82.12 RCW as provided in RCW 82.12.020.

9 **Sec. 10.** RCW 82.12.0201 and 2006 c 1 s 4 are each amended to read
10 as follows:

11 Beginning on December 8, 2005, 0.16 percent of the taxes collected
12 under RCW 82.12.020 based on the rate in RCW 82.08.020(1) (~~shall~~)
13 must be dedicated to funding comprehensive performance audits under RCW
14 43.09.470 and the activity assessments and performance audits under
15 chapter . . . RCW (the new chapter created in section 6 of this act).
16 Revenue identified in this section (~~shall~~) must be deposited in the
17 performance audits of government account created in RCW 43.09.475.

18 NEW SECTION. **Sec. 11.** Section 8 of this act expires January 1,
19 2011.

20 NEW SECTION. **Sec. 12.** Section 9 of this act takes effect January
21 1, 2011.

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