



City of Seattle
2013 State Legislative Bulletin

June 17, 2013

Number 19 (Special Session)

Week Overview

On June 11th, the first special session ended, and on June 12th, the second special session began. Legislators continue negotiations on the operating and capital budgets and on a transportation revenue package. The Senate Majority Coalition has continued to push for a set of four bills that they are calling “reform bills” to be passed before they will agree to new revenue or an operating budget. The first of these policy bills was passed by both the Senate and the House late Thursday night along with a bill to address the estate tax gap created by the Supreme Court’s Bracken decision, just before the midnight deadline to begin issuing checks for the back taxes. (The bill modifies the toxics clean-up program and is described below.)

The House and Senate then adjourned with no more floor action until Monday, June 17th.

This bulletin has been abridged to address only those issues being considered during the special session.

House and Senate Budget Proposals

Senate Budget Proposal

[SB 5034](#): Making 2013-14 Operating Appropriations

Sponsor: Senator Andy Hill

Co-Sponsors: Hargrove

Summary: This budget proposal passed the Senate (30-18) during the regular session, the bill made a 50% cut to the liquor taxes distributed to local governments, made cuts to housing and homelessness programs and TANF, and permanently redirected significant funding from the Public Works Trust fund. During passage, many Senators said that while they voted to move the bill forward, they would not support a final bill that did not include new revenue.

The House amended this bill with a striker amendment of their budget proposal. This bill, as it passed the House during the regular session (54-43), included an assumption of \$1.34 billion in new revenue from ending tax exemptions, preserved funding for the Housing and Essential Needs program and TANF, and retained local shared revenues.

On June 8th, the Senate released an amended version of their original bill. It continues to make the cuts outlined above.

Status: At the start of the special session, the bill was referred back to the Senate Rules committee. On June 8th, the amended bill was passed on the Senate floor in a vote of 25 to 23. With the start of the second special session, all bills have been returned to the Rules committee.

Senate Fund Transfer Proposal

SB 5895: Funding education.

Sponsor: Senator Andy Hill

Co-Sponsor: Hargrove

Summary: SB 5895 redirects all or part of revenue sources that currently fund the operating budget, Public Works Trust Fund, Model Toxics Control Act, and other programs into the Education Legacy Trust Account to fund education.

Status: After passing the Senate during the regular session, the bill was returned to the Senate Rules committee at the start of the special session. The bill was voted on again in the Senate on June 9th, where it passed 25 to 20, with 4 excused. With the start of the second special session, all bills have been returned to the Rules committee.

House Budget Proposal

HB 1057: Making omnibus operating appropriations.

Sponsor: Representative Ross Hunter

Co-Sponsors: None

Summary: This budget bill includes new revenue from fixing the Bracken court decision issue related to estate tax for married couples and from passage of the telecom bill that includes a tax on landline phones. The bill largely preserves health and human services, local shared revenues, and many other priority items on the City's legislative agenda. The bill does eliminate the Global Health grant and uses funds from the Public Works Trust Fund for the operating budget on a one-time basis.

Status: HB 1057 was voted out of the Appropriations Committee on June 5th and passed on the House floor on June 6th in a vote of 53 to 35, with 9 excused. With the start of the second special session, all bills have been returned to the Rules committee.

House Revenue Proposal

HB 2034: Funding K-12 basic education and higher education by narrowing or eliminating tax preferences.

Sponsor: Representative Tim Ormsby

Co-Sponsors: Reykdal

Summary: This amended version of the education revenue package would eliminate the preferential tax for travel agents, repeal the tax exemption for bottled water, change the non-resident sales tax exemption to a remittance program, narrow the high tech R&D exemption, eliminate the preferential B&O rate for prescription drug warehousing, expire the high tech sales and use tax deferral, and narrow the use tax exemption for extracted fuel. The House will likely be using this bill instead of HB 2038, and so HB 2038 has been removed from the bulletin.

Status: HB 2034 was voted out of the Appropriations Committee on June 5th and was passed on the House floor on June 6th by a vote of 52 to 40 with 5 excused. With the start of the second special session, all bills have been returned to the Rules committee.

House Transportation Revenue Package

HB 1954: Proposes a statewide transportation package.

Sponsor: Representative Judy Clibborn

Co-Sponsors: Moscoso, Fey, Ryu, Riccelli, Farrell, Liias, Pollet, Ormsby, Tarleton, Roberts, Wylie, Morris, Bergquist, Moeller

Summary: This transportation proposal would raise approximately \$8.4 billion over the next ten years, primarily through a gas tax increase, bonding, and other small revenues. The package would

primarily fund large state projects with some revenue going to towards maintenance, transit, and local needs. This bill includes local revenue options. Councilmember Mike O'Brien testified on behalf of the City during the committee hearing on the bill, focusing on the local options piece and importance of transit funding to the region's economic health.

Status: This bill was passed out of the House Transportation Committee and would be considered necessary to implement the budget. It is now in the House Rules Committee.

Local Revenue Options

HB 1959: Concerning local transportation options.

Sponsor: Representative Jessyn Farrell

Co-Sponsors: Fitzgibbon, Kagi, Pedersen, Bergquist, Pollet, Tarleton, Cody, Ryu, Fey

Summary: HB 1959 provides for a 1.5% MVET in King County and councilmanic authority for TBDs to increase vehicle fees from \$20 to \$40. The legislation would help preserve essential bus service in King County and provide needed resources to repair and maintain local roads and bridges.

Status: HB 1959 is considered necessary to implement the budget. It is currently in the House Rules Committee.

City Position: Seattle supports this legislation.

Capital Budget

HB 1089: Adopting the 2013-2015 Capital Budget

Sponsor: Representative Hans Dunshee

Co-Sponsors: Warnick

Summary: The House Capital Budget as it passed the committee includes funding for many excellent projects that Seattle supports. Work continues on a number of key issues including the Housing Trust Fund, MTCA, and investments in energy efficiency, among others.

Status: This bill passed the House Capital Budget Committee during the regular session, and with the start of the special session, it is in the House Rules Committee.

Companion Bill: SB 5035

Sponsor: Senator Jim Honeyford

Co-Sponsors: Nelson, Shin

Status: This budget bill passed out of the Senate Ways and Means Committee during the regular session.

SB 5445: Funding School Capital Projects

Sponsors: Senators Honeyford, Schoesler, Dammeier, Braun, Parlette, Litzow, Baumgartner, Carrell, Sheldon, Ericksen, Becker, King, Fain, Bailey, Tom.

Summary: Authorizes the state finance committee to issue \$475 million in general obligation bonds to finance public school projects.

Status: This bill passed the Senate 47 to 0, and it was heard in the House Capital Budget committee during the regular session. With the start of the special session, it has been returned to the Senate Rules Committee.

Policy Bills

Toxic Clean-up

E2SSB 5296: Model Toxics Control Act

Sponsor: Senator Doug Erickson

Co-Sponsors: Baumgartner, Rivers, Bailey, Delvin, Honeyford

Summary: The bill amends the usages, distribution, and oversight of the MTCA funds. Changes include allowing the funds to be used for stormwater projects, air quality projects, and clean-up of petroleum based debris in fresh and marine waters; prioritizing funds for major and extended clean-up projects, and creating a new trust fund to focus on brownfield clean-up.

Status: After passing the Senate during the regular session in a 25 to 23 party-line vote, this bill was made a priority bill for the Majority Coalition during the special sessions. Amendments were made to the bill, and on June 13th, it passed the Senate 36 to 13 and passed the House 67 to 18, with 12 excused. The bill was immediately signed by the Speaker of the House, President of the Senate, and the Governor, and it will go into effect on July 1, 2013.

DUI Enforcement

HB 2030: Modifying provisions that address impaired driving.

Sponsor: Representative Dawn Morrell

Co-Sponsors: Klippert, Goodman, Short, Van de Wege, Warnick, Bergquist, Harris, Hansen, Zeiger, Tharinger, Hurst, Dahlquist, Fitzgibbon, Kochmar, Fey, Hope, Kirby, O'Ban, Seaquist, Haler, Habib, Hargrove, Sells, Smith, Stanford, Sullivan, Maxwell, McCoy, Springer, Hunt, Lias, Stonier, Pollet, Ryu, Farrell, Orwall, Moscoso, Upthegrove

Summary: This governor request legislation includes a variety of measures to address the problem of those driving under the influence, including provisions related to ignition interlock devices, increased jail sentences, making the fourth offense a felony, and monitoring and treatment options. It also includes the provisions of HB 1482, considered earlier in the session. (See below.) This legislation would increase jail and prosecution costs to local governments, and legislators are considering funding options.

Status: HB 2030 was passed out of the House Public Safety Committee on May 22nd and has been referred to Appropriations.

Companion Bill: SB 5912

Sponsor: Senator Mike Padden

Co-Sponsors: Kline, Conway

Summary: As it passed out of committee, SB 5912 would add 10 days in jail to all minimum sentences for DUI, make drunken driving a felony on the fourth conviction instead of the fifth, require repeat DUI offenders to get an ignition-interlock devices to be installed before they are released from jail after an arrest, and add a \$100 penalty for DUI for a state fund for traffic safety programs.

Status: SB 5912 was passed out of the Senate Ways and Means committee on May 31st.

City Fiscal Health

HB 1368: Concerning the distribution of state liquor revenues to cities and counties.

Sponsor: Representative Steve Tharinger

Co-Sponsors: Springer, Orcutt, Ryu, Fey, Zeiger, Moscoso, Kochmar, Magendanz, Hayes, Sells, Hargrove, Morrell, Freeman

Summary: HB 1368 would restore the growth in liquor revenues to cities and counties.

Status: This bill is currently in the House Appropriations Committee. This bill could be considered necessary to implement the budget.

Companion Bill: SB 5703

Sponsor: Senator Steve Hobbs

Status: SB 5703 has been referred to Senate Ways & Means. This issue could be considered necessary to implement the budget.

City Position: Seattle supports this legislation.

Local Revenue Authority

SB 5688: Simplifying definitions and classifications concerning state and local tax systems.

Sponsor: Senator John Braun

Co-Sponsors: Carrell, Dammeier, Rivers, Sheldon, Hobbs

Summary: SB 5688 was amended on the Senate floor and turned into a study bill. It would have representatives from cities, the business community and DOR meet through the interim to discuss and

make recommendations regarding state and local B&O tax uniformity, business classifications, apportionment, and nexus. DOR would submit a report detailing recommendations in December.

Status: SB 5688 was voted out of the Senate in a 35-14 vote, but it was returned to the Senate Rules Committee at the end of the regular session. Senate leadership has indicated that this bill remains a priority, and it is referenced in the latest version of the Senate budget bill.

City Position: Seattle opposes this legislation.

SB 5933: Concerning Flame Retardants.

Sponsor: Senator Sharon Nelson

Co-Sponsors: Senator Kohl-Welles

Summary: This bill will ban the manufacture, sale, and distribution of children's products with high levels of TDCPP or TCEP flame retardant chemicals.

Status: This bill was introduced on May 13th and has been referred to the Senate Energy, Environment, and Telecommunications Committee.

Looking Ahead

The first special session ended on June 11th and the second special session started on June 12th. The next revenue and caseload forecasts are scheduled for June 18th, and the State's fiscal year ends on June 30th.

Note: More information on each of the operating, transportation, and capital budget proposals can be found on the Washington State Legislative Evaluation & Accountability Program Committee (LEAP) website at http://leap.leg.wa.gov/leap/archives/index_budgetsp.asp. This website includes detailed copies of each budget proposal, summary documents, and capital project lists.