
ENGROSSED HOUSE BILL 2797

State of Washington

63rd Legislature

2014 Regular Session

By Representatives Dunshee, MacEwen, Stanford, Kochmar, Stonier, Young, Riccelli, Zeiger, Haigh, Magendanz, Fitzgibbon, Dahlquist, Morrell, Smith, Lytton, DeBolt, Seaquist, Wilcox, Freeman, Walkinshaw, Ryu, Tarleton, Hargrove, Jinkins, Appleton, Kagi, Tharinger, Sells, Goodman, Fey, Sullivan, Bergquist, Pollet, Senn, Moscoso, Springer, Habib, Blake, Ormsby, Reykdal, Van De Wege, Roberts, S. Hunt, Carlyle, Farrell, Green, and Hudgins

Read first time 02/26/14. Referred to Committee on Capital Budget.

1 AN ACT Relating to funding all-day kindergarten and early
2 elementary class size reduction facility needs with lottery revenues;
3 amending RCW 67.70.230, 67.70.044, 28B.76.526, 67.70.240, 67.70.340,
4 and 67.70.040; adding a new chapter to Title 43 RCW; creating new
5 sections; and declaring an emergency.

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

7 **PART I**

8 **INTENT**

9 NEW SECTION. **Sec. 101.** The legislature finds that school
10 districts are strapped for the physical space to meet education funding
11 reforms as provided in chapter 548, Laws of 2009 (Engrossed Substitute
12 House Bill No. 2261) and chapter 236, Laws of 2010 (Substitute House
13 Bill No. 2776), as interpreted in *McCleary v. State*, related to all-day
14 kindergarten and K-3 class size reduction. The legislature further
15 finds that a program of near-term state grants without a local match
16 requirement will assist school districts to provide these new programs
17 by the scheduled full implementation date of the 2017-18 school year.
18 The legislature further finds that school districts will need

1 flexibility in determining the most appropriate construction method to
2 accommodate the additional classroom space, including permanent
3 construction, modular construction, or portables. The legislature
4 further finds that the use of lottery revenues for common schools is
5 consistent with the construction objectives of chapter 3, Laws of 2001
6 (Initiative Measure No. 728). Therefore, it is the intent of the
7 legislature to authorize seven hundred million dollars in lottery
8 revenue bonds for grants to school districts to support the physical
9 capacity required for statewide implementation of all-day kindergarten
10 and K-3 class size reduction beginning with the 2015-2017 fiscal
11 biennium.

12 **PART II**
13 **BOND AUTHORIZATION**

14 NEW SECTION. **Sec. 201.** LOTTERY REVENUE BONDS AUTHORIZED. (1) For
15 the purpose of providing needed construction assistance to support
16 all-day kindergarten and K-3 class size reduction, the state finance
17 committee is authorized to issue a total of seven hundred seven million
18 dollars of lottery revenue bonds, or as much thereof as may be
19 required, payable from the Washington opportunity pathways account
20 revenues under RCW 28B.76.526, which consist of net lottery revenues
21 deposited in the lottery account created in RCW 67.70.230, and net
22 shared game lottery revenues deposited in the shared game lottery
23 account in RCW 67.70.044, as such revenues are defined in section 202
24 of this act, to finance these projects and all costs incidental
25 thereto.

26 (2) Bonds authorized in this section may be sold at such price as
27 the state finance committee shall determine. No bonds authorized in
28 this section may be offered for sale without prior legislative
29 appropriation of the net proceeds of the sale of the bonds.

30 (3) The state finance committee may determine and include in any
31 resolution authorizing the issuance of any bonds authorized by this
32 section and sections 202 through 207 of this act such terms,
33 provisions, covenants, and conditions as it may deem appropriate in
34 order to assist with the marketing and sale of the bonds, confer rights
35 upon the owners of bonds, and safeguard rights of the owners of bonds,
36 including, among other things:

1 (a) Provisions that the bonds shall be payable solely from and
2 secured solely by the Washington opportunity pathways account revenues
3 under RCW 28B.76.526, as such revenues are defined in section 202 of
4 this act;

5 (b) The conditions that must be satisfied prior to the issuance of
6 any additional bonds that are to be payable from and secured by the
7 Washington opportunity pathways account revenues, as such revenues are
8 defined in section 202 of this act, on equal basis with previously
9 issued and outstanding bonds payable from the net lottery revenues and
10 net shared game lottery revenues;

11 (c) Provisions regarding debt service reserves and credit
12 enhancement; and

13 (d) Whether bonds may be issued as tax-exempt bonds or must be
14 issued as taxable bonds under the applicable provisions of the federal
15 internal revenue code.

16 **NEW** SECTION. **Sec. 202.** WASHINGTON OPPORTUNITY PATHWAYS
17 ACCOUNT/LOTTERY REVENUES PLEDGED TO BONDS. (1) Each bond issued under
18 the authority of this section and sections 201 and 203 through 207 of
19 this act shall distinctly state that payment or redemption of the bond
20 and payment of the interest and any premium thereon is payable solely
21 from and secured solely by a pledge of the Washington opportunity
22 pathways account revenues under RCW 28B.76.526, which consist of net
23 lottery revenues received in the lottery account established in RCW
24 67.70.230 and net shared game lottery revenues received in the shared
25 game lottery account in RCW 67.70.044 and is not a general obligation
26 of the state to which the full faith and credit of the state is
27 pledged. The legislature covenants to appropriate the Washington
28 opportunity pathways account revenues pledged to the payment of the
29 bonds issued under this section and sections 201 and 203 through 207 of
30 this act. The legislature further agrees for the benefit of the owners
31 of outstanding bonds issued by the state under this section and
32 sections 201 and 203 through 207 of this act to continue in effect and
33 not to impair the operation of the state lottery as authorized in
34 chapter 67.70 RCW for the payment and security of the bonds. The state
35 finance committee shall include this pledge and agreement of the state
36 to owners of any bonds issued under this section and sections 201 and
37 203 through 207 of this act. The owner of any bond or the trustee for

1 the owner of any of the bonds may by mandamus or other appropriate
2 proceeding require the transfer and payment of pledged revenues as
3 directed in this section.

4 (2) For purposes of this section and sections 201 and 203 through
5 209 of this act:

6 (a) "Washington opportunity pathways account revenues" means all
7 revenues of the Washington opportunity pathways account in RCW
8 28B.76.526 including, but not limited to, net lottery revenues and net
9 shared game lottery revenues;

10 (b) "Net lottery revenues" means all revenues deposited in the
11 lottery account, excluding revenues used to make the following
12 distributions under RCW 67.70.240: Payment of prizes under RCW
13 67.70.240(1)(a) other than unclaimed prizes under RCW 67.70.190;
14 deposits made by the lottery commission in the reserve account and
15 lottery administrative account under RCW 67.70.240(1)(b); amounts
16 obligated under RCW 67.70.240(1)(d); amounts used for the purchase and
17 promotion of games and services under RCW 67.70.240(1)(e); and payments
18 to agents under RCW 67.70.240(1)(f); and

19 (c) "Net shared game lottery revenues" means all moneys deposited
20 in the shared game lottery account in RCW 67.70.044 excluding direct
21 expenses of the shared game.

22 **Sec. 203.** RCW 67.70.230 and 2010 1st sp.s. c 37 s 941 are each
23 amended to read as follows:

24 NET LOTTERY REVENUES PLEDGED TO BONDS. There is hereby created and
25 established a separate account, to be known as the state lottery
26 account. Such account shall be managed, maintained, and controlled by
27 the commission and shall consist of all revenues received from the sale
28 of lottery tickets or shares, and all other moneys credited or
29 transferred thereto from any other fund or source pursuant to law. The
30 account shall be a separate account outside the state treasury. No
31 appropriation is required to permit expenditures and payment of
32 obligations from the account. (~~During the 2009-2011 fiscal biennium,~~
33 ~~the legislature may transfer from the state lottery account to the~~
34 ~~education legacy trust account such amounts as reflect the excess fund~~
35 ~~balance of the account.)) As set forth in section 202 of this act, net
36 lottery revenues are pledged to principal and interest payments on
37 bonds issued under section 201 of this act, including any required~~

1 reserves as provided in the bond proceedings, and must be transferred
2 for this purpose by the state treasurer into the Washington opportunity
3 pathways account in RCW 28B.76.526.

4 **Sec. 204.** RCW 67.70.044 and 2010 1st sp.s. c 37 s 940 are each
5 amended to read as follows:

6 NET SHARED GAME LOTTERY REVENUES PLEDGED TO BONDS. (1) Pursuant to
7 RCW 67.70.040(1)(a), the commission may enter into the multistate
8 agreement establishing a shared game lottery known as "The Big Game,"
9 that was entered into by party state lotteries in August 1996 and
10 subsequently amended and a shared game lottery known as "Powerball."

11 (2) The shared game lottery account is created as a separate
12 account outside the state treasury. The account is managed,
13 maintained, and controlled by the commission and consists of all
14 revenues received from the sale of shared game lottery tickets or
15 shares, and all other moneys credited or transferred to it from any
16 other fund or source under law. The account is allotted according to
17 chapter 43.88 RCW. (~~During the 2009-2011 fiscal biennium, the~~
18 ~~legislature may transfer from the shared game lottery account to the~~
19 ~~education legacy trust account such amounts as reflect the excess fund~~
20 ~~balance of the account.))~~

21 (3) As set forth in section 202 of this act, net shared game
22 lottery revenues deposited in the shared game lottery account are
23 pledged to principal and interest payments on bonds issued under
24 section 201 of this act, including any required reserves as provided in
25 the bond proceedings, and must be transferred for this purpose by the
26 state treasurer into the Washington opportunity pathways account in RCW
27 28B.76.526.

28 NEW SECTION. **Sec. 205.** BOND PROCEEDS DEPOSITED INTO EDUCATION
29 CONSTRUCTION REVENUE BOND PROCEEDS ACCOUNT. The proceeds from the sale
30 of bonds authorized in section 201 of this act shall be deposited in
31 the education construction revenue bond proceeds account hereby created
32 in the state treasury. Moneys in the account may be spent only after
33 appropriation and only for the purposes stated in section 201 of this
34 act, for the payment of bond anticipation notes or other interim
35 financing, if any, capitalizing interest on the bonds, and payment of
36 expenses incurred in the sale and issuance of the bonds, including

1 underwriter compensation. The state treasurer may establish
2 subaccounts in the account for the purpose of segregating bond
3 proceeds, including separate subaccounts for segregating proceeds of
4 tax-exempt bonds and taxable bonds.

5 **Sec. 206.** RCW 28B.76.526 and 2010 1st sp.s. c 27 s 2 are each
6 amended to read as follows:

7 WASHINGTON OPPORTUNITY PATHWAYS ACCOUNT; PRIORITY PLEDGE OF
8 REVENUES TO BONDS. (1) The Washington opportunity pathways account is
9 created in the state treasury. Deposits to the account must include
10 net lottery revenues as defined in section 202 of this act that are
11 required to be deposited in the account pursuant to RCW 67.70.230, net
12 shared game lottery revenues as defined in section 202 of this act that
13 are required to be deposited in the account pursuant to RCW 67.70.044,
14 and any other amounts directed by the legislature to be transferred to
15 or deposited in the account.

16 (2) As set forth in sections 202, 208, and 209 of this act, net
17 lottery revenues and net shared game lottery revenues deposited in the
18 account are pledged to principal and interest payments on bonds issued
19 under section 201 of this act, including any required reserves as
20 provided in the bond proceedings. This pledge of Washington
21 opportunity pathways account revenues to pay and secure bonds issued
22 under section 201 of this act takes priority over the use of Washington
23 opportunity pathways account revenues to make any other expenditures
24 from the account for any other purpose. Before any other expenditures
25 may be made from the account, moneys in the account must have been
26 expended or set aside on or before the applicable payment date for debt
27 service requirements and debt service reserve requirements of the bonds
28 issued under section 201 of this act in the amounts certified from time
29 to time by the state finance committee pursuant to section 207 of this
30 act. The state finance committee in the bond proceedings may provide
31 for the establishment of a special subaccount in the account to serve
32 as a debt service reserve fund for bonds issued under section 201 of
33 this act.

34 (3) After applicable debt service requirements and debt service
35 reserve requirements for bonds issued under section 201 of this act
36 have been satisfied or provided for pursuant to subsection (2) of this
37 section, other expenditures from the account may be used only for

1 programs in chapter 28B.12 RCW (state work-study), chapter 28B.50 RCW
2 (opportunity grant), RCW 28B.76.660 (Washington scholars award), RCW
3 28B.76.670 (Washington award for vocational excellence), chapter 28B.92
4 RCW (state need grant program), chapter 28B.101 RCW (educational
5 opportunity grant), chapter 28B.105 RCW (GET ready for math and science
6 scholarship), chapter 28B.117 RCW (passport to college promise),
7 chapter 28B.118 RCW (college bound scholarship), chapter 28B.119 RCW
8 (Washington promise scholarship), chapter 43.215 RCW (early childhood
9 education and assistance program), and RCW 43.330.280 (recruitment of
10 entrepreneurial researchers, innovation partnership zones and research
11 teams).

12 NEW SECTION. **Sec. 207.** RETIREMENT OF BONDS. (1) The nondebt-
13 limit bond retirement account shall be used for the payment of
14 principal of and interest on the bonds authorized in section 201 of
15 this act.

16 (2) The state finance committee shall, on or before June 30th of
17 each year, certify to the state treasurer the amount required for
18 principal and interest payments on the bonds and the amounts, if any,
19 required for the funding or replenishment of any debt service reserve
20 fund for the bonds in accordance with the bond proceedings.

21 (3) On each date on which any principal and interest payment is due
22 on bonds or on which any amount is required for the funding or
23 replenishment of any debt service reserve fund for bonds issued for the
24 purposes of section 201 of this act, the state treasurer shall withdraw
25 from the Washington opportunity pathways account an amount equal to the
26 amount certified by the state finance committee to be due or required
27 on such date.

28 **Sec. 208.** RCW 67.70.240 and 2013 c 136 s 1 are each amended to
29 read as follows:

30 DISTRIBUTION OF LOTTERY REVENUES. (1) The moneys in the state
31 lottery account may be used only:

32 (a) For the payment of prizes to the holders of winning lottery
33 tickets or shares;

34 (b) For purposes of making deposits into the reserve account
35 created by RCW 67.70.250 and into the lottery administrative account
36 created by RCW 67.70.260;

1 (c) (~~For purposes of making deposits into the Washington~~
2 ~~opportunity pathways account created in RCW 28B.76.526. Moneys in the~~
3 ~~state lottery account deposited in the Washington opportunity pathways~~
4 ~~account are included in "general state revenues" under RCW 39.42.070;~~)
5 For deposits in the Washington opportunity pathways account for
6 purposes of debt service payments and any required reserve on bonds
7 issued under section 201 of this act and for other authorized purposes
8 of the account after such payments are made;

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

19 (e) For the purchase and promotion of lottery games and game-
20 related services; and

21 (f) For the payment of agent compensation.

22 (2) The office of financial management shall require the allotment
23 of all expenses paid from the account and shall report to the ways and
24 means committees of the senate and house of representatives any changes
25 in the allotments.

26 **Sec. 209.** RCW 67.70.340 and 2012 1st sp.s. c 10 s 6 are each
27 amended to read as follows:

28 DISTRIBUTION OF SHARED GAME REVENUES. (1) (~~The legislature~~
29 ~~recognizes that creating a shared game lottery could result in less~~
30 ~~revenue being raised by the existing state lottery ticket sales. The~~
31 ~~legislature further recognizes that the fund most impacted by this~~
32 ~~potential event is the Washington opportunity pathways account.~~
33 ~~Therefore, it is the intent of the legislature to use some of the~~
34 ~~proceeds from the shared game lottery to make up the difference that~~
35 ~~the potential state lottery revenue loss would have on the Washington~~
36 ~~opportunity pathways account. The legislature further intends to use~~

1 ~~some of the proceeds from the shared game lottery to fund programs and~~
2 ~~services related to problem and pathological gambling.~~

3 ~~(2) The Washington opportunity pathways account is expected to~~
4 ~~receive one hundred two million dollars annually from state lottery~~
5 ~~games other than the shared game lottery. For fiscal year 2011 and~~
6 ~~thereafter, if the amount of lottery revenues earmarked for the~~
7 ~~Washington opportunity pathways account is less than one hundred two~~
8 ~~million dollars, the commission, after making the transfer required~~
9 ~~under subsection (3) of this section, must transfer sufficient moneys~~
10 ~~from revenues derived from the shared game lottery into the Washington~~
11 ~~opportunity pathways account to bring the total revenue up to one~~
12 ~~hundred two million dollars.~~

13 ~~(3))~~ If at any time the amount available to be transferred from
14 the state lottery account in RCW 67.70.240 to the Washington
15 opportunity pathways account pursuant to section 207 of this act is
16 insufficient to satisfy the amount certified under RCW 28B.76.526, then
17 before the commission may make any transfers under this section the
18 treasurer must transfer net shared game lottery revenues from the
19 shared game lottery account to the Washington opportunity pathways
20 account.

21 (a) The commission shall transfer, from revenue derived from the
22 shared game lottery, to the problem gambling account created in RCW
23 43.20A.892, an amount equal to the percentage specified in (b) of this
24 subsection of net receipts. For purposes of this subsection, "net
25 receipts" means the difference between (i) revenue received from the
26 sale of lottery tickets or shares and revenue received from the sale of
27 shared game lottery tickets or shares; and (ii) the sum of payments
28 made to winners.

29 (b) In fiscal year 2006, the percentage to be transferred to the
30 problem gambling account is one-tenth of one percent. In fiscal year
31 2007 and subsequent fiscal years, the percentage to be transferred to
32 the problem gambling account is thirteen one-hundredths of one percent.

33 ~~((4))~~ (2) The commission shall transfer the remaining net
34 revenues, if any, derived from the shared game lottery "Powerball"
35 authorized in RCW 67.70.044(1) after the transfers pursuant to this
36 section into the state general fund for support for the program of
37 basic education under RCW 28A.150.200.

1 ~~((+5))~~ (3) The remaining net revenues, if any, in the shared game
2 lottery account after the transfers pursuant to this section shall be
3 deposited into the Washington opportunity pathways account.

4 **Sec. 210.** RCW 67.70.040 and 2006 c 290 s 3 are each amended to
5 read as follows:

6 LOTTERY COMMISSION DUTIES. The commission shall have the power,
7 and it shall be its duty:

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

15 (a) The type of lottery to be conducted which may include the
16 selling of tickets or shares, but such tickets or shares may not be
17 sold over the internet. The use of electronic or mechanical devices or
18 video terminals which allow for individual play against such devices or
19 terminals shall be prohibited. An affirmative vote of sixty percent of
20 both houses of the legislature is required before offering any game
21 allowing or requiring a player to become eligible for a prize or to
22 otherwise play any portion of the game by interacting with any device
23 or terminal involving digital, video, or other electronic
24 representations of any game of chance, including scratch tickets, pull-
25 tabs, bingo, poker or other cards, dice, roulette, keno, or slot
26 machines. Approval of the legislature shall be required before
27 entering any agreement with other state lotteries to conduct shared
28 games;

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

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

32 (d) The manner of selecting the winning tickets or shares, except
33 as limited by (a) of this subsection;

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

1 (f) The frequency of the drawings or selections of winning tickets
2 or shares. Approval of the legislature is required before conducting
3 any online game in which the drawing or selection of winning tickets
4 occurs more frequently than once every twenty-four hours;

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

7 (h) The method to be used in selling tickets or shares, except as
8 limited by (a) of this subsection;

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

12 (j) The manner and amount of compensation, if any, to be paid
13 licensed sales agents necessary to provide for the adequate
14 availability of tickets or shares to prospective buyers and for the
15 convenience of the public;

16 (k) The apportionment of the total revenues accruing from the sale
17 of lottery tickets or shares and from all other sources among: (i) The
18 payment of prizes to the holders of winning tickets or shares, which
19 shall not be less than forty-five percent of the gross annual revenue
20 from such lottery, (ii) transfers to the lottery administrative account
21 created by RCW 67.70.260, ((and)) (iii) ~~((transfer to the state's
22 general fund. Transfers to the state general fund shall be made in
23 compliance with RCW 43.01.050))~~ transfers of net lottery revenues and
24 net shared game lottery revenues to the Washington opportunity pathways
25 account as required by sections 202 through 204, 206, and 207 of this
26 act, and (iv) transfers established in RCW 67.70.240 and 67.70.340;

27 (1) Such other matters necessary or desirable for the efficient and
28 economical operation and administration of the lottery and for the
29 convenience of the purchasers of tickets or shares and the holders of
30 winning tickets or shares.

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

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

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

1 NEW SECTION. **Sec. 211.** ANALYSIS OF FINANCING STRUCTURE. (1) The
2 state finance committee and the office of financial management must
3 conduct an objective analysis of the most effective financing structure
4 for the lottery revenue bonds authorized in section 201 of this act.

5 (2) In conducting the objective analysis, the state finance
6 committee and the office of financial management must review data,
7 information, and analysis from multiple sources, including consultation
8 with a minimum of five firms with expertise in helping state and local
9 governments organize and manage a wide variety of financing structures,
10 including revenue bonds.

11 (3) The objective analysis must consider and rate options designed
12 to:

13 (a) Maximize the amount of bond proceeds available to address all-
14 day kindergarten and K-3 class size reduction facility needs;

15 (b) Leverage lottery revenues in a manner that would cause the
16 bonds to be rated at the highest investment grade possible;

17 (c) Achieve the lowest cost of issuance; and

18 (d) Strengthen the issuance and its marketability to investors by
19 considering terms of borrowing such as maturity, debt service reserves,
20 coverage ratios, legal covenants, and other credit enhancements.

21 (4) The state finance committee and the office of financial
22 management shall provide a report to the legislature by December 1,
23 2014, that includes the options considered and recommendations on the
24 preferred financing structure for the lottery revenue bonds.

25 **PART III**
26 **GRANT PROGRAM**

27 NEW SECTION. **Sec. 301.** SUPERINTENDENT OF PUBLIC INSTRUCTION--
28 GRANT PROGRAM PREPARATION. (1) The legislature intends to provide
29 funding in the 2015-2017 fiscal biennium for grants to school districts
30 to address the physical capacity required for statewide implementation
31 of all-day kindergarten and K-3 class size reduction.

32 (2) The office of the superintendent of public instruction shall
33 establish a plan for grant allocations that considers the following
34 criteria: Public schools must demonstrate the existence of unhoused K-
35 3 students based on a ninety square feet student space allocation per
36 enrolled student in a public school.

1 (3)(a) The office of the superintendent of public instruction may
2 award grants to school districts for the following types of projects:
3 (i) Projects to modernize existing building space; (ii) projects to
4 build permanent instructional space; (iii) the purchase and
5 installation of modular facilities; and (iv) the purchase and
6 installation of portable facilities.

7 (b) For the purposes of this subsection:

8 (i) "Modular facility" means a factory-built structure, whether a
9 total building or a room, which is either wholly manufactured or is in
10 substantial part manufactured at an off-site location to be wholly or
11 partially assembled on-site. Modular facility does not include mobile
12 homes or manufactured homes as defined in RCW 46.04.302; and

13 (ii) "Portable facility" means a prefabricated structure consisting
14 of one or more rooms with direct exterior egress from the classroom or
15 classrooms. The structure is transportable in one or more sections and
16 is designed to be used as an educational space with or without a
17 permanent foundation. The structure is capable of being demounted and
18 relocated to other locations as needs arise.

19 (4) One hundred percent of the project costs are eligible for
20 grants under this section.

21 (5) Grants must be awarded solely for instructional space used by
22 K-3 students.

23 (6) Subject to the approval of the office of the superintendent of
24 public instruction, grant awards to a school district under this
25 section for a project at an identified public school may be reallocated
26 for use at another public school, including reopening an existing
27 school building within the district if the school can demonstrate it is
28 unable to build permanent space, or install a modular or portable
29 facility at the identified school.

30 (7) The office of the superintendent of public instruction shall
31 develop rules to implement the grant program authorized under this
32 section.

33 (8) The office of the superintendent of public instruction shall
34 provide a report to the appropriate policy and fiscal committees of the
35 legislature by December 1, 2014, describing: Estimated need for
36 additional classrooms to address all-day kindergarten and K-3 class
37 size reduction by school; implementation timelines; and proposed rules.

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PART IV
MISCELLANEOUS

NEW SECTION. **Sec. 401.** CODIFICATION. Sections 201, 202, 205, and 207 of this act constitute a new chapter in Title 43 RCW.

NEW SECTION. **Sec. 402.** EFFECTIVE DATE. This act is necessary for the immediate preservation of the public peace, health, or safety, or support of the state government and its existing public institutions, and takes effect immediately.

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