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HOUSE BILL 2201

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State of Washington                      64th Legislature                      2015 Regular Session

By Representatives Reykdal and Farrell

Read first time 03/23/15. Referred to Committee on Finance.

1            AN ACT Relating to funding tuition reductions and other higher  
2 education programs; amending RCW 83.100.230; adding a new section to  
3 chapter 82.32 RCW; repealing RCW 82.04.4292; providing a contingent  
4 effective date; and providing for submission of this act to a vote of  
5 the people.

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

7            NEW SECTION.    **Sec. 1.**    RCW 82.04.4292 (Deductions—Interest on  
8 investments or loans secured by mortgages or deeds of trust) and 2012  
9 2nd sp.s. c 6 s 102, 2010 1st sp.s. c 23 s 301, & 1980 c 37 s 12 are  
10 each repealed.

11           NEW SECTION.    **Sec. 2.**    A new section is added to chapter 82.32  
12 RCW to read as follows:

13           (1) The department must create a unique reporting code for  
14 interest derived from investments or loans by banking businesses,  
15 security businesses, lending businesses, and other financial  
16 businesses.

17           (2) Tax collections derived from interest on investments or loans  
18 by financial firms, as provided in subsection (1) of this section,  
19 must be deposited into the education legacy trust account created in  
20 RCW 83.100.230.

1 (3) The definitions in this subsection apply throughout this  
2 section unless the context clearly requires otherwise.

3 (a) "Banking business" means a person engaging in business as a  
4 national or state-chartered bank, a mutual savings bank, a savings  
5 and loan association, a trust company, an alien bank, a foreign bank,  
6 a credit union, a stock savings bank, or a similar entity that is  
7 chartered under Title 30A, 30B, 31, 32, or 33 RCW, or organized under  
8 Title 12 U.S.C.

9 (b) "Lending business" means a person engaged in the business of  
10 making secured or unsecured loans of money, or extending credit, and  
11 (i) more than one-half of the person's gross income is earned from  
12 such activities and (ii) more than one-half of the person's total  
13 expenditures are incurred in support of such activities.

14 (c) "Security business" means a person, other than an issuer, who  
15 is engaged in the business of effecting transactions in securities as  
16 a broker, dealer, or broker-dealer, as those terms are defined in the  
17 securities act of Washington, chapter 21.20 RCW, or the federal  
18 securities act of 1933. "Security business" does not include any  
19 company excluded from the definition of broker or dealer under the  
20 federal investment company act of 1940 or any entity that is not an  
21 investment company by reason of sections 3(c)(1) and 3(c)(3) through  
22 3(c)(14) thereof.

23 **Sec. 3.** RCW 83.100.230 and 2012 1st sp.s. c 10 s 7 are each  
24 amended to read as follows:

25 (1) The education legacy trust account is created in the state  
26 treasury. Money in the account may be spent only after appropriation.  
27 Except as provided in subsection (2) of this section, expenditures  
28 from the account may be used only for support of the common schools,  
29 and for expanding access to higher education through funding for new  
30 enrollments and financial aid, and other educational improvement  
31 efforts.

32 (2) During the 2015-2017 biennium revenues deposited into the  
33 account as provided under section 2 of this act must be used to  
34 compensate institutions of higher education as defined in RCW  
35 28B.10.016 for the loss of tuition revenue created by a reduction in  
36 resident undergraduate tuition rates. The percent reduction must be  
37 set in the operating budget. Any savings to state financial aid  
38 programs resulting from a reduction in resident undergraduate tuition  
39 rates must be reinvested in those programs to serve additional

1 students. During the 2017-2019 biennium and thereafter, revenues  
2 deposited into the account as provided under section 2 of this act  
3 must be used to forestall increases in resident undergraduate tuition  
4 rates.

5 NEW SECTION. **Sec. 4.** The secretary of state shall submit this  
6 act to the people for their adoption and ratification, or rejection,  
7 at the next general election to be held in this state, in accordance  
8 with Article II, section 1 of the state Constitution and the laws  
9 adopted to facilitate its operation.

10 NEW SECTION. **Sec. 5.** This act takes effect January 1, 2016, if  
11 this act is approved by the voters as provided in section 4 of this  
12 act.

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