



## CITY OF SEATTLE 2013 STATE LEGISLATIVE BULLETIN

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### Week Overview

The legislature continued their work until the very final days of the fiscal year, passing the operating budget on Friday, June 28<sup>th</sup>, and the capital budget on June 29<sup>th</sup>. The operating budget was passed and signed by the Governor in time to avoid a government shutdown on July 1<sup>st</sup>, and the capital budget is scheduled to be signed on July 1<sup>st</sup>. Although a transportation revenue package passed the House, it did not pass the Senate before the legislature adjourned Sine Die on Saturday, June 28.

The final budget includes compromises, short-term solutions, and cuts several funds for local governments, but it also preserves funding for the human services safety net, makes a strong \$1 billion investment in K-12 education towards the McCleary obligations, and does not increase state college and university tuition. The budget cuts liquor revenues for local governments in half, sweeps funds from the Public Works Trust for the next 6 years, and repeals COLAs for teachers. As part of the negotiations to reach this agreement, the legislature also passed legislation to avoid potential legal liability by addressing telecommunication taxing parity and legislation to extend or create 17 tax preferences.

In addition to the budget bills, the legislature also passed legislation to address impaired driving and to implement Medicaid expansion and the state health insurance exchange.

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

### Budget Bills

#### Operating Budget

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

**Sponsor:** Senator Andy Hill

**Co-Sponsors:** Hargrove

**Summary:** The final budget made a 50% cut to the liquor taxes distributed to local governments and uses funds redirected from the Public Works Trust fund. The budget preserves funding for the Housing and Essential Needs program, TANF, 211 and 911. The budget includes additional funding for home visiting (\$1 million), for the Farm to School and Small Farm Marketing programs (\$250,000), and for the State Food Assistance Program (increase from 50% of SNAP benefits to 75% of SNAP benefits). It includes funding to increase both the number of children who are eligible to participate in Working Connections Child Care and state preschool (ECEAP) and the reimbursement rate for those providing

these services. Unfortunately, the Global Health, Microenterprise, and Innovation Research grants were eliminated. The impacts to the City of cuts and fund shifts in Ecology and any changes to public safety funding are still being reviewed.

**Status:** The final budget proposal passed the Senate 44 to 4 (with 1 excused) and passed the House 81 to 11 (with 5 excused) on June 28<sup>th</sup>. The bill was signed by the Governor on June 30<sup>th</sup>.

#### Tax Expenditure and Oversight Bill

##### **SB 5882: Relating to revenue**

**Sponsor:** Senator Andy Hill

**Summary:** SB 5882 contains 17 new or extended tax preferences, totaling \$11.2 million in tax expenditures for the 2013-15 biennium. The bill also imposes a sunset date on all of these items and requires JLARC review of several of them. The bill includes the “paymaster” change for handling of payroll, B&O exemptions for the dairy industry, a variety of preferences for bee keeping, a sales tax exemption for nonprofit shooting ranges, a sales tax exemption for investments, an extension of the B&O exemption for the solar energy industry, a sales tax exemption for hog fuel, sales tax exemptions for large aircraft, general tax exemptions for blood banks, sales tax exemptions for mint oil distilling, sales tax exemption for renewable energy, and the repeal of the opportunity to dance tax. The wood products hog fuel exemption extension also included a “claw-back” provision that would require repayment of the tax benefit if the wood products facility receiving the exemption closes. The bill was also amended to include tax exemption transparency and accountability measures, including requirements for intent language, measurable outcomes, and expiration dates on all new or extended tax preferences, including those included in this legislation.

**Status:** SB 5882 passed the Senate 43 to 5 with 1 excused on June 28<sup>th</sup>. It then passed the House 66 to 25 with 6 excused later that day.

#### Funding for Disability Programs

##### **HB 2069: Concerning continuation of safety net benefits for persons with a physical or mental disability which makes them eligible for certain social services programs.**

**Sponsor:** Representative Ross Hunter

**Co-Sponsor:** Sullivan

**Summary:** This bill preserves the Housing and Essential Needs Program and the Aged, Blind and Disabled Program through the Medicaid expansion by modifying the eligibility process.

**Status:** HB 2069 passed the House on June 23<sup>rd</sup> 78 to 8, with 11 excused. The Senate passed an amended bill 46 to 2, with 1 excused, on June 28<sup>th</sup>, and the House concurred with the Senate amendments.

#### Capital Budget

##### **SB 5035: Adopting the 2013-2015 Capital Budget**

**Sponsor:** Senator Jim Honeyford

**Co-Sponsors:** Nelson, Shin

**Summary:** The capital budget makes investments in a wide range of projects and on-going funds to benefit important infrastructure in our state. The budget puts \$50 million into the Housing Trust Fund to house veterans, farm workers and those with disabilities and chronic illnesses. Unfortunately, there are no Housing Trust Fund funded projects within the City of Seattle, but we will continue to work on this issue. The legislation also includes funding for energy efficiency and weatherization. We are still working to understand the impacts of the Model Toxics Act on the toxics clean-up funding in the Department of Ecology and we will have more information soon.

**Status:** On June 29<sup>th</sup> shortly before Sine Die, SB 5035 passed the Senate 47 to 0 with 2 excused and then passed the House 79 to 4 with 14 excused.

#### 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 have eliminated 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.

**Status:** HB 2034 did not pass.

#### House Transportation Revenue Package

**HB 1954: Proposes a statewide transportation package.**

**Sponsor:** Representative Judy Clibborn

**Co-Sponsors:** Moscoso, Fey, Ryu, Riccelli, Farrell, Lias, 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 towards maintenance, transit, bike, and pedestrian projects and local needs. This bill includes local revenue options that would help preserve essential bus service in King County and provide needed resources to repair and maintain local roads and bridges.

**Status:** The bill passed the House 51 to 41 with 5 excused in a reconsideration vote on June 27th. However, the bill was not considered in the Senate and thus did not pass.

#### 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 did not pass.

#### 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 13<sup>th</sup>, 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.

**[HB 2079: Concerning the environmental legacy stewardship account](#)**

**Sponsor:** Representative Hans Dunshee

**Summary:** This bill is in response to the Model Toxics Control Act, which created the Environmental Legacy Stewardship Account (ELSA). This bill broadens and clarifies the use of the ELSA, including provisions to include storm water retrofits and clean-up of derelict vessels. This bill addresses some of the concerns of the environmental community with the passage of 5296.

**Status:** The bill was introduced on June 23<sup>th</sup>, passed the House 56 to 34 (7 excused) on June 25<sup>th</sup>, and passed the Senate 34 to 13 (2 excused) on June 28<sup>th</sup>.

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

**Status:** HB 2030 did not pass, but its companion bill below did pass.

**Companion Bill:** [SB 5912](#)

**Sponsor:** Senator Mike Padden

**Co-Sponsors:** Kline, Conway

**Summary:** SB 5912 requires mandatory booking for those with prior DUI records, requires repeat DUI offenders to get an ignition-interlock devices to be installed before they are released from jail after an arrest, increases penalties for having a child in the car and driving on the wrong side of the road, and includes marijuana and THC to DUI statutes. It also creates a 24/7 Sobriety Program pilot program for up to three counties and two cities, to be established by the Washington Association of Sheriffs and Police Chiefs (WASPC). The bill also creates an official Impaired Driving workgroup, which must report its findings to the legislature by December 1, 2013. Seattle has previously participated in a similar ad-hoc legislative workgroup.

**Status:** SB 5912 passed out of the Senate 46 to 0 with 3 excused on June 26<sup>th</sup>. It passed the House 92 to 0 with 5 excused on June 27<sup>th</sup>. It has been signed by the President of the Senate and the Speaker of the House, and it has been delivered to the Governor.

**City Position:** Seattle supports this legislation.

Telecommunications Communications Reform

**[HB 1971: Concerning communications services reform.](#)**

**Sponsor:** Representative Reuvan Carlyle

**Co-Sponsors:** Nealey

**Summary:** The bill addresses potential legal liabilities for the state and local governments related to the telecommunications industry. It requires the 911 tax to be charged on prepaid wireless, charges a landline telephone tax, ensures that the relay services and 211 network will be funded in the general

fund, and creates an account to fund rural telephone access. 2E2SHB 1971 generates \$110 million for the biennium.

**Status:** HB 1971 passed the House 77 to 15 with 5 excused on June 27<sup>th</sup>, and it passed the Senate 36 to 11 with 2 excused on June 28<sup>th</sup>.

#### 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 did not pass.

**Companion Bill:** [SB 5703](#)

**Sponsor:** Senator Steve Hobbs

**Status:** SB 5703 did not pass.

**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 did not pass during the legislative session and the study was not funded in the final budget.

**City Position:** Seattle opposes this legislation.

#### Flame Retardants

**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:** SB 5933 did not pass during the 2013 legislative session.

#### **Looking Ahead**

The legislature has adjourned Sine Die for the 2013 legislative sessions. We will be following up in the coming weeks with a Sine Die Report for the 2013 legislative sessions.

**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](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.