



1           **Sec. 101.** RCW 82.04.260 and 2012 2nd sp.s. c 6 s 602 and 2012 2nd  
2 sp.s. c 6 s 204 are each reenacted and amended to read as follows:

3           (1) Upon every person engaging within this state in the business of  
4 manufacturing:

5           (a) Wheat into flour, barley into pearl barley, soybeans into  
6 soybean oil, canola into canola oil, canola meal, or canola by-  
7 products, or sunflower seeds into sunflower oil; as to such persons the  
8 amount of tax with respect to such business is equal to the value of  
9 the flour, pearl barley, oil, canola meal, or canola by-product  
10 manufactured, multiplied by the rate of 0.138 percent;

11           (b) Beginning July 1, 2015, seafood products that remain in a raw,  
12 raw frozen, or raw salted state at the completion of the manufacturing  
13 by that person; or selling manufactured seafood products that remain in  
14 a raw, raw frozen, or raw salted state at the completion of the  
15 manufacturing, to purchasers who transport in the ordinary course of  
16 business the goods out of this state; as to such persons the amount of  
17 tax with respect to such business is equal to the value of the products  
18 manufactured or the gross proceeds derived from such sales, multiplied  
19 by the rate of 0.138 percent. Sellers must keep and preserve records  
20 for the period required by RCW 82.32.070 establishing that the goods  
21 were transported by the purchaser in the ordinary course of business  
22 out of this state;

23           (c) Beginning July 1, 2015, dairy products that as of September 20,  
24 2001, are identified in 21 C.F.R., chapter 1, parts 131, 133, and 135,  
25 including by-products from the manufacturing of the dairy products such  
26 as whey and casein; or selling the same to purchasers who transport in  
27 the ordinary course of business the goods out of state; as to such  
28 persons the tax imposed is equal to the value of the products  
29 manufactured or the gross proceeds derived from such sales multiplied  
30 by the rate of 0.138 percent. Sellers must keep and preserve records  
31 for the period required by RCW 82.32.070 establishing that the goods  
32 were transported by the purchaser in the ordinary course of business  
33 out of this state;

34           (d) Beginning July 1, 2015, fruits or vegetables by canning,  
35 preserving, freezing, processing, or dehydrating fresh fruits or  
36 vegetables, or selling at wholesale fruits or vegetables manufactured  
37 by the seller by canning, preserving, freezing, processing, or  
38 dehydrating fresh fruits or vegetables and sold to purchasers who

1 transport in the ordinary course of business the goods out of this  
2 state; as to such persons the amount of tax with respect to such  
3 business is equal to the value of the products manufactured or the  
4 gross proceeds derived from such sales multiplied by the rate of 0.138  
5 percent. Sellers must keep and preserve records for the period  
6 required by RCW 82.32.070 establishing that the goods were transported  
7 by the purchaser in the ordinary course of business out of this state;

8 (e) Until July 1, 2009, alcohol fuel, biodiesel fuel, or biodiesel  
9 feedstock, as those terms are defined in RCW 82.29A.135; as to such  
10 persons the amount of tax with respect to the business is equal to the  
11 value of alcohol fuel, biodiesel fuel, or biodiesel feedstock  
12 manufactured, multiplied by the rate of 0.138 percent; and

13 (f) Wood biomass fuel as defined in RCW 82.29A.135; as to such  
14 persons the amount of tax with respect to the business is equal to the  
15 value of wood biomass fuel manufactured, multiplied by the rate of  
16 0.138 percent.

17 (2) Upon every person engaging within this state in the business of  
18 splitting or processing dried peas; as to such persons the amount of  
19 tax with respect to such business is equal to the value of the peas  
20 split or processed, multiplied by the rate of 0.138 percent.

21 (3) Upon every nonprofit corporation and nonprofit association  
22 engaging within this state in research and development, as to such  
23 corporations and associations, the amount of tax with respect to such  
24 activities is equal to the gross income derived from such activities  
25 multiplied by the rate of 0.484 percent.

26 (4) Upon every person engaging within this state in the business of  
27 slaughtering, breaking and/or processing perishable meat products  
28 and/or selling the same at wholesale only and not at retail; as to such  
29 persons the tax imposed is equal to the gross proceeds derived from  
30 such sales multiplied by the rate of 0.138 percent.

31 ~~(5) ((Upon every person engaging within this state in the business  
32 of acting as a travel agent or tour operator; as to such persons the  
33 amount of the tax with respect to such activities is equal to the gross  
34 income derived from such activities multiplied by the rate of 0.275  
35 percent.~~

36 ~~(6))~~ Upon every person engaging within this state in business as  
37 an international steamship agent, international customs house broker,  
38 international freight forwarder, vessel and/or cargo charter broker in

1 foreign commerce, and/or international air cargo agent; as to such  
2 persons the amount of the tax with respect to only international  
3 activities is equal to the gross income derived from such activities  
4 multiplied by the rate of 0.275 percent.

5 ~~((+7))~~ (6) Upon every person engaging within this state in the  
6 business of stevedoring and associated activities pertinent to the  
7 movement of goods and commodities in waterborne interstate or foreign  
8 commerce; as to such persons the amount of tax with respect to such  
9 business is equal to the gross proceeds derived from such activities  
10 multiplied by the rate of 0.275 percent. Persons subject to taxation  
11 under this subsection are exempt from payment of taxes imposed by  
12 chapter 82.16 RCW for that portion of their business subject to  
13 taxation under this subsection. Stevedoring and associated activities  
14 pertinent to the conduct of goods and commodities in waterborne  
15 interstate or foreign commerce are defined as all activities of a  
16 labor, service or transportation nature whereby cargo may be loaded or  
17 unloaded to or from vessels or barges, passing over, onto or under a  
18 wharf, pier, or similar structure; cargo may be moved to a warehouse or  
19 similar holding or storage yard or area to await further movement in  
20 import or export or may move to a consolidation freight station and be  
21 stuffed, unstuffed, containerized, separated or otherwise segregated or  
22 aggregated for delivery or loaded on any mode of transportation for  
23 delivery to its consignee. Specific activities included in this  
24 definition are: Wharfage, handling, loading, unloading, moving of  
25 cargo to a convenient place of delivery to the consignee or a  
26 convenient place for further movement to export mode; documentation  
27 services in connection with the receipt, delivery, checking, care,  
28 custody and control of cargo required in the transfer of cargo;  
29 imported automobile handling prior to delivery to consignee; terminal  
30 stevedoring and incidental vessel services, including but not limited  
31 to plugging and unplugging refrigerator service to containers,  
32 trailers, and other refrigerated cargo receptacles, and securing ship  
33 hatch covers.

34 ~~((+8))~~ (7)(a) Upon every person engaging within this state in the  
35 business of disposing of low-level waste, as defined in RCW 43.145.010;  
36 as to such persons the amount of the tax with respect to such business  
37 is equal to the gross income of the business, excluding any fees

1 imposed under chapter 43.200 RCW, multiplied by the rate of 3.3  
2 percent.

3 (b) If the gross income of the taxpayer is attributable to  
4 activities both within and without this state, the gross income  
5 attributable to this state must be determined in accordance with the  
6 methods of apportionment required under RCW 82.04.460.

7 ~~((+9+))~~ (8) Upon every person engaging within this state as an  
8 insurance producer or title insurance agent licensed under chapter  
9 48.17 RCW or a surplus line broker licensed under chapter 48.15 RCW; as  
10 to such persons, the amount of the tax with respect to such licensed  
11 activities is equal to the gross income of such business multiplied by  
12 the rate of 0.484 percent.

13 ~~((+10+))~~ (9) Upon every person engaging within this state in  
14 business as a hospital, as defined in chapter 70.41 RCW, that is  
15 operated as a nonprofit corporation or by the state or any of its  
16 political subdivisions, as to such persons, the amount of tax with  
17 respect to such activities is equal to the gross income of the business  
18 multiplied by the rate of 0.75 percent through June 30, 1995, and 1.5  
19 percent thereafter.

20 ~~((+11+))~~ (10)(a) Beginning October 1, 2005, upon every person  
21 engaging within this state in the business of manufacturing commercial  
22 airplanes, or components of such airplanes, or making sales, at retail  
23 or wholesale, of commercial airplanes or components of such airplanes,  
24 manufactured by the seller, as to such persons the amount of tax with  
25 respect to such business is, in the case of manufacturers, equal to the  
26 value of the product manufactured and the gross proceeds of sales of  
27 the product manufactured, or in the case of processors for hire, equal  
28 to the gross income of the business, multiplied by the rate of:

- 29 (i) 0.4235 percent from October 1, 2005, through June 30, 2007; and  
30 (ii) 0.2904 percent beginning July 1, 2007.

31 (b) Beginning July 1, 2008, upon every person who is not eligible  
32 to report under the provisions of (a) of this subsection ~~((+11+))~~ (10)  
33 and is engaging within this state in the business of manufacturing  
34 tooling specifically designed for use in manufacturing commercial  
35 airplanes or components of such airplanes, or making sales, at retail  
36 or wholesale, of such tooling manufactured by the seller, as to such  
37 persons the amount of tax with respect to such business is, in the case  
38 of manufacturers, equal to the value of the product manufactured and

1 the gross proceeds of sales of the product manufactured, or in the case  
2 of processors for hire, be equal to the gross income of the business,  
3 multiplied by the rate of 0.2904 percent.

4 (c) For the purposes of this subsection (~~((11))~~) (10), "commercial  
5 airplane" and "component" have the same meanings as provided in RCW  
6 82.32.550.

7 (d) In addition to all other requirements under this title, a  
8 person reporting under the tax rate provided in this subsection  
9 (~~((11))~~) (10) must file a complete annual report with the department  
10 under RCW 82.32.534.

11 (e) This subsection (~~((11))~~) (10) does not apply on and after July  
12 1, 2024.

13 (~~((12))~~) (11)(a) Until July 1, 2024, upon every person engaging  
14 within this state in the business of extracting timber or extracting  
15 for hire timber; as to such persons the amount of tax with respect to  
16 the business is, in the case of extractors, equal to the value of  
17 products, including by-products, extracted, or in the case of  
18 extractors for hire, equal to the gross income of the business,  
19 multiplied by the rate of 0.4235 percent from July 1, 2006, through  
20 June 30, 2007, and 0.2904 percent from July 1, 2007, through June 30,  
21 2024.

22 (b) Until July 1, 2024, upon every person engaging within this  
23 state in the business of manufacturing or processing for hire: (i)  
24 Timber into timber products or wood products; or (ii) timber products  
25 into other timber products or wood products; as to such persons the  
26 amount of the tax with respect to the business is, in the case of  
27 manufacturers, equal to the value of products, including by-products,  
28 manufactured, or in the case of processors for hire, equal to the gross  
29 income of the business, multiplied by the rate of 0.4235 percent from  
30 July 1, 2006, through June 30, 2007, and 0.2904 percent from July 1,  
31 2007, through June 30, 2024.

32 (c) Until July 1, 2024, upon every person engaging within this  
33 state in the business of selling at wholesale: (i) Timber extracted by  
34 that person; (ii) timber products manufactured by that person from  
35 timber or other timber products; or (iii) wood products manufactured by  
36 that person from timber or timber products; as to such persons the  
37 amount of the tax with respect to the business is equal to the gross  
38 proceeds of sales of the timber, timber products, or wood products

1 multiplied by the rate of 0.4235 percent from July 1, 2006, through  
2 June 30, 2007, and 0.2904 percent from July 1, 2007, through June 30,  
3 2024.

4 (d) Until July 1, 2024, upon every person engaging within this  
5 state in the business of selling standing timber; as to such persons  
6 the amount of the tax with respect to the business is equal to the  
7 gross income of the business multiplied by the rate of 0.2904 percent.  
8 For purposes of this subsection (~~((+12+))~~) (11)(d), "selling standing  
9 timber" means the sale of timber apart from the land, where the buyer  
10 is required to sever the timber within thirty months from the date of  
11 the original contract, regardless of the method of payment for the  
12 timber and whether title to the timber transfers before, upon, or after  
13 severance.

14 (e) For purposes of this subsection, the following definitions  
15 apply:

16 (i) "Biocomposite surface products" means surface material products  
17 containing, by weight or volume, more than fifty percent recycled paper  
18 and that also use nonpetroleum-based phenolic resin as a bonding agent.

19 (ii) "Paper and paper products" means products made of interwoven  
20 cellulosic fibers held together largely by hydrogen bonding. "Paper  
21 and paper products" includes newsprint; office, printing, fine, and  
22 pressure-sensitive papers; paper napkins, towels, and toilet tissue;  
23 kraft bag, construction, and other kraft industrial papers; paperboard,  
24 liquid packaging containers, containerboard, corrugated, and solid-  
25 fiber containers including linerboard and corrugated medium; and  
26 related types of cellulosic products containing primarily, by weight or  
27 volume, cellulosic materials. "Paper and paper products" does not  
28 include books, newspapers, magazines, periodicals, and other printed  
29 publications, advertising materials, calendars, and similar types of  
30 printed materials.

31 (iii) "Recycled paper" means paper and paper products having fifty  
32 percent or more of their fiber content that comes from postconsumer  
33 waste. For purposes of this subsection (~~((+12+))~~) (11)(e)(iii),  
34 "postconsumer waste" means a finished material that would normally be  
35 disposed of as solid waste, having completed its life cycle as a  
36 consumer item.

37 (iv) "Timber" means forest trees, standing or down, on privately or

1 publicly owned land. "Timber" does not include Christmas trees that  
2 are cultivated by agricultural methods or short-rotation hardwoods as  
3 defined in RCW 84.33.035.

4 (v) "Timber products" means:

5 (A) Logs, wood chips, sawdust, wood waste, and similar products  
6 obtained wholly from the processing of timber, short-rotation hardwoods  
7 as defined in RCW 84.33.035, or both;

8 (B) Pulp, including market pulp and pulp derived from recovered  
9 paper or paper products; and

10 (C) Recycled paper, but only when used in the manufacture of  
11 biocomposite surface products.

12 (vi) "Wood products" means paper and paper products; dimensional  
13 lumber; engineered wood products such as particleboard, oriented strand  
14 board, medium density fiberboard, and plywood; wood doors; wood  
15 windows; and biocomposite surface products.

16 (f) Except for small harvesters as defined in RCW 84.33.035, a  
17 person reporting under the tax rate provided in this subsection  
18 (~~((+12))~~) (11) must file a complete annual survey with the department  
19 under RCW 82.32.585.

20 (~~((+13))~~) (12) Upon every person engaging within this state in  
21 inspecting, testing, labeling, and storing canned salmon owned by  
22 another person, as to such persons, the amount of tax with respect to  
23 such activities is equal to the gross income derived from such  
24 activities multiplied by the rate of 0.484 percent.

25 (~~((+14))~~) (13)(a) Upon every person engaging within this state in  
26 the business of printing a newspaper, publishing a newspaper, or both,  
27 the amount of tax on such business is equal to the gross income of the  
28 business multiplied by the rate of 0.365 percent through June 30, 2013,  
29 and beginning July 1, 2013, multiplied by the rate of 0.35 percent.

30 (b) A person reporting under the tax rate provided in this  
31 subsection (~~((+14))~~) (13) must file a complete annual report with the  
32 department under RCW 82.32.534.

33 **Sec. 102.** RCW 82.04.260 and 2012 2nd sp.s. c 6 s 204 are each  
34 amended to read as follows:

35 (1) Upon every person engaging within this state in the business of  
36 manufacturing:



1 (a) Wheat into flour, barley into pearl barley, soybeans into  
2 soybean oil, canola into canola oil, canola meal, or canola by-  
3 products, or sunflower seeds into sunflower oil; as to such persons the  
4 amount of tax with respect to such business is equal to the value of  
5 the flour, pearl barley, oil, canola meal, or canola by-product  
6 manufactured, multiplied by the rate of 0.138 percent;

7 (b) Beginning July 1, 2015, seafood products that remain in a raw,  
8 raw frozen, or raw salted state at the completion of the manufacturing  
9 by that person; or selling manufactured seafood products that remain in  
10 a raw, raw frozen, or raw salted state at the completion of the  
11 manufacturing, to purchasers who transport in the ordinary course of  
12 business the goods out of this state; as to such persons the amount of  
13 tax with respect to such business is equal to the value of the products  
14 manufactured or the gross proceeds derived from such sales, multiplied  
15 by the rate of 0.138 percent. Sellers must keep and preserve records  
16 for the period required by RCW 82.32.070 establishing that the goods  
17 were transported by the purchaser in the ordinary course of business  
18 out of this state;

19 (c) Beginning July 1, 2015, dairy products that as of September 20,  
20 2001, are identified in 21 C.F.R., chapter 1, parts 131, 133, and 135,  
21 including by-products from the manufacturing of the dairy products such  
22 as whey and casein; or selling the same to purchasers who transport in  
23 the ordinary course of business the goods out of state; as to such  
24 persons the tax imposed is equal to the value of the products  
25 manufactured or the gross proceeds derived from such sales multiplied  
26 by the rate of 0.138 percent. Sellers must keep and preserve records  
27 for the period required by RCW 82.32.070 establishing that the goods  
28 were transported by the purchaser in the ordinary course of business  
29 out of this state;

30 (d) Beginning July 1, 2015, fruits or vegetables by canning,  
31 preserving, freezing, processing, or dehydrating fresh fruits or  
32 vegetables, or selling at wholesale fruits or vegetables manufactured  
33 by the seller by canning, preserving, freezing, processing, or  
34 dehydrating fresh fruits or vegetables and sold to purchasers who  
35 transport in the ordinary course of business the goods out of this  
36 state; as to such persons the amount of tax with respect to such  
37 business is equal to the value of the products manufactured or the  
38 gross proceeds derived from such sales multiplied by the rate of 0.138

1 percent. Sellers must keep and preserve records for the period  
2 required by RCW 82.32.070 establishing that the goods were transported  
3 by the purchaser in the ordinary course of business out of this state;

4 (e) Until July 1, 2009, alcohol fuel, biodiesel fuel, or biodiesel  
5 feedstock, as those terms are defined in RCW 82.29A.135; as to such  
6 persons the amount of tax with respect to the business is equal to the  
7 value of alcohol fuel, biodiesel fuel, or biodiesel feedstock  
8 manufactured, multiplied by the rate of 0.138 percent; and

9 (f) Wood biomass fuel as defined in RCW 82.29A.135; as to such  
10 persons the amount of tax with respect to the business is equal to the  
11 value of wood biomass fuel manufactured, multiplied by the rate of  
12 0.138 percent.

13 (2) Upon every person engaging within this state in the business of  
14 splitting or processing dried peas; as to such persons the amount of  
15 tax with respect to such business is equal to the value of the peas  
16 split or processed, multiplied by the rate of 0.138 percent.

17 (3) Upon every nonprofit corporation and nonprofit association  
18 engaging within this state in research and development, as to such  
19 corporations and associations, the amount of tax with respect to such  
20 activities is equal to the gross income derived from such activities  
21 multiplied by the rate of 0.484 percent.

22 (4) Upon every person engaging within this state in the business of  
23 slaughtering, breaking and/or processing perishable meat products  
24 and/or selling the same at wholesale only and not at retail; as to such  
25 persons the tax imposed is equal to the gross proceeds derived from  
26 such sales multiplied by the rate of 0.138 percent.

27 ~~(5) ((Upon every person engaging within this state in the business  
28 of acting as a travel agent or tour operator; as to such persons the  
29 amount of the tax with respect to such activities is equal to the gross  
30 income derived from such activities multiplied by the rate of 0.275  
31 percent.~~

32 ~~(6))~~) Upon every person engaging within this state in business as  
33 an international steamship agent, international customs house broker,  
34 international freight forwarder, vessel and/or cargo charter broker in  
35 foreign commerce, and/or international air cargo agent; as to such  
36 persons the amount of the tax with respect to only international  
37 activities is equal to the gross income derived from such activities  
38 multiplied by the rate of 0.275 percent.

1        ~~((+7))~~ (6) Upon every person engaging within this state in the  
2 business of stevedoring and associated activities pertinent to the  
3 movement of goods and commodities in waterborne interstate or foreign  
4 commerce; as to such persons the amount of tax with respect to such  
5 business is equal to the gross proceeds derived from such activities  
6 multiplied by the rate of 0.275 percent. Persons subject to taxation  
7 under this subsection are exempt from payment of taxes imposed by  
8 chapter 82.16 RCW for that portion of their business subject to  
9 taxation under this subsection. Stevedoring and associated activities  
10 pertinent to the conduct of goods and commodities in waterborne  
11 interstate or foreign commerce are defined as all activities of a  
12 labor, service or transportation nature whereby cargo may be loaded or  
13 unloaded to or from vessels or barges, passing over, onto or under a  
14 wharf, pier, or similar structure; cargo may be moved to a warehouse or  
15 similar holding or storage yard or area to await further movement in  
16 import or export or may move to a consolidation freight station and be  
17 stuffed, unstuffed, containerized, separated or otherwise segregated or  
18 aggregated for delivery or loaded on any mode of transportation for  
19 delivery to its consignee. Specific activities included in this  
20 definition are: Wharfage, handling, loading, unloading, moving of  
21 cargo to a convenient place of delivery to the consignee or a  
22 convenient place for further movement to export mode; documentation  
23 services in connection with the receipt, delivery, checking, care,  
24 custody and control of cargo required in the transfer of cargo;  
25 imported automobile handling prior to delivery to consignee; terminal  
26 stevedoring and incidental vessel services, including but not limited  
27 to plugging and unplugging refrigerator service to containers,  
28 trailers, and other refrigerated cargo receptacles, and securing ship  
29 hatch covers.

30        ~~((+8))~~ (7)(a) Upon every person engaging within this state in the  
31 business of disposing of low-level waste, as defined in RCW 43.145.010;  
32 as to such persons the amount of the tax with respect to such business  
33 is equal to the gross income of the business, excluding any fees  
34 imposed under chapter 43.200 RCW, multiplied by the rate of 3.3  
35 percent.

36        (b) If the gross income of the taxpayer is attributable to  
37 activities both within and without this state, the gross income

1 attributable to this state must be determined in accordance with the  
2 methods of apportionment required under RCW 82.04.460.

3 ~~((+9+))~~ (8) Upon every person engaging within this state as an  
4 insurance producer or title insurance agent licensed under chapter  
5 48.17 RCW or a surplus line broker licensed under chapter 48.15 RCW; as  
6 to such persons, the amount of the tax with respect to such licensed  
7 activities is equal to the gross income of such business multiplied by  
8 the rate of 0.484 percent.

9 ~~((+10+))~~ (9) Upon every person engaging within this state in  
10 business as a hospital, as defined in chapter 70.41 RCW, that is  
11 operated as a nonprofit corporation or by the state or any of its  
12 political subdivisions, as to such persons, the amount of tax with  
13 respect to such activities is equal to the gross income of the business  
14 multiplied by the rate of 0.75 percent through June 30, 1995, and 1.5  
15 percent thereafter.

16 ~~((+11+))~~ (10)(a) Beginning October 1, 2005, upon every person  
17 engaging within this state in the business of manufacturing commercial  
18 airplanes, or components of such airplanes, or making sales, at retail  
19 or wholesale, of commercial airplanes or components of such airplanes,  
20 manufactured by the seller, as to such persons the amount of tax with  
21 respect to such business is, in the case of manufacturers, equal to the  
22 value of the product manufactured and the gross proceeds of sales of  
23 the product manufactured, or in the case of processors for hire, equal  
24 to the gross income of the business, multiplied by the rate of:

25 (i) 0.4235 percent from October 1, 2005, through June 30, 2007; and

26 (ii) 0.2904 percent beginning July 1, 2007.

27 (b) Beginning July 1, 2008, upon every person who is not eligible  
28 to report under the provisions of (a) of this subsection ~~((+11+))~~ (10)  
29 and is engaging within this state in the business of manufacturing  
30 tooling specifically designed for use in manufacturing commercial  
31 airplanes or components of such airplanes, or making sales, at retail  
32 or wholesale, of such tooling manufactured by the seller, as to such  
33 persons the amount of tax with respect to such business is, in the case  
34 of manufacturers, equal to the value of the product manufactured and  
35 the gross proceeds of sales of the product manufactured, or in the case  
36 of processors for hire, be equal to the gross income of the business,  
37 multiplied by the rate of 0.2904 percent.

1 (c) For the purposes of this subsection (~~((11))~~) (10), "commercial  
2 airplane" and "component" have the same meanings as provided in RCW  
3 82.32.550.

4 (d) In addition to all other requirements under this title, a  
5 person reporting under the tax rate provided in this subsection  
6 (~~((11))~~) (10) must file a complete annual report with the department  
7 under RCW 82.32.534.

8 (e) This subsection (~~((11))~~) (10) does not apply on and after July  
9 1, 2024.

10 (~~((12))~~) (11)(a) Until July 1, 2024, upon every person engaging  
11 within this state in the business of extracting timber or extracting  
12 for hire timber; as to such persons the amount of tax with respect to  
13 the business is, in the case of extractors, equal to the value of  
14 products, including by-products, extracted, or in the case of  
15 extractors for hire, equal to the gross income of the business,  
16 multiplied by the rate of 0.4235 percent from July 1, 2006, through  
17 June 30, 2007, and 0.2904 percent from July 1, 2007, through June 30,  
18 2024.

19 (b) Until July 1, 2024, upon every person engaging within this  
20 state in the business of manufacturing or processing for hire: (i)  
21 Timber into timber products or wood products; or (ii) timber products  
22 into other timber products or wood products; as to such persons the  
23 amount of the tax with respect to the business is, in the case of  
24 manufacturers, equal to the value of products, including by-products,  
25 manufactured, or in the case of processors for hire, equal to the gross  
26 income of the business, multiplied by the rate of 0.4235 percent from  
27 July 1, 2006, through June 30, 2007, and 0.2904 percent from July 1,  
28 2007, through June 30, 2024.

29 (c) Until July 1, 2024, upon every person engaging within this  
30 state in the business of selling at wholesale: (i) Timber extracted by  
31 that person; (ii) timber products manufactured by that person from  
32 timber or other timber products; or (iii) wood products manufactured by  
33 that person from timber or timber products; as to such persons the  
34 amount of the tax with respect to the business is equal to the gross  
35 proceeds of sales of the timber, timber products, or wood products  
36 multiplied by the rate of 0.4235 percent from July 1, 2006, through  
37 June 30, 2007, and 0.2904 percent from July 1, 2007, through June 30,  
38 2024.

1 (d) Until July 1, 2024, upon every person engaging within this  
2 state in the business of selling standing timber; as to such persons  
3 the amount of the tax with respect to the business is equal to the  
4 gross income of the business multiplied by the rate of 0.2904 percent.  
5 For purposes of this subsection (~~((+12+))~~) (11)(d), "selling standing  
6 timber" means the sale of timber apart from the land, where the buyer  
7 is required to sever the timber within thirty months from the date of  
8 the original contract, regardless of the method of payment for the  
9 timber and whether title to the timber transfers before, upon, or after  
10 severance.

11 (e) For purposes of this subsection, the following definitions  
12 apply:

13 (i) "Biocomposite surface products" means surface material products  
14 containing, by weight or volume, more than fifty percent recycled paper  
15 and that also use nonpetroleum-based phenolic resin as a bonding agent.

16 (ii) "Paper and paper products" means products made of interwoven  
17 cellulosic fibers held together largely by hydrogen bonding. "Paper  
18 and paper products" includes newsprint; office, printing, fine, and  
19 pressure-sensitive papers; paper napkins, towels, and toilet tissue;  
20 kraft bag, construction, and other kraft industrial papers; paperboard,  
21 liquid packaging containers, containerboard, corrugated, and solid-  
22 fiber containers including linerboard and corrugated medium; and  
23 related types of cellulosic products containing primarily, by weight or  
24 volume, cellulosic materials. "Paper and paper products" does not  
25 include books, newspapers, magazines, periodicals, and other printed  
26 publications, advertising materials, calendars, and similar types of  
27 printed materials.

28 (iii) "Recycled paper" means paper and paper products having fifty  
29 percent or more of their fiber content that comes from postconsumer  
30 waste. For purposes of this subsection (~~((+12+))~~) (11)(e)(iii),  
31 "postconsumer waste" means a finished material that would normally be  
32 disposed of as solid waste, having completed its life cycle as a  
33 consumer item.

34 (iv) "Timber" means forest trees, standing or down, on privately or  
35 publicly owned land. "Timber" does not include Christmas trees that  
36 are cultivated by agricultural methods or short-rotation hardwoods as  
37 defined in RCW 84.33.035.

38 (v) "Timber products" means:

1 (A) Logs, wood chips, sawdust, wood waste, and similar products  
2 obtained wholly from the processing of timber, short-rotation hardwoods  
3 as defined in RCW 84.33.035, or both;

4 (B) Pulp, including market pulp and pulp derived from recovered  
5 paper or paper products; and

6 (C) Recycled paper, but only when used in the manufacture of  
7 biocomposite surface products.

8 (vi) "Wood products" means paper and paper products; dimensional  
9 lumber; engineered wood products such as particleboard, oriented strand  
10 board, medium density fiberboard, and plywood; wood doors; wood  
11 windows; and biocomposite surface products.

12 (f) Except for small harvesters as defined in RCW 84.33.035, a  
13 person reporting under the tax rate provided in this subsection  
14 (~~((+12))~~) (11) must file a complete annual survey with the department  
15 under RCW 82.32.585.

16 (~~((+13))~~) (12) Upon every person engaging within this state in  
17 inspecting, testing, labeling, and storing canned salmon owned by  
18 another person, as to such persons, the amount of tax with respect to  
19 such activities is equal to the gross income derived from such  
20 activities multiplied by the rate of 0.484 percent.

21 (~~((+14))~~) (13)(a) Upon every person engaging within this state in  
22 the business of printing a newspaper, publishing a newspaper, or both,  
23 the amount of tax on such business is equal to the gross income of the  
24 business multiplied by the rate of 0.2904 percent.

25 (b) A person reporting under the tax rate provided in this  
26 subsection (~~((+14))~~) (13) must file a complete annual report with the  
27 department under RCW 82.32.534.

28 **Sec. 103.** RCW 82.08.0293 and 2011 c 2 s 301 are each amended to  
29 read as follows:

30 (1) The tax levied by RCW 82.08.020 does not apply to sales of food  
31 and food ingredients. "Food and food ingredients" means substances,  
32 whether in liquid, concentrated, solid, frozen, dried, or dehydrated  
33 form, that are sold for ingestion or chewing by humans and are consumed  
34 for their taste or nutritional value. "Food and food ingredients" does  
35 not include:

36 (a) "Alcoholic beverages," which means beverages that are suitable

1 for human consumption and contain one-half of one percent or more of  
2 alcohol by volume; and

3 (b) "Tobacco," which means cigarettes, cigars, chewing or pipe  
4 tobacco, or any other item that contains tobacco.

5 (2) The exemption of "food and food ingredients" provided for in  
6 subsection (1) of this section does not apply to prepared food, soft  
7 drinks, bottled water, or dietary supplements. (~~For purposes of this~~  
8 ~~subsection, the following definitions apply:~~) The definitions in this  
9 subsection apply throughout this section unless the context clearly  
10 requires otherwise.

11 (a) "Bottled water" means water that is placed in a safety sealed  
12 container or package for human consumption. Bottled water is calorie  
13 free and does not contain sweeteners or other additives except that it  
14 may contain: (i) Antimicrobial agents; (ii) fluoride; (iii)  
15 carbonation; (iv) vitamins, minerals, and electrolytes; (v) oxygen;  
16 (vi) preservatives; and (vii) only those flavors, extracts, or essences  
17 derived from a spice or fruit. "Bottled water" includes water that is  
18 delivered to the buyer in a reusable container that is not sold with  
19 the water.

20 (b) "Dietary supplement" means any product, other than tobacco,  
21 intended to supplement the diet that:

22 (i) Contains one or more of the following dietary ingredients:

23 (A) A vitamin;

24 (B) A mineral;

25 (C) An herb or other botanical;

26 (D) An amino acid;

27 (E) A dietary substance for use by humans to supplement the diet by  
28 increasing the total dietary intake; or

29 (F) A concentrate, metabolite, constituent, extract, or combination  
30 of any ingredient described in this subsection;

31 (ii) Is intended for ingestion in tablet, capsule, powder, softgel,  
32 gelcap, or liquid form, or if not intended for ingestion in such form,  
33 is not represented as conventional food and is not represented for use  
34 as a sole item of a meal or of the diet; and

35 (iii) Is required to be labeled as a dietary supplement,  
36 identifiable by the "supplement facts" box found on the label as  
37 required pursuant to 21 C.F.R. Sec. 101.36, as amended or renumbered as  
38 of January 1, 2003.



1           (~~(b)~~) (c)(i) "Prepared food" means:  
2           (A) Food sold in a heated state or heated by the seller;  
3           (B) Food sold with eating utensils provided by the seller,  
4 including plates, knives, forks, spoons, glasses, cups, napkins, or  
5 straws. A plate does not include a container or packaging used to  
6 transport the food; or  
7           (C) Two or more food ingredients mixed or combined by the seller  
8 for sale as a single item, except:  
9           (I) Food that is only cut, repackaged, or pasteurized by the  
10 seller; or  
11           (II) Raw eggs, fish, meat, poultry, and foods containing these raw  
12 animal foods requiring cooking by the consumer as recommended by the  
13 federal food and drug administration in chapter 3, part 401.11 of The  
14 Food Code, published by the food and drug administration, as amended or  
15 renumbered as of January 1, 2003, so as to prevent foodborne illness.  
16           (ii) "Prepared food" does not include the following food or food  
17 ingredients, if the food or food ingredients are sold without eating  
18 utensils provided by the seller:  
19           (A) Food sold by a seller whose proper primary North American  
20 industry classification system (NAICS) classification is manufacturing  
21 in sector 311, except subsector 3118 (bakeries), as provided in the  
22 "North American industry classification system--United States, 2002";  
23           (B) Food sold in an unheated state by weight or volume as a single  
24 item; or  
25           (C) Bakery items. The term "bakery items" includes bread, rolls,  
26 buns, biscuits, bagels, croissants, pastries, donuts, Danish, cakes,  
27 tortes, pies, tarts, muffins, bars, cookies, or tortillas.  
28           (~~(e)~~) (d) "Soft drinks" means nonalcoholic beverages that contain  
29 natural or artificial sweeteners. Soft drinks do not include beverages  
30 that contain: Milk or milk products; soy, rice, or similar milk  
31 substitutes; or greater than fifty percent of vegetable or fruit juice  
32 by volume.  
33           (3) Notwithstanding anything in this section to the contrary, the  
34 exemption of "food and food ingredients" provided in this section  
35 applies to food and food ingredients that are furnished, prepared, or  
36 served as meals:  
37           (a) Under a state administered nutrition program for the aged as

1 provided for in the older Americans act (P.L. 95-478 Title III) and RCW  
2 74.38.040(6);

3 (b) That are provided to senior citizens, individuals with  
4 disabilities, or low-income persons by a not-for-profit organization  
5 organized under chapter 24.03 or 24.12 RCW; or

6 (c) That are provided to residents, sixty-two years of age or  
7 older, of a qualified low-income senior housing facility by the lessor  
8 or operator of the facility. The sale of a meal that is billed to both  
9 spouses of a marital community or both domestic partners of a domestic  
10 partnership meets the age requirement in this subsection (3)(c) if at  
11 least one of the spouses or domestic partners is at least sixty-two  
12 years of age. For purposes of this subsection, "qualified low-income  
13 senior housing facility" means a facility:

14 (i) That meets the definition of a qualified low-income housing  
15 project under 26 U.S.C. Sec. 42 of the federal internal revenue code,  
16 as existing on August 1, 2009;

17 (ii) That has been partially funded under 42 U.S.C. Sec. 1485; and

18 (iii) For which the lessor or operator has at any time been  
19 entitled to claim a federal income tax credit under 26 U.S.C. Sec. 42  
20 of the federal internal revenue code.

21 (4)(a) Subsection (1) of this section notwithstanding, the retail  
22 sale of food and food ingredients is subject to sales tax under RCW  
23 82.08.020 if the food and food ingredients are sold through a vending  
24 machine. Except as provided in (b) of this subsection, the selling  
25 price of food and food ingredients sold through a vending machine for  
26 purposes of RCW 82.08.020 is fifty-seven percent of the gross receipts.

27 (b) For soft drinks, bottled water, and hot prepared food and food  
28 ingredients, other than food and food ingredients which are heated  
29 after they have been dispensed from the vending machine, the selling  
30 price is the total gross receipts of such sales divided by the sum of  
31 one plus the sales tax rate expressed as a decimal.

32 (c) For tax collected under this subsection (4), the requirements  
33 that the tax be collected from the buyer and that the amount of tax be  
34 stated as a separate item are waived.

35 **Sec. 104.** RCW 82.12.0293 and 2011 c 2 s 303 are each amended to  
36 read as follows:

1 (1) The provisions of this chapter do not apply in respect to the  
2 use of food and food ingredients for human consumption. "Food and food  
3 ingredients" has the same meaning as in RCW 82.08.0293.

4 (2) The exemption of "food and food ingredients" provided for in  
5 subsection (1) of this section does not apply to prepared food, soft  
6 drinks, bottled water, or dietary supplements. "Prepared food," "soft  
7 drinks," "bottled water," and "dietary supplements" have the same  
8 meanings as in RCW 82.08.0293.

9 (3) Notwithstanding anything in this section to the contrary, the  
10 exemption of "food and food ingredients" provided in this section  
11 applies to food and food ingredients which are furnished, prepared, or  
12 served as meals:

13 (a) Under a state administered nutrition program for the aged as  
14 provided for in the older Americans act (P.L. 95-478 Title III) and RCW  
15 74.38.040(6);

16 (b) Which are provided to senior citizens, individuals with  
17 disabilities, or low-income persons by a not-for-profit organization  
18 organized under chapter 24.03 or 24.12 RCW; or

19 (c) That are provided to residents, sixty-two years of age or  
20 older, of a qualified low-income senior housing facility by the lessor  
21 or operator of the facility. The sale of a meal that is billed to both  
22 spouses of a marital community or both domestic partners of a domestic  
23 partnership meets the age requirement in this subsection (3)(c) if at  
24 least one of the spouses or domestic partners is at least sixty-two  
25 years of age. For purposes of this subsection, "qualified low-income  
26 senior housing facility" has the same meaning as in RCW 82.08.0293.

27 NEW SECTION. **Sec. 105.** A new section is added to chapter 82.08  
28 RCW to read as follows:

29 (1) Subject to the conditions in this section, the tax levied by  
30 RCW 82.08.020 does not apply to sales of bottled water dispensed or to  
31 be dispensed to patients, pursuant to a prescription for use in the  
32 cure, mitigation, treatment, or prevention of disease or other medical  
33 condition.

34 (2) For purposes of this section, "prescription" means an order,  
35 formula, or recipe issued in any form of oral, written, electronic, or  
36 other means of transmission by a duly licensed practitioner authorized  
37 by the laws of this state to prescribe.

1 (3) Except for sales of bottled water delivered to the buyer in a  
2 reusable container that is not sold with the water, sellers must  
3 collect tax on sales subject to this exemption. Any buyer that has  
4 paid at least twenty-five dollars in state and local sales taxes on  
5 purchases of bottled water subject to this exemption may apply for a  
6 refund of the taxes directly from the department in a form and manner  
7 prescribed by the department. The department must deny any refund  
8 application if the amount of the refund requested is less than twenty-  
9 five dollars. No refund may be made for taxes paid more than four  
10 years after the end of the calendar year in which the tax was paid to  
11 the seller.

12 (4) The provisions of RCW 82.32.060 apply to refunds authorized  
13 under this section.

14 (5) With respect to sales of bottled water delivered to the buyer  
15 in a reusable container that is not sold with the water, buyers  
16 claiming the exemption provided in this section must provide the seller  
17 with an exemption certificate in a form and manner prescribed by the  
18 department. The seller must retain a copy of the certificate for the  
19 seller's files.

20 NEW SECTION. **Sec. 106.** A new section is added to chapter 82.12  
21 RCW to read as follows:

22 (1) The provisions of this chapter do not apply in respect to the  
23 use of bottled water dispensed or to be dispensed to patients, pursuant  
24 to a prescription for use in the cure, mitigation, treatment, or  
25 prevention of disease or medical condition.

26 (2) For the purposes of this section, "prescription" has the same  
27 meaning as provided in section 105 of this act.

28 NEW SECTION. **Sec. 107.** A new section is added to chapter 82.08  
29 RCW to read as follows:

30 (1)(a) Subject to the conditions in this section, the tax levied by  
31 RCW 82.08.020 does not apply to sales of bottled water to persons whose  
32 primary source of drinking water is unsafe.

33 (b) For purposes of this subsection and section 108 of this act, a  
34 person's primary source of drinking water is unsafe if:

35 (i) The public water system providing the drinking water has issued

1 a public notification that the drinking water may pose a health risk,  
2 and the notification is still in effect on the date that the bottled  
3 water was purchased;

4 (ii) Test results on the person's drinking water, which are no more  
5 than twelve months old, from a laboratory certified to perform drinking  
6 water testing show that the person's drinking water does not meet safe  
7 drinking water standards applicable to public water systems; or

8 (iii) The person otherwise establishes, to the department's  
9 satisfaction, that the person's drinking water does not meet safe  
10 drinking water standards applicable to public water systems.

11 (2) Except for sales of bottled water delivered to the buyer in a  
12 reusable container that is not sold with the water, sellers must  
13 collect tax on sales subject to this exemption. Any buyer that has  
14 paid at least twenty-five dollars in state and local sales taxes on  
15 purchases of bottled water subject to this exemption may apply for a  
16 refund of the taxes directly from the department in a form and manner  
17 prescribed by the department. The department must deny any refund  
18 application if the amount of the refund requested is less than  
19 twenty-five dollars. No refund may be made for taxes paid more than  
20 four years after the end of the calendar year in which the tax was paid  
21 to the seller.

22 (3) The provisions of RCW 82.32.060 apply to refunds authorized  
23 under this section.

24 (4)(a) With respect to sales of bottled water delivered to the  
25 buyer in a reusable container that is not sold with the water, buyers  
26 claiming the exemption provided in this section must provide the seller  
27 with an exemption certificate in a form and manner prescribed by the  
28 department. The seller must retain a copy of the certificate for the  
29 seller's files.

30 (b) The department may waive the requirement for an exemption  
31 certificate in the event of disaster or similar circumstance.

32 NEW SECTION. **Sec. 108.** A new section is added to chapter 82.12  
33 RCW to read as follows:

34 The provisions of this chapter do not apply in respect to the use  
35 of bottled water by persons whose primary source of drinking water is  
36 unsafe as provided in section 107 of this act.

1       **Sec. 109.** RCW 82.04.4452 and 2010 c 114 s 114 are each amended to  
2 read as follows:

3       (1) In computing the tax imposed under this chapter, a credit is  
4 allowed for each person whose research and development spending during  
5 the year in which the credit is claimed exceeds 0.92 percent of the  
6 person's taxable amount during the same calendar year.

7       (2)(a) The credit is calculated as follows:

8       ((a)) (i) Determine the greater of the amount of qualified  
9 research and development expenditures of a person or eighty percent of  
10 amounts received by a person other than a public educational or  
11 research institution in compensation for the conduct of qualified  
12 research and development;

13       ((b)) (ii) Subtract 0.92 percent of the person's taxable amount  
14 from the amount determined under (a)(i) of this subsection;

15       ((c)) (iii) Multiply the amount determined under ((b)) (a)(ii)  
16 of this subsection by ((the following):

17       (i) ~~For the period June 10, 2004, through December 31, 2006, the~~  
18 ~~person's average tax rate for the calendar year for which the credit is~~  
19 ~~claimed;~~

20       (ii) ~~For the calendar year ending December 31, 2007, the greater of~~  
21 ~~the person's average tax rate for that calendar year or 0.75 percent;~~

22       (iii) ~~For the calendar year ending December 31, 2008, the greater~~  
23 ~~of the person's average tax rate for that calendar year or 1.0 percent;~~

24       (iv) ~~For the calendar year ending December 31, 2009, the greater of~~  
25 ~~the person's average tax rate for that calendar year or 1.25 percent;~~

26       (v) ~~For the calendar year ending December 31, 2010, and~~  
27 ~~thereafter,)) 1.50 percent.~~

28       (b) For purposes of calculating the credit, if a person's reporting  
29 period is less than annual, the person may use an estimated average tax  
30 rate for the calendar year for which the credit is claimed by using the  
31 person's average tax rate for each reporting period. A person who uses  
32 an estimated average tax rate must make an adjustment to the total  
33 credit claimed for the calendar year using the person's actual average  
34 tax rate for the calendar year when the person files its last return  
35 for the calendar year for which the credit is claimed.

36       (3) Any person entitled to the credit provided in subsection (2) of  
37 this section as a result of qualified research and development

1 conducted under contract may assign all or any portion of the credit to  
2 the person contracting for the performance of the qualified research  
3 and development.

4 (4) The credit, including any credit assigned to a person under  
5 subsection (3) of this section, must be claimed against taxes due for  
6 the same calendar year in which the qualified research and development  
7 expenditures are incurred. The credit, including any credit assigned  
8 to a person under subsection (3) of this section, for each calendar  
9 year may not exceed the lesser of two million dollars or the amount of  
10 tax otherwise due under this chapter for the calendar year.

11 (5) For any person claiming the credit, including any credit  
12 assigned to a person under subsection (3) of this section, whose  
13 research and development spending during the calendar year in which the  
14 credit is claimed fails to exceed 0.92 percent of the person's taxable  
15 amount during the same calendar year or who is otherwise ineligible,  
16 the department must declare the taxes against which the credit was  
17 claimed to be immediately due and payable. The department must assess  
18 interest, but not penalties, on the taxes against which the credit was  
19 claimed. Interest must be assessed at the rate provided for delinquent  
20 excise taxes under chapter 82.32 RCW, retroactively to the date the  
21 credit was claimed, and accrues until the taxes against which the  
22 credit was claimed are repaid. Any credit assigned to a person under  
23 subsection (3) of this section that is disallowed as a result of this  
24 section may be claimed by the person who performed the qualified  
25 research and development subject to the limitations set forth in  
26 subsection (4) of this section.

27 (6) A person may not claim a credit under this section if the  
28 person reported an annual gross amount, as reported on the state  
29 combined excise tax return, of ten million dollars or more in the prior  
30 calendar year. Taxpayers disallowed from claiming the credit under  
31 this subsection (6) are not required to refund any credit claimed in  
32 calendar year 2013 prior to the effective date of this section.

33 (7) A person claiming the credit provided in this section must file  
34 a complete annual survey with the department under RCW 82.32.585.

35 ~~((7) For the purpose of this section:)~~ The definitions in this  
36 subsection apply throughout this section unless the context clearly  
37 requires otherwise.

1       (8)(a) "Average tax rate" means a person's total tax liability  
2 under this chapter for the calendar year for which the credit is  
3 claimed divided by the taxpayer's total taxable amount under this  
4 chapter for the calendar year for which the credit is claimed.

5       (b) "Qualified research and development expenditures" means  
6 operating expenses, including wages, compensation of a proprietor or a  
7 partner in a partnership as determined under rules adopted by the  
8 department, benefits, supplies, and computer expenses, directly  
9 incurred in qualified research and development by a person claiming the  
10 credit provided in this section. The term does not include amounts  
11 paid to a person other than a public educational or research  
12 institution to conduct qualified research and development. Nor does  
13 the term include capital costs and overhead, such as expenses for land,  
14 structures, or depreciable property.

15       (c) "Qualified research and development" (~~shall have~~) has the  
16 same meaning as provided in RCW 82.63.010.

17       (d) "Research and development spending" means qualified research  
18 and development expenditures plus eighty percent of amounts paid to a  
19 person other than a public educational or research institution to  
20 conduct qualified research and development.

21       (e) "Taxable amount" means the taxable amount subject to the tax  
22 imposed in this chapter required to be reported on the person's  
23 combined excise tax returns for the calendar year for which the credit  
24 is claimed, less any taxable amount for which a credit is allowed under  
25 RCW 82.04.440.

26       (~~(8)~~) (9) This section expires January 1, 2015.

27       **Sec. 110.** RCW 82.63.030 and 2008 c 15 s 4 are each amended to read  
28 as follows:

29       (1) Except as provided in subsection (2) of this section, the  
30 department (~~shall~~) must issue a sales and use tax deferral  
31 certificate for state and local sales and use taxes due under chapters  
32 82.08, 82.12, and 82.14 RCW on each eligible investment project.

33       (2) No certificate may be issued for an investment project that has  
34 already received a deferral under chapter 82.60 RCW or this chapter,  
35 except that an investment project for qualified research and  
36 development that has already received a deferral may also receive an



1 additional deferral certificate for adapting the investment project for  
2 use in pilot scale manufacturing.

3 (3) The department may not issue a certificate under this section  
4 on or after July 1, 2013.

5 (4) This section (~~shall~~) expires January 1, 2015.

6 NEW SECTION. Sec. 111. RCW 82.04.272 (Tax on warehousing and  
7 reselling prescription drugs) and 2013 c 19 s 127, 2003 c 168 s 401, &  
8 1998 c 343 s 1 are each repealed.

9 NEW SECTION. Sec. 112. Section 111 of this act applies to taxes  
10 due for reporting periods beginning on or after the effective date of  
11 section 111 of this act.

12 **Sec. 113.** RCW 82.12.0263 and 1980 c 37 s 62 are each amended to  
13 read as follows:

14 The provisions of this chapter (~~shall~~) do not apply in respect to  
15 the use of biomass fuel by the extractor or manufacturer thereof when  
16 used directly in the operation of the particular extractive operation  
17 or manufacturing plant which produced or manufactured the same. For  
18 purposes of this section, "biomass fuel" means wood waste and other  
19 wood residuals, including forest derived biomass, but does not include  
20 firewood or wood pellets. "Biomass fuel" also includes partially  
21 organic by-products of pulp, paper, and wood manufacturing processes.

22 NEW SECTION. Sec. 114. A new section is added to chapter 82.12  
23 RCW to read as follows:

24 The value of the article used with respect to refinery fuel gas  
25 under this chapter is the most recent monthly United States natural gas  
26 wellhead price, as published by the federal energy information  
27 administration.

28 **Part II**  
29 **Making Appropriations to Fund K-12 Basic Education and Higher Education**

30 **II-A**  
31 **Higher Education Appropriations**

1        NEW SECTION.    **Sec. 201.**    A new section is added to 2013 1st sp.s.  
2    c ... (Engrossed Substitute House Bill 1057) (uncodified) to read as  
3    follows:

4    **FOR THE UNIVERSITY OF WASHINGTON**

5        (1) The sum of nine million seven hundred and twenty thousand  
6    dollars is appropriated for the fiscal biennium ending June 30, 2015,  
7    from the education legacy trust account--state to the University of  
8    Washington.

9        (2) The sum of twenty four million eight hundred and sixty eight  
10   thousand dollars is appropriated for the fiscal biennium ending June  
11   30, 2015, from the education legacy trust account--state to the  
12   University of Washington. The appropriation in this subsection is  
13   provided solely for the expansion of computer science and engineering  
14   enrollments. The university will work with the education research and  
15   data center to establish program baselines and demonstrate enrollment  
16   increases. By September 1, 2014, and each September 1st thereafter,  
17   the university shall provide a report that provides the specific detail  
18   on how these amounts were spent in the preceding fiscal year including  
19   but not limited to the cost per student, student completion rates, and  
20   the number of low-income students enrolled in each program, any process  
21   changes or best-practices implemented by the college, and how many  
22   students are enrolled in computer science and engineering programs  
23   above the 2012-2013 academic year baseline.

24        NEW SECTION.    **Sec. 202.**    A new section is added to 2013 1st sp.s.  
25    c ... (Engrossed Substitute House Bill 1057) (uncodified) to read as  
26    follows:

27    **FOR WASHINGTON STATE UNIVERSITY**

28        (1) The sum of five million seven thousand dollars is appropriated  
29    for the biennium ending June 30, 2015, from the education legacy trust  
30    account--state to Washington State University.

31        (2) The sum of seventeen million six hundred and twenty eight  
32    thousand dollars is appropriated for the fiscal biennium ending June  
33    30, 2015, from the education legacy trust account--state to Washington  
34    State University. The appropriation in this subsection is provided  
35    solely for the expansion of computer science and engineering  
36    enrollments. The university will work with the education research and  
37    data center to establish program baselines and demonstrate enrollment

1 increases. By September 1, 2014, and each September 1st thereafter,  
2 the university shall provide a report that provides the specific detail  
3 on how these amounts were spent in the preceding fiscal year including  
4 but not limited to the cost per student, student completion rates, and  
5 the number of low-income students enrolled in each program, any process  
6 changes or best-practices implemented by the college, and how many  
7 students are enrolled in computer science and engineering programs  
8 above the 2012-2013 academic year baseline.

9 NEW SECTION. **Sec. 203.** A new section is added to 2013 1st sp.s.  
10 c ... (Engrossed Substitute House Bill 1057) (uncodified) to read as  
11 follows:

12 **FOR WESTERN WASHINGTON UNIVERSITY**

13 (1) The sum of five million and twenty four thousand dollars is  
14 appropriated for the fiscal biennium ending June 30, 2015, from the  
15 education legacy trust account--state to the Western Washington  
16 University.

17 (2) The sum of four million eight hundred and sixty eight dollars  
18 is appropriated for the fiscal biennium ending June 30, 2015, from the  
19 education legacy trust account--state to the Western Washington  
20 University. The appropriation in this subsection is provided solely  
21 for the expansion of computer science and engineering enrollments. The  
22 university will work with the education research and data center to  
23 establish program baselines and demonstrate enrollment increases. By  
24 September 1, 2014, and each September 1st thereafter, the university  
25 shall provide a report that provides the specific detail on how these  
26 amounts were spent in the preceding fiscal year including but not  
27 limited to the cost per student, student completion rates, and the  
28 number of low-income students enrolled in each program, any process  
29 changes or best-practices implemented by the college, and how many  
30 students are enrolled in computer science and engineering programs  
31 above the 2012-2013 academic year baseline.

32 NEW SECTION. **Sec. 204.** A new section is added to 2013 1st sp.s.  
33 c ... (Engrossed Substitute House Bill 1057) (uncodified) to read as  
34 follows:

35 **FOR CENTRAL WASHINGTON UNIVERSITY**

1 The sum of two million and eighteen thousand dollars is  
2 appropriated for the fiscal biennium ending June 30, 2015, from the  
3 education legacy trust account--state to Central Washington University.

4 NEW SECTION. **Sec. 205.** A new section is added to 2013 1st sp.s.  
5 c ... (Engrossed Substitute House Bill 1057) (uncodified) to read as  
6 follows:

7 **FOR EASTERN WASHINGTON UNIVERSITY**

8 The sum of one million and three hundred and fifteen thousand  
9 dollars is appropriated for the fiscal biennium ending June 30, 2015,  
10 from the education legacy trust account--state to Eastern Washington  
11 University.

12 NEW SECTION. **Sec. 206.** A new section is added to 2013 1st sp.s.  
13 c ... (Engrossed Substitute House Bill 1057) (uncodified) to read as  
14 follows:

15 **FOR THE EVERGREEN STATE COLLEGE**

16 The sum of seven hundred and fifty two thousand dollars is  
17 appropriated for the fiscal biennium ending June 30, 2015, from the  
18 education legacy trust account--state to The Evergreen State College.

19 NEW SECTION. **Sec. 207.** A new section is added to 2013 1st sp.s.  
20 c ... (Engrossed Substitute House Bill 1057) (uncodified) to read as  
21 follows:

22 **FOR THE STATE BOARD FOR COMMUNITY AND TECHNICAL COLLEGES**

23 The sum of two million five hundred thousand dollars is  
24 appropriated for the fiscal biennium ending June 30, 2015, from the  
25 education legacy trust account--state to the state board for community  
26 and technical colleges. The appropriation in this section is provided  
27 solely for the student achievement initiative.

28 NEW SECTION. **Sec. 208.** A new section is added to 2013 1st sp.s.  
29 c ... (Engrossed Substitute House Bill 1057) (uncodified) to read as  
30 follows:

31 **FOR THE STUDENT ACHIEVEMENT COUNCIL--OPPORTUNITY SCHOLARSHIP**

32 The sum of five million dollars is appropriated for the fiscal  
33 biennium ending June 30, 2015, from the education legacy trust  
34 account--state to the student achievement council. The appropriation

1 in this section is provided solely for expenditure into the opportunity  
2 scholarship match transfer account for purposes of the opportunity  
3 scholarship program established in chapter 28B.145 RCW. The council  
4 shall enter appropriate agreements with the administrator to  
5 demonstrate receipt of consideration for public funds and use of public  
6 funds for the specified statutory purposes.

7 **II-B**

8 **K-12 Policy Changes**

9 **Sec. 209.** RCW 28A.150.220 and 2013 c 323 s 2 are each amended to  
10 read as follows:

11 (1) In order for students to have the opportunity to develop the  
12 basic education knowledge and skills under RCW 28A.150.210, school  
13 districts must provide instruction of sufficient quantity and quality  
14 and give students the opportunity to complete graduation requirements  
15 that are intended to prepare them for postsecondary education, gainful  
16 employment, and citizenship. The program established under this  
17 section shall be the minimum instructional program of basic education  
18 offered by school districts.

19 (2) Each school district shall make available to students the  
20 following minimum instructional offering each school year:

21 (a) For students enrolled in grades one through twelve, at least a  
22 district-wide annual average of one thousand hours, which shall be  
23 increased district-wide to (~~at least one thousand eighty instructional~~  
24 ~~hours for students enrolled in each of grades seven through twelve~~  
25 ~~and~~) at least one thousand instructional hours for students in each of  
26 grades one through six (~~according to an implementation schedule~~  
27 ~~adopted by the legislature, but not before~~) beginning with the ((2014-  
28 15)) 2017-18 school year((+)), and increased district-wide for students  
29 in each of grades seven through twelve according to the following  
30 implementation schedule:

	<u>Minimum instructional</u>
	<u>hours for grades 7-12</u>
31 <u>2014-15 school year</u> . . . . .	1,020
32 <u>2015-16 school year</u> . . . . .	1,040
33 <u>2016-17 school year</u> . . . . .	1,060
34 <u>2017-18 school year and thereafter</u> . . . . .	1,080

1 (b) For students enrolled in kindergarten, at least four hundred  
2 fifty instructional hours, which shall be increased to at least one  
3 thousand instructional hours according to the implementation schedule  
4 under RCW 28A.150.315.

5 (3) The instructional program of basic education provided by each  
6 school district shall include:

7 (a) Instruction in the essential academic learning requirements  
8 under RCW 28A.655.070;

9 (b) Instruction that provides students the opportunity to complete  
10 twenty-four credits for high school graduation, subject to a phased-in  
11 implementation of the twenty-four credits as established by the  
12 legislature. Course distribution requirements may be established by  
13 the state board of education under RCW 28A.230.090;

14 (c) If the essential academic learning requirements include a  
15 requirement of languages other than English, the requirement may be met  
16 by students receiving instruction in one or more American Indian  
17 languages;

18 (d) Supplemental instruction and services for underachieving  
19 students through the learning assistance program under RCW 28A.165.005  
20 through 28A.165.065;

21 (e) Supplemental instruction and services for eligible and enrolled  
22 students whose primary language is other than English through the  
23 transitional bilingual instruction program under RCW 28A.180.010  
24 through 28A.180.080;

25 (f) The opportunity for an appropriate education at public expense  
26 as defined by RCW 28A.155.020 for all eligible students with  
27 disabilities as defined in RCW 28A.155.020; and

28 (g) Programs for highly capable students under RCW 28A.185.010  
29 through 28A.185.030.

30 (4) Nothing contained in this section shall be construed to require  
31 individual students to attend school for any particular number of hours  
32 per day or to take any particular courses.

33 (5) Each school district's kindergarten through twelfth grade basic  
34 educational program shall be accessible to all students who are five  
35 years of age, as provided by RCW 28A.225.160, and less than twenty-one  
36 years of age and shall consist of a minimum of one hundred eighty  
37 school days per school year in such grades as are conducted by a school  
38 district, and one hundred eighty half-days of instruction, or

1 equivalent, in kindergarten, to be increased to a minimum of one  
2 hundred eighty school days per school year according to the  
3 implementation schedule under RCW 28A.150.315. However, schools  
4 administering the Washington kindergarten inventory of developing  
5 skills may use up to three school days at the beginning of the school  
6 year to meet with parents and families as required in the parent  
7 involvement component of the inventory. In addition, effective May 1,  
8 1979, a school district may schedule the last five school days of the  
9 one hundred and eighty day school year for noninstructional purposes in  
10 the case of students who are graduating from high school, including,  
11 but not limited to, the observance of graduation and early release from  
12 school upon the request of a student, and all such students may be  
13 claimed as a full-time equivalent student to the extent they could  
14 otherwise have been so claimed for the purposes of RCW 28A.150.250 and  
15 28A.150.260.

16 (6) Nothing in this section precludes a school district from  
17 enriching the instructional program of basic education, such as  
18 offering additional instruction or providing additional services,  
19 programs, or activities that the school district determines to be  
20 appropriate for the education of the school district's students.

21 (7) The state board of education shall adopt rules to implement and  
22 ensure compliance with the program requirements imposed by this  
23 section, RCW 28A.150.250 and 28A.150.260, and such related supplemental  
24 program approval requirements as the state board may establish.

25 **Sec. 210.** RCW 28A.150.260 and 2011 1st sp.s. c 27 s 2 are each  
26 amended to read as follows:

27 The purpose of this section is to provide for the allocation of  
28 state funding that the legislature deems necessary to support school  
29 districts in offering the minimum instructional program of basic  
30 education under RCW 28A.150.220. The allocation shall be determined as  
31 follows:

32 (1) The governor shall and the superintendent of public instruction  
33 may recommend to the legislature a formula for the distribution of a  
34 basic education instructional allocation for each common school  
35 district.

36 (2) The distribution formula under this section shall be for  
37 allocation purposes only. Except as may be required under chapter

1 28A.155, 28A.165, 28A.180, or 28A.185 RCW, or federal laws and  
2 regulations, nothing in this section requires school districts to use  
3 basic education instructional funds to implement a particular  
4 instructional approach or service. Nothing in this section requires  
5 school districts to maintain a particular classroom teacher-to-student  
6 ratio or other staff-to-student ratio or to use allocated funds to pay  
7 for particular types or classifications of staff. Nothing in this  
8 section entitles an individual teacher to a particular teacher planning  
9 period.

10 (3)(a) To the extent the technical details of the formula have been  
11 adopted by the legislature and except when specifically provided as a  
12 school district allocation, the distribution formula for the basic  
13 education instructional allocation shall be based on minimum staffing  
14 and nonstaff costs the legislature deems necessary to support  
15 instruction and operations in prototypical schools serving high,  
16 middle, and elementary school students as provided in this section.  
17 The use of prototypical schools for the distribution formula does not  
18 constitute legislative intent that schools should be operated or  
19 structured in a similar fashion as the prototypes. Prototypical  
20 schools illustrate the level of resources needed to operate a school of  
21 a particular size with particular types and grade levels of students  
22 using commonly understood terms and inputs, such as class size, hours  
23 of instruction, and various categories of school staff. It is the  
24 intent that the funding allocations to school districts be adjusted  
25 from the school prototypes based on the actual number of annual average  
26 full-time equivalent students in each grade level at each school in the  
27 district and not based on the grade-level configuration of the school  
28 to the extent that data is available. The allocations shall be further  
29 adjusted from the school prototypes with minimum allocations for small  
30 schools and to reflect other factors identified in the omnibus  
31 appropriations act.

32 (b) For the purposes of this section, prototypical schools are  
33 defined as follows:

34 (i) A prototypical high school has six hundred average annual full-  
35 time equivalent students in grades nine through twelve;

36 (ii) A prototypical middle school has four hundred thirty-two  
37 average annual full-time equivalent students in grades seven and eight;

38 and



1 (iii) A prototypical elementary school has four hundred average  
2 annual full-time equivalent students in grades kindergarten through  
3 six.

4 (4)(a) The minimum allocation for each level of prototypical school  
5 shall be based on the number of full-time equivalent classroom teachers  
6 needed to provide instruction over the minimum required annual  
7 instructional hours under RCW 28A.150.220 and provide at least one  
8 teacher planning period per school day, and based on the following  
9 general education average class size of full-time equivalent students  
10 per teacher:

	General education average class size
14 Grades K-3 . . . . .	25.23
15 Grade 4 . . . . .	27.00
16 Grades 5-6 . . . . .	27.00
17 Grades 7-8 . . . . .	28.53
18 Grades 9-12 . . . . .	28.74

19 (b) During the 2011-2013 biennium and beginning with schools with  
20 the highest percentage of students eligible for free and reduced-price  
21 meals in the prior school year, the general education average class  
22 size for grades K-3 shall be reduced until the average class size  
23 funded under this subsection (4) is no more than 17.0 full-time  
24 equivalent students per teacher beginning in the 2017-18 school year.

25 (c) The minimum allocation for each prototypical middle and high  
26 school shall also provide for full-time equivalent classroom teachers  
27 based on the following number of full-time equivalent students per  
28 teacher in career and technical education:

	Career and technical education average class size
32 Approved career and technical education offered at 33 the middle school and high school level . . . . .	26.57
34 Skill center programs meeting the standards established 35 by the office of the superintendent of public 36 instruction . . . . .	22.76

(d) In addition, the omnibus appropriations act shall at a minimum specify:

(i) A high-poverty average class size in schools where more than fifty percent of the students are eligible for free and reduced-price meals; and

(ii) A specialty average class size for laboratory science, advanced placement, and international baccalaureate courses.

(e) To support the increase in instructional hours required under RCW 28A.150.220(2)(a), beginning with the 2014-15 school year, the minimum allocation for each prototypical middle school and high school must provide resources to provide an additional 0.5556 hours of instruction per week per annual average full-time equivalent student enrolled in grades seven through twelve, based on the general education average class sizes specified in (a) of this subsection, which shall be increased in equal annual increments until an additional 2.2222 hours of instruction is provided in the 2017-18 school year and thereafter.

(5) The minimum allocation for each level of prototypical school shall include allocations for the following types of staff in addition to classroom teachers:

	Elementary School	Middle School	High School
Principals, assistant principals, and other certificated building-level administrators . . . . .	1.253	1.353	1.880
Teacher librarians, a function that includes information literacy, technology, and media to support school library media programs . . . . .	0.663	0.519	0.523
Health and social services:			
School nurses . . . . .	0.076	0.060	0.096
Social workers . . . . .	0.042	0.006	0.015
Psychologists . . . . .	0.017	0.002	0.007
Guidance counselors, a function that includes parent outreach and graduation advising . . . . .	0.493	<del>((1.116))</del> <u>1.283</u>	<del>((1.909))</del> <u>2.076</u>
Teaching assistance, including any aspect of educational instructional services provided by classified employees . . . . .	0.936	0.700	0.652

1	Office support and other noninstructional aides . . . . .	2.012	2.325	3.269
2	Custodians . . . . .	1.657	1.942	2.965
3	Classified staff providing student and staff safety . . . . .	0.079	0.092	0.141
4	<del>((Parent involvement))</del> <u>Family engagement</u> coordinators . . . . .	<del>((0.00))</del>	0.00	0.00
5		<u>0.167</u>		

6 (6)(a) The minimum staffing allocation for each school district to  
7 provide district-wide support services shall be allocated per one  
8 thousand annual average full-time equivalent students in grades K-12 as  
9 follows:

10			Staff per 1,000	
11			K-12 students	
12	Technology . . . . .			0.628
13	Facilities, maintenance, and grounds . . . . .			1.813
14	Warehouse, laborers, and mechanics . . . . .			0.332

15 (b) The minimum allocation of staff units for each school district  
16 to support certificated and classified staffing of central  
17 administration shall be 5.30 percent of the staff units generated under  
18 subsections (4)(a) ~~((and))~~, (b), and (e) and (5) of this section and  
19 (a) of this subsection.

20 (7) The distribution formula shall include staffing allocations to  
21 school districts for career and technical education and skill center  
22 administrative and other school-level certificated staff, as specified  
23 in the omnibus appropriations act.

24 (8)(a) Except as provided in (b) of this subsection, the minimum  
25 allocation for each school district shall include allocations per  
26 annual average full-time equivalent student for the following  
27 materials, supplies, and operating costs, to be adjusted for inflation  
28 from the 2008-09 school year:

29			Per annual average	
30			full-time equivalent student	
31			in grades K-12	
32	Technology . . . . .			\$54.43
33	Utilities and insurance . . . . .			.\$147.90
34	Curriculum and textbooks . . . . .			.\$58.44
35	Other supplies and library materials . . . . .			.\$124.07
36	Instructional professional development for certified and			

1	classified staff . . . . .	\$9.04
2	Facilities maintenance . . . . .	.\$73.27
3	Security and central office . . . . .	\$50.76

4 (b) During the 2011-2013 biennium, the minimum allocation for  
5 (~~maintenance~~) materials, supplies, and operating costs shall be  
6 increased as specified in the omnibus appropriations act. The  
7 following allocations, adjusted for inflation from the 2007-08 school  
8 year, are provided in the 2015-16 school year, after which the  
9 allocations shall be adjusted annually for inflation as specified in  
10 the omnibus appropriations act:

	Per annual average full-time equivalent student in grades K-12
14 Technology . . . . .	\$113.80
15 Utilities and insurance . . . . .	.\$309.21
16 Curriculum and textbooks . . . . .	\$122.17
17 Other supplies and library materials . . . . .	\$259.39
18 Instructional professional development for certificated and 19 classified staff . . . . .	.\$18.89
20 Facilities maintenance . . . . .	\$153.18
21 Security and central office administration . . . . .	\$106.12

22 (9) In addition to the amounts provided in subsection (8) of this  
23 section, the omnibus appropriations act shall provide an amount based  
24 on full-time equivalent student enrollment in each of the following:

- 25 (a) Exploratory career and technical education courses for students  
26 in grades seven through twelve;
- 27 (b) Laboratory science courses for students in grades nine through  
28 twelve;
- 29 (c) Preparatory career and technical education courses for students  
30 in grades nine through twelve offered in a high school; and
- 31 (d) Preparatory career and technical education courses for students  
32 in grades eleven and twelve offered through a skill center.

33 (10) In addition to the allocations otherwise provided under this  
34 section, amounts shall be provided to support the following programs  
35 and services:

- 36 (a) To provide supplemental instruction and services for  
37 underachieving students through the learning assistance program under

1 RCW 28A.165.005 through 28A.165.065, allocations shall be based on the  
2 district percentage of students in grades K-12 who were eligible for  
3 free or reduced-price meals in the prior school year. The minimum  
4 allocation for the program shall provide for each level of prototypical  
5 school resources to provide, on a statewide average, 1.5156 hours per  
6 week in extra instruction with a class size of fifteen learning  
7 assistance program students per teacher.

8 (b) To provide supplemental instruction and services for students  
9 whose primary language is other than English, allocations shall be  
10 based on the following:

11 (i) The head count number of students in each school who are  
12 eligible for and enrolled in the transitional bilingual instruction  
13 program under RCW 28A.180.010 through 28A.180.080. The minimum  
14 allocation for each level of prototypical school shall provide  
15 resources to provide, on a statewide average, 4.7780 hours per week in  
16 extra instruction with fifteen transitional bilingual instruction  
17 program students per teacher. ((Notwithstanding other provisions of  
18 this subsection (10), the actual per student allocation may be scaled  
19 to provide a larger allocation for students needing more intensive  
20 intervention and a commensurate reduced allocation for students needing  
21 less intensive intervention, as detailed in the omnibus appropriations  
22 act.))

23 (ii) The head count number of students in each school who have  
24 exited the transitional bilingual instruction program within the  
25 previous two years based on their performance on the English  
26 proficiency assessment approved by the superintendent of public  
27 instruction under RCW 28A.180.090. Beginning with the 2013-14 school  
28 year, the minimum allocation under this subsection (10)(b)(ii) for each  
29 level of prototypical school must provide resources to provide, on a  
30 statewide average, 1.0 hours per week in extra instruction with fifteen  
31 exited transitional bilingual instruction program students per teacher,  
32 based on students who exited within the previous school year.  
33 Beginning with the 2014-15 school year, the minimum allocation must be  
34 based on students who exited within the previous two school years.

35 (iii) School districts may not receive allocations under both  
36 (b)(i) and (ii) of this subsection for the same student in a single  
37 school year.

1 (c) To provide additional allocations to support programs for  
2 highly capable students under RCW 28A.185.010 through 28A.185.030,  
3 allocations shall be based on two and three hundred fourteen one-  
4 thousandths percent of each school district's full-time equivalent  
5 basic education enrollment. The minimum allocation for the programs  
6 shall provide resources to provide, on a statewide average, 2.1590  
7 hours per week in extra instruction with fifteen highly capable program  
8 students per teacher.

9 (11) The allocations under subsections (4)(a) (~~(and)~~), (b), and  
10 (e), (5), (6), and (8) of this section shall be enhanced as provided  
11 under RCW 28A.150.390 on an excess cost basis to provide supplemental  
12 instructional resources for students with disabilities.

13 (12)(a) For the purposes of allocations for prototypical high  
14 schools and middle schools under subsections (4) and (10) of this  
15 section that are based on the percent of students in the school who are  
16 eligible for free and reduced-price meals, the actual percent of such  
17 students in a school shall be adjusted by a factor identified in the  
18 omnibus appropriations act to reflect underreporting of free and  
19 reduced-price meal eligibility among middle and high school students.

20 (b) Allocations or enhancements provided under subsections (4),  
21 (7), and (9) of this section for exploratory and preparatory career and  
22 technical education courses shall be provided only for courses approved  
23 by the office of the superintendent of public instruction under chapter  
24 28A.700 RCW.

25 (13)(a) This formula for distribution of basic education funds  
26 shall be reviewed biennially by the superintendent and governor. The  
27 recommended formula shall be subject to approval, amendment or  
28 rejection by the legislature.

29 (b) In the event the legislature rejects the distribution formula  
30 recommended by the governor, without adopting a new distribution  
31 formula, the distribution formula for the previous school year shall  
32 remain in effect.

33 (c) The enrollment of any district shall be the annual average  
34 number of full-time equivalent students and part-time students as  
35 provided in RCW 28A.150.350, enrolled on the first school day of each  
36 month, including students who are in attendance pursuant to RCW  
37 28A.335.160 and 28A.225.250 who do not reside within the servicing  
38 school district. The definition of full-time equivalent student shall

1 be determined by rules of the superintendent of public instruction and  
2 shall be included as part of the superintendent's biennial budget  
3 request. The definition shall be based on the minimum instructional  
4 hour offerings required under RCW 28A.150.220. Any revision of the  
5 present definition shall not take effect until approved by the house  
6 ways and means committee and the senate ways and means committee.

7 (d) The office of financial management shall make a monthly review  
8 of the superintendent's reported full-time equivalent students in the  
9 common schools in conjunction with RCW 43.62.050.

10 **Sec. 211.** RCW 28A.150.390 and 2010 c 236 s 3 are each amended to  
11 read as follows:

12 (1) The superintendent of public instruction shall submit to each  
13 regular session of the legislature during an odd-numbered year a  
14 programmed budget request for special education programs for students  
15 with disabilities. Funding for programs operated by local school  
16 districts shall be on an excess cost basis from appropriations provided  
17 by the legislature for special education programs for students with  
18 disabilities and shall take account of state funds accruing through RCW  
19 28A.150.260 (4)(a) (~~and~~), (b), and (e), (5), (6), and (8).

20 (2) The excess cost allocation to school districts shall be based  
21 on the following:

22 (a) A district's annual average headcount enrollment of students  
23 ages birth through four and those five year olds not yet enrolled in  
24 kindergarten who are eligible for and enrolled in special education,  
25 multiplied by the district's base allocation per full-time equivalent  
26 student, multiplied by 1.15; and

27 (b) A district's annual average full-time equivalent basic  
28 education enrollment, multiplied by the district's funded enrollment  
29 percent, multiplied by the district's base allocation per full-time  
30 equivalent student, multiplied by 0.9309.

31 (3) As used in this section:

32 (a) "Base allocation" means the total state allocation to all  
33 schools in the district generated by the distribution formula under RCW  
34 28A.150.260 (4)(a) (~~and~~), (b), and (e), (5), (6), and (8), to be  
35 divided by the district's full-time equivalent enrollment.

36 (b) "Basic education enrollment" means enrollment of resident  
37 students including nonresident students enrolled under RCW 28A.225.225

1 and students from nonhigh districts enrolled under RCW 28A.225.210 and  
2 excluding students residing in another district enrolled as part of an  
3 interdistrict cooperative program under RCW 28A.225.250.

4 (c) "Enrollment percent" means the district's resident special  
5 education annual average enrollment, excluding students ages birth  
6 through four and those five year olds not yet enrolled in kindergarten,  
7 as a percent of the district's annual average full-time equivalent  
8 basic education enrollment.

9 (d) "Funded enrollment percent" means the lesser of the district's  
10 actual enrollment percent or twelve and seven-tenths percent.

11 **Sec. 212.** RCW 28A.180.030 and 2001 1st sp.s. c 6 s 3 are each  
12 amended to read as follows:

13 As used throughout this chapter, unless the context clearly  
14 indicates otherwise:

15 (1) "Transitional bilingual instruction" means:

16 (a) A system of instruction which uses two languages, one of which  
17 is English, as a means of instruction to build upon and expand language  
18 skills to enable the pupil to achieve competency in English. Concepts  
19 and information are introduced in the primary language and reinforced  
20 in the second language: PROVIDED, That the program shall include  
21 testing in the subject matter in English; or

22 (b) In those cases in which the use of two languages is not  
23 practicable as established by the superintendent of public instruction  
24 and unless otherwise prohibited by law, an alternative system of  
25 instruction which may include English as a second language and is  
26 designed to enable the pupil to achieve competency in English.

27 (2) "Primary language" means the language most often used by the  
28 student for communication in his/her home.

29 (3) "Eligible pupil" means any enrollee of the school district  
30 whose primary language is other than English and whose English language  
31 skills are sufficiently deficient or absent to impair learning.

32 (4) "Exited pupil" means a student previously enrolled in the  
33 transitional bilingual instruction program who is no longer eligible  
34 for the program based on his or her performance on an English  
35 proficiency assessment approved by the superintendent of public  
36 instruction.



1       **Sec. 213.** RCW 28A.180.040 and 2009 c 380 s 5 are each amended to  
2 read as follows:

3       (1) Every school district board of directors shall:

4       (a) Make available to each eligible pupil transitional bilingual  
5 instruction to achieve competency in English, in accord with rules of  
6 the superintendent of public instruction;

7       (b) Wherever feasible, ensure that communications to parents  
8 emanating from the schools shall be appropriately bilingual for those  
9 parents of pupils in the bilingual instruction program;

10       (c) Determine, by administration of an English test approved by the  
11 superintendent of public instruction the number of eligible pupils  
12 enrolled in the school district at the beginning of a school year and  
13 thereafter during the year as necessary in individual cases;

14       (d) Ensure that a student who is a child of a military family in  
15 transition and who has been assessed as in need of, or enrolled in, a  
16 bilingual instruction program, the receiving school shall initially  
17 honor placement of the student into a like program.

18       (i) The receiving school shall determine whether the district's  
19 program is a like program when compared to the sending school's  
20 program; and

21       (ii) The receiving school may conduct subsequent assessments  
22 pursuant to RCW 28A.180.090 to determine appropriate placement and  
23 continued enrollment in the program;

24       (e) Before the conclusion of each school year, measure each  
25 eligible pupil's improvement in learning the English language by means  
26 of a test approved by the superintendent of public instruction; ~~((and))~~

27       (f) Provide in-service training for teachers, counselors, and other  
28 staff, who are involved in the district's transitional bilingual  
29 program. Such training shall include appropriate instructional  
30 strategies for children of culturally different backgrounds, use of  
31 curriculum materials, and program models; and

32       (g) Make available a program of instructional support for up to two  
33 years immediately after pupils exit from the program, for exited pupils  
34 who need assistance in reaching grade-level performance in academic  
35 subjects even though they have achieved English proficiency for  
36 purposes of the transitional bilingual instructional program.

37       (2) The definitions in Article II of RCW 28A.705.010 apply to  
38 subsection (1)(d) of this section.

1 II-C

2 K-12 APPROPRIATIONS

3 Sec. 214. 2013 1st sp.s. c ... (ESHB 1057) s 502 (uncodified) is  
4 amended to read as follows:

5 FOR THE SUPERINTENDENT OF PUBLIC INSTRUCTION--FOR GENERAL APPORTIONMENT

6	General Fund--State Appropriation (FY 2014) . . . . .	\$5,445,282,000
7	General Fund--State Appropriation (FY 2015) . . . . .	\$5,735,636,000
8	Education Legacy Trust Account--State Appropriation . . . . .	<del>(\$25,283,000)</del>
9		<u>\$106,604,000</u>

10	TOTAL APPROPRIATION . . . . .	<del>(\$11,206,201,000)</del>
11		<u>\$11,287,522,000</u>

12 The appropriations in this section are subject to the following  
13 conditions and limitations:

14 (1)(a) Each general fund fiscal year appropriation includes such  
15 funds as are necessary to complete the school year ending in the fiscal  
16 year and for prior fiscal year adjustments.

17 (b) For the 2013-14 and 2014-15 school years, the superintendent  
18 shall allocate general apportionment funding to school districts as  
19 provided in the funding formulas and salary schedules in sections 502  
20 and 503 of this act, excluding (c) of this subsection.

21 (c) From July 1, 2013 to August 31, 2013, the superintendent shall  
22 allocate general apportionment funding to school districts programs as  
23 provided in sections 502 and 503, chapter 50, Laws of 2011 1st sp.  
24 sess., as amended through sections 502 and 503 of the 2013 omnibus  
25 supplemental operating appropriations act.

26 (d) The enrollment of any district shall be the annual average  
27 number of full-time equivalent students and part-time students as  
28 provided in RCW 28A.150.350, enrolled on the fourth day of school in  
29 September and on the first school day of each month October through  
30 June, including students who are in attendance pursuant to RCW  
31 28A.335.160 and 28A.225.250 who do not reside within the servicing  
32 school district. Any school district concluding its basic education  
33 program in May must report the enrollment of the last school day held  
34 in May in lieu of a June enrollment.

35 (2) CERTIFICATED INSTRUCTIONAL STAFF ALLOCATIONS

36 Allocations for certificated instructional staff salaries for the  
37 2013-14 and 2014-15 school years are determined using formula-generated  
38 staff units calculated pursuant to this subsection.

(a) Certificated instructional staff units, as defined in RCW 28A.150.410, shall be allocated to reflect the minimum class size allocations, requirements, and school prototypes assumptions as provided in RCW 28A.150.260. The superintendent shall make allocations to school districts based on the district's annual average full-time equivalent student enrollment in each grade.

(b) Additional certificated instructional staff units provided in this subsection (2) that exceed the minimum requirements in RCW 28A.150.260 are enhancements outside the program of basic education, except as otherwise provided in this section.

(c)(i) The superintendent shall base allocations for each level of prototypical school on the following regular education average class size of full-time equivalent students per teacher, except as provided in (c)(ii) of this subsection:

General education class size:

Grade	RCW 28A.150.260	2013-14 School Year	2014-15 School Year
Grades K-3	.....	23.50	23.50
Grade 4	.....	27.00	27.00
Grades 5-6	.....	27.00	27.00
Grades 7-8	.....	28.53	28.53
Grades 9-12	.....	28.74	28.74

The superintendent shall base allocations for career and technical education (CTE) and skill center programs average class size as provided in RCW 28A.150.260.

(ii) For each level of prototypical school at which more than fifty percent of the students were eligible for free and reduced-price meals in the prior school year, the superintendent shall allocate funding based on the following average class size of full-time equivalent students per teacher:

1	General education class size in high poverty	2013-14	2014-15
2	school:	School Year	School Year
3	Grades K-3 .....	21.76	21.76
4	Grade 4 .....	27.00	27.00
5	Grades 5-6 .....	27.00	27.00
6	Grades 7-8 .....	28.53	28.53
7	Grades 9-12 .....	28.74	28.74

8 (iii) Pursuant to RCW 28A.150.260(4)(a), the assumed teacher  
9 planning period, expressed as a percentage of a teacher work day, is  
10 13.42 percent in grades K-6, and 16.67 percent in grades 7-12; and

11 (iv) Laboratory science, advanced placement, and international  
12 baccalaureate courses are funded at the same class size assumptions as  
13 general education schools in the same grade; and

14 (d)(i) Funding for teacher librarians, school nurses, social  
15 workers, school psychologists, and guidance counselors is allocated  
16 based on the school prototypes as provided in RCW 28A.150.260 and is  
17 considered certificated instructional staff, except as provided in  
18 (d)(ii) of this subsection.

19 (ii) Students in approved career and technical education and skill  
20 center programs generate certificated instructional staff units to  
21 provide for the services of teacher librarians, school nurses, social  
22 workers, school psychologists, and guidance counselors at the following  
23 combined rate per 1000 students:

24 Career and Technical Education

25 students . . . . . 2.02 per 1000 student FTE's  
26 Skill Center students . . . . . 2.36 per 1000 student FTE's

27 (3) ADMINISTRATIVE STAFF ALLOCATIONS

28 (a) Allocations for school building-level certificated  
29 administrative staff salaries for the 2013-14 and 2014-15 school years  
30 for general education students are determined using the formula  
31 generated staff units calculated pursuant to this subsection. The  
32 superintendent shall make allocations to school districts based on the  
33 district's annual average full-time equivalent enrollment in each  
34 grade. The following prototypical school values shall determine the  
35 allocation for principals, assistance principals, and other  
36 certificated building level administrators:

1		
2	Prototypical School Building:	
3	Elementary School	1.253
4	Middle School	1.353
5	High School	1.880

6 (b) Students in approved career and technical education and skill  
7 center programs generate certificated school building-level  
8 administrator staff units at per student rates that are a multiple of  
9 the general education rate in (a) of this subsection by the following  
10 factors: Career and Technical Education students . . . . . 1.025  
11 Skill Center students . . . . . 1.198

12 (4) CLASSIFIED STAFF ALLOCATIONS

13 Allocations for classified staff units providing school building-  
14 level and district-wide support services for the 2013-14 and 2014-15  
15 school years are determined using the formula-generated staff units  
16 provided in RCW 28A.150.260, and adjusted based on each district's  
17 annual average full-time equivalent student enrollment in each grade.

18 (5) CENTRAL OFFICE ALLOCATIONS

19 In addition to classified and administrative staff units allocated  
20 in subsections (3) and (4) of this section, classified and  
21 administrative staff units are provided for the 2013-14 and 2014-15  
22 school year for the central office administrative costs of operating a  
23 school district, at the following rates:

24 (a) The total central office staff units provided in this  
25 subsection (5) are calculated by first multiplying the total number of  
26 eligible certificated instructional, certificated administrative, and  
27 classified staff units providing school-based or district-wide support  
28 services, as identified in RCW 28A.150.260(6)(b), by 5.3 percent.

29 (b) Of the central office staff units calculated in (a) of this  
30 subsection, 74.53 percent are allocated as classified staff units, as  
31 generated in subsection (4) of this section, and 25.47 percent shall be  
32 allocated as administrative staff units, as generated in subsection (3)  
33 of this section.

1 (c) Staff units generated as enhancements outside the program of  
2 basic education to the minimum requirements of RCW 28A.150.260, and  
3 staff units generated by skill center and career-technical students,  
4 are excluded from the total central office staff units calculation in  
5 (a) of this subsection.

6 (d) For students in approved career-technical and skill center  
7 programs, central office classified units are allocated at the same  
8 staff unit per student rate as those generated for general education  
9 students of the same grade in this subsection (5), and central office  
10 administrative staff units are allocated at staff unit per student  
11 rates that exceed the general education rate established for students  
12 in the same grade in this subsection (5) by ((~~1.97~~)) 1.53 percent in  
13 the 2013-14 school year and ((~~1.97~~)) 1.61 percent in the 2014-15 school  
14 year for career and technical education students, and ((~~21.92~~)) 21.38  
15 percent in the 2013-14 school year and ((~~21.92~~)) 19.93 percent in the  
16 2014-15 school year for skill center students.

17 (6) FRINGE BENEFIT ALLOCATIONS

18 Fringe benefit allocations shall be calculated at a rate of 18.68  
19 percent in the 2013-14 school year and 18.68 percent in the 2014-15  
20 school year for certificated salary allocations provided under  
21 subsections (2), (3), and (5) of this section, and a rate of 20.95  
22 percent in the 2013-14 school year and 20.95 percent in the 2014-15  
23 school year for classified salary allocations provided under  
24 subsections (4) and (5) of this section.

25 (7) INSURANCE BENEFIT ALLOCATIONS

26 Insurance benefit allocations shall be calculated at the  
27 maintenance rate specified in section 504 of this act, based on the  
28 number of benefit units determined as follows:

29 (a) The number of certificated staff units determined in  
30 subsections (2), (3), and (5) of this section; and

31 (b) The number of classified staff units determined in subsections  
32 (4) and (5) of this section multiplied by 1.152. This factor is  
33 intended to adjust allocations so that, for the purposes of  
34 distributing insurance benefits, full-time equivalent classified  
35 employees may be calculated on the basis of 1440 hours of work per  
36 year, with no individual employee counted as more than one full-time  
37 equivalent.

1 (8) MATERIALS, SUPPLIES, AND OPERATING COSTS (MSOC) ALLOCATIONS

2 Funding is allocated per annual average full-time equivalent  
3 student for the materials, supplies, and operating costs (MSOC)  
4 incurred by school districts, consistent with the requirements of RCW  
5 28A.150.260.

6 (a) MSOC funding for general education students are allocated at  
7 the following per student rates:

8 MSOC RATES/STUDENT FTE

9

10 MSOC Component	2013-14	2014-15
	SCHOOL YEAR	SCHOOL YEAR
11		
12		
13 Technology	\$82.43	\$83.83
14 Utilities and Insurance	\$223.98	\$227.78
15 Curriculum and Textbooks	\$88.50	\$90.01
16 Other Supplies and Library Materials	\$187.89	\$191.08
17 Instructional Professional Development for Certificated		
18 and Classified Staff	\$13.69	\$13.92
19 Facilities Maintenance	\$110.96	\$112.84
20 Security and Central Office	\$76.86	\$78.18
21 TOTAL BASIC EDUCATION MSOC/STUDENT FTE	\$784.31	\$797.64

22 (b) Students in approved skill center programs generate per student  
23 FTE MSOC allocations of \$1,249.17 for the 2013-14 school year and  
24 \$1,270.41 for the 2014-15 school year.

25 (c) Students in approved exploratory and preparatory career and  
26 technical education programs generate a per student MSOC allocation of  
27 \$1,249.17 for the 2013-14 school year and \$1,270.41 for the 2014-15  
28 school year.

29 (d) Students in laboratory science courses generate per student FTE  
30 MSOC allocations which equal the per student FTE rate for general  
31 education students established in (a) of this subsection.

32 (9) SUBSTITUTE TEACHER ALLOCATIONS

33 For the 2013-14 and 2014-15 school years, funding for substitute

1 costs for classroom teachers is based on four (4) funded substitute  
2 days per classroom teacher unit generated under subsection (2) of this  
3 section, at a daily substitute rate of \$151.86.

4 (10) ALTERNATIVE LEARNING EXPERIENCE PROGRAM FUNDING

5 (a) Amounts provided in this section from July 1, 2013, to August  
6 31, 2013, are adjusted to reflect provisions of chapter 34, Laws of  
7 2011 1st sp. sess. (allocation of funding for funding for students  
8 enrolled in alternative learning experiences).

9 (b) Amounts provided in this section beginning September 1, 2013,  
10 are adjusted to reflect 2013 legislation that modifies alternative  
11 learning experience courses.

12 (c) The superintendent of public instruction shall require all  
13 districts receiving general apportionment funding for alternative  
14 learning experience (ALE) programs as defined in WAC 392-121-182 to  
15 provide separate financial accounting of expenditures for the ALE  
16 programs offered in district or with a provider, including but not  
17 limited to private companies and multidistrict cooperatives, as well as  
18 accurate, monthly headcount and FTE enrollment claimed for basic  
19 education, including separate counts of resident and nonresident  
20 students.

21 (11) VOLUNTARY FULL DAY KINDERGARTEN PROGRAMS

22 Funding in this section is sufficient to fund voluntary full day  
23 kindergarten programs in qualifying high poverty schools, pursuant to  
24 RCW 28A.150.220 and 28A.150.315. Each kindergarten student who enrolls  
25 for the voluntary full-day program in a qualifying school shall count  
26 as one-half of one full-time equivalent student for purpose of making  
27 allocations under this section. Funding in this section provides full-  
28 day kindergarten programs for ~~((48.0))~~ 53.0 percent of kindergarten  
29 enrollment in the 2013-14 school year and ~~((48.0))~~ 53.0 percent in the  
30 2014-15 school year.

31 (12) INCREASED INSTRUCTIONAL HOURS FOR GRADES SEVEN THROUGH TWELVE

32 Amounts provided in this section are sufficient to fund increased  
33 instructional hours in grades seven through twelve. For the 2014-15  
34 school year, the superintendent shall allocate funding to school  
35 districts for increased instructional hours. In calculating the  
36 allocations, the superintendent shall assume the following averages:  
37 (a) Additional instruction of 0.5556 hours per week per full-time



1 equivalent student in grades seven through twelve in the 2014-15 school  
2 year; (b) the general education average class sizes specified in  
3 section 502(2)(c); (c) 36 instructional weeks per year; (d) 900  
4 instructional hours per teachers; and (e) the district's average staff  
5 mix and compensation rates as provided in section 503, chapter ...  
6 (ESHB 1057), Laws of 2013 1st sp.s.

7 (13) ADDITIONAL FUNDING FOR SMALL SCHOOL DISTRICTS AND REMOTE AND  
8 NECESSARY PLANTS

9 For small school districts and remote and necessary school plants  
10 within any district which have been judged to be remote and necessary  
11 by the superintendent of public instruction, additional staff units are  
12 provided to ensure a minimum level of staffing support. Additional  
13 administrative and certificated instructional staff units provided to  
14 districts in this subsection shall be reduced by the general education  
15 staff units, excluding career and technical education and skills center  
16 enhancement units, otherwise provided in subsections (2) through (5) of  
17 this section on a per district basis.

18 (a) For districts enrolling not more than twenty-five average  
19 annual full-time equivalent students in grades K-8, and for small  
20 school plants within any school district which have been judged to be  
21 remote and necessary by the superintendent of public instruction and  
22 enroll not more than twenty-five average annual full-time equivalent  
23 students in grades K-8:

24 (i) For those enrolling no students in grades 7 and 8, 1.76  
25 certificated instructional staff units and 0.24 certificated  
26 administrative staff units for enrollment of not more than five  
27 students, plus one-twentieth of a certificated instructional staff unit  
28 for each additional student enrolled; and

29 (ii) For those enrolling students in grades 7 or 8, 1.68  
30 certificated instructional staff units and 0.32 certificated  
31 administrative staff units for enrollment of not more than five  
32 students, plus one-tenth of a certificated instructional staff unit for  
33 each additional student enrolled;

34 (b) For specified enrollments in districts enrolling more than  
35 twenty-five but not more than one hundred average annual full-time  
36 equivalent students in grades K-8, and for small school plants within  
37 any school district which enroll more than twenty-five average annual

1 full-time equivalent students in grades K-8 and have been judged to be  
2 remote and necessary by the superintendent of public instruction:

3 (i) For enrollment of up to sixty annual average full-time  
4 equivalent students in grades K-6, 2.76 certificated instructional  
5 staff units and 0.24 certificated administrative staff units; and

6 (ii) For enrollment of up to twenty annual average full-time  
7 equivalent students in grades 7 and 8, 0.92 certificated instructional  
8 staff units and 0.08 certificated administrative staff units;

9 (c) For districts operating no more than two high schools with  
10 enrollments of less than three hundred average annual full-time  
11 equivalent students, for enrollment in grades 9-12 in each such school,  
12 other than alternative schools, except as noted in this subsection:

13 (i) For remote and necessary schools enrolling students in any  
14 grades 9-12 but no more than twenty-five average annual full-time  
15 equivalent students in grades K-12, four and one-half certificated  
16 instructional staff units and one-quarter of a certificated  
17 administrative staff unit;

18 (ii) For all other small high schools under this subsection, nine  
19 certificated instructional staff units and one-half of a certificated  
20 administrative staff unit for the first sixty average annual full-time  
21 equivalent students, and additional staff units based on a ratio of  
22 0.8732 certificated instructional staff units and 0.1268 certificated  
23 administrative staff units per each additional forty-three and one-half  
24 average annual full-time equivalent students;

25 (iii) Districts receiving staff units under this subsection shall  
26 add students enrolled in a district alternative high school and any  
27 grades nine through twelve alternative learning experience programs  
28 with the small high school enrollment for calculations under this  
29 subsection;

30 (d) For each nonhigh school district having an enrollment of more  
31 than seventy annual average full-time equivalent students and less than  
32 one hundred eighty students, operating a grades K-8 program or a grades  
33 1-8 program, an additional one-half of a certificated instructional  
34 staff unit;

35 (e) For each nonhigh school district having an enrollment of more  
36 than fifty annual average full-time equivalent students and less than  
37 one hundred eighty students, operating a grades K-6 program or a grades

1 1-6 program, an additional one-half of a certificated instructional  
2 staff unit;

3 (f)(i) For enrollments generating certificated staff unit  
4 allocations under (a) through (e) of this subsection, one classified  
5 staff unit for each 2.94 certificated staff units allocated under such  
6 subsections;

7 (ii) For each nonhigh school district with an enrollment of more  
8 than fifty annual average full-time equivalent students and less than  
9 one hundred eighty students, an additional one-half of a classified  
10 staff unit; and

11 (g) School districts receiving additional staff units to support  
12 small student enrollments and remote and necessary plants under this  
13 subsection (~~((+12))~~) (13) shall generate additional MSOC allocations  
14 consistent with the nonemployee related costs (NERC) allocation formula  
15 in place for the 2010-11 school year as provided section 502, chapter  
16 37, Laws of 2010 1st sp. sess. (2010 supplemental budget), adjusted  
17 annually for inflation.

18 (~~((+13))~~) (14) Any school district board of directors may petition  
19 the superintendent of public instruction by submission of a resolution  
20 adopted in a public meeting to reduce or delay any portion of its basic  
21 education allocation for any school year. The superintendent of public  
22 instruction shall approve such reduction or delay if it does not impair  
23 the district's financial condition. Any delay shall not be for more  
24 than two school years. Any reduction or delay shall have no impact on  
25 levy authority pursuant to RCW 84.52.0531 and local effort assistance  
26 pursuant to chapter 28A.500 RCW.

27 (~~((+14))~~) (15) The superintendent may distribute funding for the  
28 following programs outside the basic education formula during fiscal  
29 years 2014 and 2015 as follows:

30 (a) \$607,000 of the general fund--state appropriation for fiscal  
31 year 2014 and \$617,000 of the general fund--state appropriation for  
32 fiscal year 2015 are provided solely for fire protection for school  
33 districts located in a fire protection district as now or hereafter  
34 established pursuant to chapter 52.04 RCW.

35 (b) \$436,000 of the general fund--state appropriation for fiscal  
36 year 2014 and \$436,000 of the general fund--state appropriation for  
37 fiscal year 2015 are provided solely for programs providing skills  
38 training for secondary students who are enrolled in extended day

1 school-to-work programs, as approved by the superintendent of public  
2 instruction. The funds shall be allocated at a rate not to exceed \$500  
3 per full-time equivalent student enrolled in those programs.

4 ~~((15))~~ (16) \$214,000 of the general fund--state appropriation for  
5 fiscal year 2014 and \$218,000 of the general fund--state appropriation  
6 for fiscal year 2015 are provided solely for school district  
7 emergencies as certified by the superintendent of public instruction.  
8 At the close of the fiscal year the superintendent of public  
9 instruction shall report to the office of financial management and the  
10 appropriate fiscal committees of the legislature on the allocations  
11 provided to districts and the nature of the emergency.

12 ~~((16))~~ (17) Funding in this section is sufficient to fund a  
13 maximum of 1.6 FTE enrollment for skills center students pursuant to  
14 chapter 463, Laws of 2007.

15 ~~((17))~~ (18) Students participating in running start programs may  
16 be funded up to a combined maximum enrollment of 1.2 FTE including  
17 school district and institution of higher education enrollment. In  
18 calculating the combined 1.2 FTE, the office of the superintendent of  
19 public instruction may average the participating student's September  
20 through June enrollment to account for differences in the start and end  
21 dates for courses provided by the high school and higher education  
22 institution. Additionally, the office of the superintendent of public  
23 instruction, in consultation with the state board for community and  
24 technical colleges, the higher education coordinating board, and the  
25 education data center, shall annually track and report to the fiscal  
26 committees of the legislature on the combined FTE experience of  
27 students participating in the running start program, including course  
28 load analyses at both the high school and community and technical  
29 college system.

30 ~~((18))~~ (19) If two or more school districts consolidate and each  
31 district was receiving additional basic education formula staff units  
32 pursuant to subsection ~~((12))~~ (13) of this section, the following  
33 apply:

34 (a) For three school years following consolidation, the number of  
35 basic education formula staff units shall not be less than the number  
36 of basic education formula staff units received by the districts in the  
37 school year prior to the consolidation; and

1 (b) For the fourth through eighth school years following  
2 consolidation, the difference between the basic education formula staff  
3 units received by the districts for the school year prior to  
4 consolidation and the basic education formula staff units after  
5 consolidation pursuant to subsection ~~((12))~~ (13) of this section  
6 shall be reduced in increments of twenty percent per year.

7 ~~((19))~~ (20)(a) Indirect cost charges by a school district to  
8 approved career and technical education middle and secondary programs  
9 shall not exceed ten percent of the combined basic education and career  
10 and technical education program enhancement allocations of state funds.  
11 Middle and secondary career and technical education programs are  
12 considered separate programs for funding and financial reporting  
13 purposes under this section.

14 (b) Career and technical education program full-time equivalent  
15 enrollment shall be reported on the same monthly basis as the  
16 enrollment for students eligible for basic support, and payments shall  
17 be adjusted for reported career and technical education program  
18 enrollments on the same monthly basis as those adjustments for  
19 enrollment for students eligible for basic support.

20 **Sec. 215.** 2013 1st sp.s. c ... (ESHB 1057) s 507 (uncodified) is  
21 amended to read as follows:

22 **FOR THE SUPERINTENDENT OF PUBLIC INSTRUCTION--FOR SPECIAL EDUCATION**  
23 **PROGRAMS**

24	General Fund--State Appropriation (FY 2014) . . . . .	\$727,748,000
25	General Fund--State Appropriation (FY 2015) . . . . .	\$764,041,000
26	General Fund--Federal Appropriation . . . . .	\$462,020,000
27	Education Legacy Trust Account--State Appropriation . . .	<del>(\$756,000)</del>
28		<u>\$8,631,000</u>
29	TOTAL APPROPRIATION . . . . .	<del>(\$1,954,565,000)</del>
30		<u>\$1,962,440,000</u>

31 The appropriations in this section are subject to the following  
32 conditions and limitations:

33 (1) Funding for special education programs is provided on an excess  
34 cost basis, pursuant to RCW 28A.150.390. School districts shall ensure  
35 that special education students as a class receive their full share of  
36 the general apportionment allocation accruing through sections 502 and  
37 504 of this act. To the extent a school district cannot provide an

1 appropriate education for special education students under chapter  
2 28A.155 RCW through the general apportionment allocation, it shall  
3 provide services through the special education excess cost allocation  
4 funded in this section.

5 (2)(a) The superintendent of public instruction shall ensure that:

6 (i) Special education students are basic education students first;

7 (ii) As a class, special education students are entitled to the  
8 full basic education allocation; and

9 (iii) Special education students are basic education students for  
10 the entire school day.

11 (b) The superintendent of public instruction shall continue to  
12 implement the full cost method of excess cost accounting, as designed  
13 by the committee and recommended by the superintendent, pursuant to  
14 section 501(1)(k), chapter 372, Laws of 2006.

15 (3) Each fiscal year appropriation includes such funds as are  
16 necessary to complete the school year ending in the fiscal year and for  
17 prior fiscal year adjustments.

18 (4)(a) For the 2013-14 and 2014-15 school years, the superintendent  
19 shall allocate funding to school district programs for special  
20 education students as provided in RCW 28A.150.390.

21 (b) From July 1, 2013 to August 31, 2013, the superintendent shall  
22 allocate funding to school district programs for special education  
23 students as provided in section 507, chapter 50, Laws of 2011 1st sp.  
24 sess., as amended through section 507 of the 2013 omnibus supplemental  
25 operating appropriations act.

26 (5) The following applies throughout this section: The definitions  
27 for enrollment and enrollment percent are as specified in RCW  
28 28A.150.390(3). Each district's general fund--state funded special  
29 education enrollment shall be the lesser of the district's actual  
30 enrollment percent or 12.7 percent.

31 (6) At the request of any interdistrict cooperative of at least 15  
32 districts in which all excess cost services for special education  
33 students of the districts are provided by the cooperative, the maximum  
34 enrollment percent shall be calculated in accordance with RCW  
35 28A.150.390(3) (c) and (d), and shall be calculated in the aggregate  
36 rather than individual district units. For purposes of this  
37 subsection, the average basic education allocation per full-time

1 equivalent student shall be calculated in the aggregate rather than  
2 individual district units.

3 (7) \$34,227,000 of the general fund--state appropriation for fiscal  
4 year 2014, \$35,592,000 of the general fund--state appropriation for  
5 fiscal year 2015, and \$29,574,000 of the general fund--federal  
6 appropriation are provided solely for safety net awards for districts  
7 with demonstrated needs for special education funding beyond the  
8 amounts provided in subsection (4) of this section. If the federal  
9 safety net awards based on the federal eligibility threshold exceed the  
10 federal appropriation in this subsection (7) in any fiscal year, the  
11 superintendent shall expend all available federal discretionary funds  
12 necessary to meet this need. At the conclusion of each school year,  
13 the superintendent shall recover safety net funds that were distributed  
14 prospectively but for which districts were not subsequently eligible.

15 (a) For the 2013-14 and 2014-15 school years, safety net funds  
16 shall be awarded by the state safety net oversight committee as  
17 provided in section 109(1) chapter 548, Laws of 2009 (ESHB 2261).

18 (b) The office of the superintendent of public instruction shall  
19 make award determinations for state safety net funding in August of  
20 each school year. Determinations on school district eligibility for  
21 state safety net awards shall be based on analysis of actual  
22 expenditure data from the current school year.

23 (8) A maximum of \$678,000 may be expended from the general fund--  
24 state appropriations to fund 5.43 full-time equivalent teachers and 2.1  
25 full-time equivalent aides at children's orthopedic hospital and  
26 medical center. This amount is in lieu of money provided through the  
27 home and hospital allocation and the special education program.

28 (9) The superintendent shall maintain the percentage of federal  
29 flow-through to school districts at 85 percent. In addition to other  
30 purposes, school districts may use increased federal funds for high-  
31 cost students, for purchasing regional special education services from  
32 educational service districts, and for staff development activities  
33 particularly relating to inclusion issues.

34 (10) A school district may carry over from one year to the next  
35 year up to 10 percent of the general fund--state funds allocated under  
36 this program; however, carryover funds shall be expended in the special  
37 education program.

1 (11) \$252,000 of the general fund--state appropriation for fiscal  
2 year 2014 and \$252,000 of the general fund--state appropriation for  
3 fiscal year 2015 are provided solely for two additional full-time  
4 equivalent staff to support the work of the safety net committee and to  
5 provide training and support to districts applying for safety net  
6 awards.

7 (12) \$50,000 of the general fund--state appropriation for fiscal  
8 year 2014, \$50,000 of the general fund--state appropriation for fiscal  
9 year 2015, and \$100,000 of the general fund--federal appropriation  
10 shall be expended to support a special education ombudsman program  
11 within the office of superintendent of public instruction.

12 **Sec. 216.** 2013 1st sp.s. c ... (ESHB 1057) s 509 (uncodified) is  
13 amended to read as follows:

14 **FOR THE SUPERINTENDENT OF PUBLIC INSTRUCTION--FOR LOCAL EFFORT**  
15 **ASSISTANCE**

16	General Fund--State Appropriation (FY 2014) . . . . .	\$309,436,000
17	General Fund--State Appropriation (FY 2015) . . . . .	\$334,289,000
18	<u>Education Legacy Trust Account--State Appropriation . . . . .</u>	<u>\$835,000</u>
19	TOTAL APPROPRIATION . . . . .	<del>(( \$643,725,000 ))</del>
20		<u>\$644,560,000</u>

21 The appropriations in this section are subject to the following  
22 conditions and limitations: For purposes of RCW 84.52.0531, the  
23 increase per full-time equivalent student is 5.0 percent from the 2012-  
24 13 school year to the 2013-14 school year and 5.0 percent from the  
25 2013-14 school year to the 2014-15 school year.

26 **Sec. 217.** 2013 1st sp.s. c ... (ESHB 1057) s 511 (uncodified) is  
27 amended to read as follows:

28 **FOR PROGRAMS FOR HIGHLY CAPABLE STUDENTS**

29	General Fund--State Appropriation (FY 2014) . . . . .	\$9,377,000
30	General Fund--State Appropriation (FY 2015) . . . . .	\$9,696,000
31	<u>Education Legacy Trust Account--State Appropriation . . . . .</u>	<u>\$34,000</u>
32	TOTAL APPROPRIATION . . . . .	<del>(( \$19,073,000 ))</del>
33		<u>\$19,107,000</u>

34 The appropriations in this section are subject to the following  
35 conditions and limitations:



1 (1) Each general fund fiscal year appropriation includes such funds  
2 as are necessary to complete the school year ending in the fiscal year  
3 and for prior fiscal year adjustments.

4 (2)(a) For the 2013-14 and 2014-15 school years, the superintendent  
5 shall allocate funding to school district programs for highly capable  
6 students as provided in RCW 28A.150.260(10)(c). In calculating the  
7 allocations, the superintendent shall assume the following: (i)  
8 Additional instruction of 2.1590 hours per week per funded highly  
9 capable program student; (ii) fifteen highly capable program students  
10 per teacher; (iii) 36 instructional weeks per year; (iv) 900  
11 instructional hours per teacher; and (v) the district's average staff  
12 mix and compensation rates as provided in sections 503 and 504 of this  
13 act.

14 (b) From July 1, 2013, to August 31, 2013, the superintendent shall  
15 allocate funding to school districts programs for highly capable  
16 students as provided in section 511, chapter 50, Laws of 2011 1st sp.  
17 sess., as amended through section 511 of the 2013 omnibus supplemental  
18 operating appropriations act.

19 (3) \$85,000 of the general fund--state appropriation for fiscal  
20 year 2014 and \$85,000 of the general fund--state appropriation for  
21 fiscal year 2015 are provided solely for the centrum program at Fort  
22 Worden state park.

23 **Sec. 218.** 2013 1st sp.s. c ... (ESHB 1057) s 514 (uncodified) is  
24 amended to read as follows:

25 **FOR THE SUPERINTENDENT OF PUBLIC INSTRUCTION--FOR TRANSITIONAL**  
26 **BILINGUAL PROGRAMS**

27	General Fund--State Appropriation (FY 2014) . . . . .	\$89,123,000
28	General Fund--State Appropriation (FY 2015) . . . . .	\$95,248,000
29	General Fund--Federal Appropriation . . . . .	\$71,016,000
30	<u>Education Legacy Trust Account--State Appropriation . . . . .</u>	<u>\$12,869,000</u>
31	TOTAL APPROPRIATION . . . . .	<del>(( \$255,387,000 ))</del>
32		<u>\$268,256,000</u>

33 The appropriations in this section are subject to the following  
34 conditions and limitations:

35 (1) Each general fund fiscal year appropriation includes such funds  
36 as are necessary to complete the school year ending in the fiscal year  
37 and for prior fiscal year adjustments.

1           (2)(a) For the 2013-14 and 2014-15 school years, the superintendent  
2 shall allocate funding to school districts for transitional bilingual  
3 programs as provided in RCW 28A.150.260(10)(b). In calculating the  
4 allocations, the superintendent shall assume the following averages:  
5 (i) Additional instruction of 4.7780 hours per week per transitional  
6 bilingual program student in grades kindergarten through six in school  
7 years 2013-14 and 2014-15; (ii) additional instruction of ~~((4.7780))~~  
8 5.1850 hours per week in school year 2013-14 and ~~((4.7780 hours per~~  
9 ~~week-in))~~ school year 2014-15 per transitional bilingual program  
10 student in grades seven through eight; (iii) additional instruction of  
11 ~~((4.7780))~~ 5.8520 hours per week in school year 2013-14 and ~~((4.7780~~  
12 ~~hours-per-week-in))~~ school year 2014-15 per transitional bilingual  
13 program student in grades nine through twelve; (iv) additional  
14 instruction of 1.0000 hours per week in school year 2013-14 for the  
15 head count number of students who have exited the transitional  
16 bilingual instruction program within the previous school year based on  
17 their performance on the English proficiency assessment; (v) additional  
18 instruction of 1.0000 hours per week in school year 2014-15 for the  
19 head count number of students who have exited the transitional  
20 bilingual instruction program within the previous two years based on  
21 their performance on the English proficiency assessment; (vi) fifteen  
22 transitional bilingual program students per teacher; ~~((+v))~~ (vii) 36  
23 instructional weeks per year; ~~((+vi))~~ (viii) 900 instructional hours  
24 per teacher; and ~~((+vii))~~ (ix) the district's average staff mix and  
25 compensation rates as provided in sections 503 and 504 of this act.

26           (b) From July 1, 2013, to August 31, 2013, the superintendent shall  
27 allocate funding to school districts for transitional bilingual  
28 instruction programs as provided in section 514, chapter 50, Laws of  
29 2011 1st sp. sess., as amended through section 512 of the 2013 omnibus  
30 supplemental operating appropriations act.

31           (3) The superintendent may withhold allocations to school districts  
32 in subsection (2) of this section solely for the central provision of  
33 assessments as provided in RCW 28A.180.090 (1) and (2) up to the  
34 following amounts: 1.86 percent for school year 2013-14 and 1.79  
35 percent for school year 2014-15.

36           (4) The general fund--federal appropriation in this section is for  
37 migrant education under Title I Part C and English language

1 acquisition, and language enhancement grants under Title III of the  
2 elementary and secondary education act.

3 (5) \$35,000 of the general fund--state appropriation for fiscal  
4 year 2014 and \$35,000 of the general fund--state appropriation for  
5 fiscal year 2015 are provided solely to track current and former  
6 transitional bilingual program students.

7 **Sec. 219.** 2013 1st sp.s. c ... (ESHB 1057) s 515 (uncodified) is  
8 amended to read as follows:

9 **FOR THE SUPERINTENDENT OF PUBLIC INSTRUCTION--FOR THE LEARNING**  
10 **ASSISTANCE PROGRAM**

11	General Fund--State Appropriation (FY 2014) . . . . .	\$158,963,000
12	General Fund--State Appropriation (FY 2015) . . . . .	\$175,003,000
13	General Fund--Federal Appropriation . . . . .	\$448,434,000
14	<u>Education Legacy Trust Account--State Appropriation . . . . .</u>	<u>\$275,000</u>
15	TOTAL APPROPRIATION . . . . .	<del>(( \$782,400,000 ))</del>
16		<u>\$782,675,000</u>

17 The appropriations in this section are subject to the following  
18 conditions and limitations:

19 (1) The general fund--state appropriations in this section are  
20 subject to the following conditions and limitations:

21 (a) The appropriations include such funds as are necessary to  
22 complete the school year ending in the fiscal year and for prior fiscal  
23 year adjustments.

24 (b)(i) For the 2013-14 and 2014-15 school years, the superintendent  
25 shall allocate funding to school districts for learning assistance  
26 programs as provided in RCW 28A.150.260(10)(a). In calculating the  
27 allocations, the superintendent shall assume the following averages:  
28 (A) Additional instruction of 1.9200 hours per week per funded learning  
29 assistance program student for the 2013-14 school year and the 2014-15  
30 school year; (B) fifteen learning assistance program students per  
31 teacher; (C) 36 instructional weeks per year; (D) 900 instructional  
32 hours per teacher; and (E) the district's average staff mix and  
33 compensation rates as provided in sections 503 and 504 of this act.

34 (ii) From July 1, 2013, to August 31, 2013, the superintendent  
35 shall allocate funding to school districts for learning assistance  
36 programs as provided in section 515, chapter 50, Laws of 2011 1st sp.

1 sess., as amended through section 513 of the 2013 omnibus supplemental  
2 operating appropriations act.

3 (c) A school district's funded students for the learning assistance  
4 program shall be the sum of the district's full-time equivalent  
5 enrollment in grades K-12 for the prior school year multiplied by the  
6 district's percentage of October headcount enrollment in grades K-12  
7 eligible for free or reduced price lunch in the prior school year.

8 (2) Allocations made pursuant to subsection (1) of this section  
9 shall be adjusted to reflect ineligible applications identified through  
10 the annual income verification process required by the national school  
11 lunch program, as recommended in the report of the state auditor on the  
12 learning assistance program dated February, 2010.

13 (3) The general fund--federal appropriation in this section is  
14 provided for Title I Part A allocations of the no child left behind act  
15 of 2001.

16 (4) A school district may carry over from one year to the next up  
17 to 10 percent of the general fund--state funds allocated under this  
18 program; however, carryover funds shall be expended for the learning  
19 assistance program.

20 NEW SECTION. **Sec. 220.** A new section is added to 2013 1st. sp.s.  
21 c . . . (Engrossed Substitute House Bill 1057) (uncodified) to read as  
22 follows:

23 The sum of two million four hundred seventy thousand dollars is  
24 appropriated for the fiscal biennium ending June 30, 2015, from the  
25 education legacy trust account to the superintendent of public  
26 instruction for educational service districts. The appropriation in  
27 this section is provided solely for regional professional development  
28 related to English language arts curriculum and instructional  
29 strategies, in support of implementation of the common core state  
30 standards. Funding shall be distributed among each of the educational  
31 service districts as determined by the superintendent of public  
32 instruction. Each educational service district shall use this funding  
33 solely for salary and benefits for a certificated instructional staff  
34 with expertise in the appropriate subject matter and in professional  
35 development delivery, and for travel, materials, and other expenditures  
36 related to providing regional professional development support.



1 section 301 of this act are excluded from the calculation of general  
2 state revenues for purposes of Article VIII, section 1 of the state  
3 Constitution and RCW 39.42.130 and 39.42.140.

4 **Part IV**

5 **Miscellaneous Technical Provisions**

6 NEW SECTION. **Sec. 401.** (1) Except as otherwise provided in this  
7 section, this act is necessary for the immediate preservation of the  
8 public peace, health, or safety, or support of the state government and  
9 its existing public institutions, and takes effect July 1, 2013.

10 (2) Sections 101, 103 through 108, 111, and 112 of this act are  
11 necessary for the immediate preservation of the public peace, health,  
12 or safety, or support of the state government and its existing public  
13 institutions, and take effect August 1, 2013.

14 (3) Sections 209 through 213 of this act are necessary for the  
15 immediate preservation of the public peace, health, or safety, or  
16 support of the state government and its existing public institutions,  
17 and take effect September 1, 2013.

18 NEW SECTION. **Sec. 402.** Section 102 of this act takes effect July  
19 1, 2015.

20 NEW SECTION. **Sec. 403.** Section 101 of this act expires July 1,  
21 2015.

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