

CITY OF SEATTLE
2010 STATE LEGISLATIVE BULLETIN

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There are two days left in the first special session. The House and Senate have reportedly come to agreement on both a revenue package and budget. The House has passed the revenue package, and the Senate is poised to soon. The House and Senate were able to reach agreement once the Senate modified its position and no longer insisted on a general sales tax increase. They replaced the revenue a sales increase would have raised by cobbling together a number of items including a sales tax increase on beer and soda pop.

SESSION PRIORITIES – 2010

Budget Safety Net: Do No Harm

ESSB 6444, the supplemental operating budget, passed the Senate again by a 25-19 vote on March 15th. The bill is now in the House, eligible to come to a vote. Negotiations between the House and Senate have been ongoing. They have reportedly reached agreement on most if not all of the big items and finalizing details and various provisos.

2ESSB 6143, the revenue package, was agreed to and signed by a majority of the conferees from the House and the Senate. It then passed the House 52-44 on April 10th and is eligible to come to a floor vote in the Senate. The overall tax package raises approximately \$800 million through the rest of the current biennium and does not include a general sales tax increase. It includes an increase in the Service B&O tax rate, repeals a number of tax exemptions, extends the sales tax to candy, gum, and bottled water, increases the sales tax on soda pop and beer, and in a separate bill they will increase the tobacco tax.

SHB 3177 concerns funds for affordable housing and is currently eligible to come to vote by the House of Representatives. SHB 3177 would require the county auditor to administer a surcharge of sixty-two dollars for each document recorded and authorizes the State Finance Committee to issue general obligation bonds to provide funds for the housing trust fund. Seattle **supports** this legislation. The House and Senate are currently negotiating the level of funding for the Housing Trust Fund in the capital budget.

Public Safety

SSB 6846 allows counties to raise E-911 excise taxes to fund improved 911 services. The bill passed the Senate 29-12 on April 1st, then passed the House 56-34 on April 2nd, and now heads to Governor.

Water Stewardship

HB 3181 and **SB 6851** would provide state funding for local stormwater clean up, primarily through a competitive grant program. It would increase the Hazardous Substance Tax – the existing funding source for the state and local toxics accounts (MTCA). Although neither bill passed its respective chamber during the regular session, the proposal is on the list for consideration for the special session; it is both a generator of revenue and will lead to the creation of jobs when implemented. However, the outcome of a vote in either chamber is still uncertain.

A striking amendment to **HB 3181** has been crafted by legislative proponents. It includes a .85 % increase (about \$100 million a year). A number of additional amendments are being discussed, some which would provide tax credits in certain circumstances and others which would place more requirements on local governments in order to receive the funding. **SB 6851** currently includes a .5% increase – 85% to a new storm water account for local storm water clean-up and 15% to the motor vehicle account for WSDOT storm water projects. Seattle **supports** this legislation.

ONGOING PRIORITIES

Economic Development

SSB 6889 concerns the governance and financing of the Washington State Convention and Trade Center. It passed the Senate 39-1 (9 excused) on March 20th. The House then amended the bill and passed it on March 22nd by a vote of 91-6, and the Senate concurred in the House amendments. The bill now heads to Gov. Gregoire. SSB 6889 allows an additional public facility district (PFD) to be created in King County for the purpose of acquiring and operating the Center once it is transferred from the public nonprofit that currently operates it. The new PFD would be governed by a nine person board, three of them appointed by the city of Seattle, three by King County, and three by the Governor. The PFD may impose a 2 percent lodging tax in Seattle that credits against the state sales tax rate. This bill is part of a settlement of a lawsuit against the state brought by Seattle hotels. Proponents of the bill testified that it will put the Center in a good position for future expansion. The House amendments change some of the provisions related to fund transfers between the convention center account and the proposed new PFD.

Energy

EHB 2561, the Jobs Act, would place on the ballot a referendum to authorize the issuance of \$505 million in general obligation bonds to create jobs by funding capital improvement projects at schools that will result in energy savings. If approved by voters, it would make permanent the temporary sales tax on bottled water and use that revenue source to help pay the bonds. The bill had a public hearing and passed out of the Senate Ways and Means Committee on April 11th.

Water Stewardship

The **Senate budget** contains a **proviso** requiring the Washington Dept. of Fish and Wildlife to do an environmental impact statement before declaring the Cedar River Watershed (game management unit 490) open for deer and elk hunting. The City of Seattle/Seattle Public Utilities strongly **supports** this language. We are asking our legislators to help assure that the proviso is in final budget bill passed by the legislature.