
SUBSTITUTE SENATE BILL 6362

State of Washington

61st Legislature

2010 Regular Session

By Senate Government Operations & Elections (originally sponsored by Senators Zarelli, Hewitt, Parlette, and Stevens)

READ FIRST TIME 02/05/10.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

16 (d) Before beginning the performance audits and activity
17 assessments authorized under this section, the state auditor's office
18 shall present its work plan for these activities to the joint
19 legislative audit and review committee in an open public meeting. The
20 hearing agenda must provide opportunity for comment by the governor's
21 office, affected agencies, and the public.

22 NEW SECTION. **Sec. 4.** LOWEST PRIORITY PROGRAMS--ACTIVITY
23 ASSESSMENTS. (1) The state auditor must conduct activity assessments
24 of those agencies, programs, and activities identified under section
25 3(2)(c) of this act.

26 (2) The state auditor may contract with public and private
27 organizations to conduct the activity assessments under this section.
28 For each activity assessment, the state auditor must address the
29 following questions:

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

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

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

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

1 (3) By December 1st of the year in which an activity assessment is
2 undertaken, the state auditor must release the activity assessment
3 report to the citizens of the state, the governor, the joint
4 legislative audit and review committee, and the appropriate legislative
5 committees. The joint legislative audit and review committee must
6 submit proposed legislation, as appropriate, to implement the findings
7 of the activity assessment. The appropriate legislative committee in
8 each house must conduct a public hearing during the legislative session
9 on legislation submitted under this section. Final activity
10 assessments must be available on the internet.

11 NEW SECTION. **Sec. 5.** HIGHEST PRIORITY PROGRAMS--PERFORMANCE
12 AUDITS. (1) The state auditor must conduct performance audits of those
13 agencies, programs, and activities identified under section 3(2)(b) of
14 this act.

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

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

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

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

27 (c) Analysis of gaps and overlaps in programs and services and
28 recommendations for improving, eliminating, blending, or separating
29 functions to correct gaps or overlaps;

30 (d) Planning, budgeting, and program evaluation policies and
31 practices;

32 (e) Personnel systems operation and management;

33 (f) State purchasing operations and management policies and
34 practices; and

35 (g) Organizational structure and staffing levels, particularly in
36 terms of the ratio of managers and supervisors to nonmanagement
37 personnel.

1 (4) Audit staff must have access to any state agency records, data,
2 and other information deemed necessary to carry out the audit. State
3 agencies must provide the requested information at no cost and in a
4 timely manner. In requesting information from state agencies, the
5 audit staff must seek to minimize duplication of effort by making
6 maximum use of existing audit records, accreditation records and
7 reports, and other existing program documentation.

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

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

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

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

26 The performance audits of government account is hereby created in
27 the custody of the state treasurer. Revenue identified in RCW
28 82.08.020(5) and 82.12.0201 (~~((shall))~~) must be deposited in the account.
29 Money in the account (~~((shall))~~) must be used to fund the activity
30 assessments and performance audits under chapter . . . RCW (the new
31 chapter created in section 6 of this act), and performance audits and
32 follow-up performance audits under RCW 43.09.470 (~~((and shall))~~). Funds
33 must be expended by the state auditor in accordance with chapter . . .
34 RCW (the new chapter created in section 6 of this act) and chapter 1,
35 Laws of 2006. The state auditor shall reimburse the joint legislative
36 audit and review committee for reasonable costs incurred under section

1 3 of this act. Only the state auditor or the state auditor's designee
2 may authorize expenditures from the account. The account is subject to
3 allotment procedures under chapter 43.88 RCW, but an appropriation is
4 not required for expenditures. During the 2009-2011 fiscal biennium,
5 the legislature may transfer from the performance audits of government
6 account to the state general fund ((such)) amounts ((as)) deemed to be
7 appropriate or necessary.

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

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

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

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

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

30 (5) Beginning on December 8, 2005, 0.16 percent of the taxes
31 collected under subsection (1) of this section ((shall)) must be
32 dedicated to funding comprehensive performance audits required under
33 RCW 43.09.470 and the activity assessments and performance audits under
34 chapter . . . RCW (the new chapter created in section 6 of this act).
35 The revenue identified in this subsection ((shall)) must be deposited
36 in the performance audits of government account created in RCW
37 43.09.475.

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

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

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

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

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

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

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

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

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

36 (5) Beginning on December 8, 2005, 0.16 percent of the taxes
37 collected under subsection (1) of this section (~~shall~~) must be

1 dedicated to funding comprehensive performance audits required under
2 RCW 43.09.470 and the activity assessments and performance audits under
3 chapter . . . RCW (the new chapter created in section 6 of this act).
4 The revenue identified in this subsection (~~shall~~) must be deposited
5 in the performance audits of government account created in RCW
6 43.09.475.

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

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

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

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

20 NEW SECTION. **Sec. 11.** Section 8 of this act expires January 1,
21 2011.

22 NEW SECTION. **Sec. 12.** Section 9 of this act takes effect January
23 1, 2011.

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