



CITY OF SEATTLE 2011 STATE LEGISLATIVE BULLETIN

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Weekly Overview

This week the House released and passed its version of the operating budget by a 53-43 vote. Specific details are below. The House also released its version of the capital budget, and we expect it to pass out of committee this week. The Senate is expected to release its versions of the operating and capital budgets this week.

This Tuesday, April 12th, is the next cutoff; it's the last day to consider bills from the opposite chamber. We are working to ensure that the short-term transit funding bill and the medical cannabis bill are passed by the House before this cutoff.

After the 12th, the Legislature may only consider budgets and matters necessary to implement the budgets, initiatives and alternatives to initiatives, and differences on specific bills that have already passed both chambers. Session is scheduled to end on April 24th.

Areas of Primary Focus

Budget: Last week the House released, held hearings on, and then passed its proposed operating budget (we outline several key areas of the House operating budget below). The House also released its capital budget proposal, which is scheduled for executive session in the House Capital Budget Committee on Tuesday, April 12th.

The Senate is expected to release its operating and capital budgets by the middle of this week. As with the House budget, in the Senate budget we will pay particular attention to whether or not it sweeps any state-local shared revenues (most importantly, the liquor profits). We will also be looking at the funding levels for Disability Lifeline, community health clinics, Working Connections, other key safety net programs, and education funding.

In the capital budgets, we are most interested in the funding levels for the Housing Trust Fund and local toxics cleanup.

The leadership of the House and Senate Transportation Committees met several times this week for negotiations on the transportation budgets, and an agreement seems close, so action on the transportation budget is likely this coming week.

Summary of key items in the House operating budget:

- **State-Local Shared Revenue:** The House operating budget did not sweep local liquor profits, which is good news; however, the House operating budget did cut all state-local shared revenues by 3.4% in the coming biennium, so the City, like many other interested parties, will experience some cuts due to this difficult budget climate. The House budget also assumes \$300 million in proceeds from liquor distribution privatization, and it is unclear what the details of this proposal are and how it may impact us locally.
- **Human Services**
 - **Disability Lifeline:** The medical portion of the program is preserved, but as we expected the cash grant program is fully eliminated (\$183 million cut), and it is replaced with a housing program (\$83 million)
 - **Federally Qualified Health Centers (FQHCs):** Funding is reduced for FQHC's, but the funding appears to be higher than what was included in the Governor's budget
 - **Children's health program (immigrant children):** Funding largely preserved
 - **Basic Health Plan:** The core of the program is largely preserved, but enrollment figures are capped at the June participation level and reimbursement rates are cut
 - **State Food Assistance:** \$30 million cut
- **Education**
 - **K-4 Enhancements:** Eliminated, saving \$216 million
 - **I-728 and I-732:** Suspended, saving \$1.2 billion
 - **Higher Education:** Drastically cut – \$482 million in general reductions – which is partly offset by \$380 million in assumed revenue from tuition increases
 - **Highly Capable Program:** Funding cut by \$520,000
 - **Running Start:** Funding cut by \$6 million
 - **State Work Study:** Program suspended, saving \$45 million
- **Capital Budget**
 - **Housing Trust Fund:** Low income housing assistance and weatherization projects are funded at \$60 million; the Governor's budget was at \$40 million
 - **MTCA:** Funding was not swept into the general fund from this account; it appears that the local remedial action grant program was funded at \$54 million and an additional \$24.6 million was allocated to clean up toxic sites across the state (including Puget Sound); in addition, \$46 million is provided for storm water projects to be awarded to local governments through a competitive grant process

Transit Funding: The short-term transit funding bill, [ESSB 5457](#), passed the House Transportation Committee on Wednesday, March 30th. It was referred to the House Rules Committee on Thursday, March 31st. On April 5th it passed out of the House Rules Committee and was placed on second reading on the floor. Seattle supports this legislation. In its current form, the bill would require a 2/3 vote of the County Council or voter approval before implementation.

Fiscal Flexibility: [HB 1953](#), concerning county and city additional real estate excise tax authority, was passed from Senate Rules to the floor for a second reading on April 6th. On Friday, April 8th, it passed the Senate, 28-20. Since the bill passed the Senate in the same form that it passed the House, it will soon be sent to the Governor. Seattle supports this legislation

because it will provide cities and counties the flexibility to use real estate excise taxes for the maintenance and operation of capital facilities and additional capital projects.

Criminal Justice: [SSB 5545](#) passed to the House Rules Committee for a reading on March 24th and is still there. The House companion bill, [SHB 1874](#), prime-sponsored by Rep. Mary Lou Dickerson, passed the Senate on Friday, April 8th, 49-0. A committee striking amendment was adopted in the Senate, so differences between the two chambers still need to be reconciled. Seattle supports this legislation because it would give law enforcement additional tools to fight human trafficking and sexual exploitation of children by allowing law enforcement to intercept and record a conversation with the consent of only one party when there is probable cause to believe the conversation involves the commercial sexual abuse of a minor.

Education: [E2SHB 1776](#), prime-sponsored by Representative David Frockt, would establish a unified set of licensing requirements for child care centers operated in public buildings. Seattle supports this legislation. On April 5th, the bill passed the Senate, 49-0. Committee striking amendments were adopted in the Senate and a floor amendment was also adopted to require the Department of Early Learning to consult with the fire marshal's office. Seattle also supports [2SHB 1510](#) and [2SSB 5427](#), regarding an assessment of students in state-funded full-day kindergarten. The Senate version of the bill passed out of the House Rules Committee on April 5th, and is eligible for floor action. The House version did not pass the Senate Committee on Early Learning & K-12 Education before policy cutoff.

Other Issues of Significant Interest

Medical Cannabis: [E2SSB 5073](#), which clarifies laws surrounding the medical use of cannabis, is on second reading and eligible for floor action in the House. Seattle supports this legislation and sent a joint letter from the Mayor, all nine Councilmembers, and the City Attorney. For several weeks Seattle has been working closely with Rep. Cody and Sen. Kohl-Welles and participating in stakeholder discussions to try to find agreement on amendment language and also coordinate strategy in support of the bill. John Schochet from the City Attorney's office has been integral to these discussions and has made several trips to Olympia to attend meetings in person. We expect the bill to be voted on in the House before the cutoff on Tuesday.

Public Records: [SHB 1899](#), which relates to penalties for public records violations, passed the Senate, 49-0, on Tuesday, April 6th. A committee striker was adopted in the Senate, so differences between the chambers need to be reconciled. The bill gives a range of monetary penalties that may be assessed, from a minimum of \$0 up to \$100 per day. The range under current law is \$5-\$100 per day, so having an option of \$0 is a significant step forward. Seattle supports this legislation.

Flood Control District: [ESB 5638](#) and [EHB 1969](#) would exempt the King County Flood Control District from certain limitations on regular property tax levies. Seattle supports this legislation because a portion of the property taxes that would be collected if this bill passes are slated to help fund the seawall replacement and other critical projects. The Senate Rules Committee placed the bill on second reading on Saturday, April 9th. The Senate version did not make it out of House Ways & Means before the fiscal committee cutoff on Friday.

Stadium Taxes: [SHB 1997](#), providing economic development by funding tourism promotion, workforce housing, art and heritage programs, and community development, had a hearing in the Senate Ways & Means Committee on Wednesday March 30th. On Friday, April 1st, executive action was scheduled, but the report on the motion to move the bill out of committee did not receive sufficient signatures. A more limited version of the bill focused on Arts & Heritage, [SSB 5834](#), had a public hearing in House Ways & Means on March 14th, but has not been voted out of committee. Although the bills failed to pass out of the fiscal committees before deadline, proponents indicated that they plan to explore ways to revive the legislation, and an amendment to the House operating budget was adopted in the House Ways & Means Committee on Wednesday, April 6th, that makes SHB 1997 necessary to implement the budget.

Vulnerable Roadway Users: Seattle supports this legislation because it creates a new infraction and penalties for drivers who injure vulnerable roadway users. The Senate version, [SSB 5326](#), passed the House 61-32 on Friday, April 1. The bill was amended in committee and on the floor of the House, so differences between the chambers need to be reconciled before the bill can be sent to the Governor. The House version, [SHB 1339](#), was not voted out of committee before the policy committee cutoff on March 25th.

Limousine Regulations: [SSB 5502](#) would provide Seattle with the authority and additional resources to enforce limousine laws. On Wednesday, April 6th, the bill passed the House, 81-15, with adopted amendments that we are comfortable with, but the bill now needs to go back to the Senate. Currently, there are several locations in Seattle where some limousine operators are operating more like taxicabs than limousines, and the City does not have the legal authority to take action.

Taxicab Lease Rate Caps: [ESHB 1367](#) would make all taxicab, limousine, and for-hire vehicle businesses and operators subject to mandatory industrial insurance. Seattle supports the underlying legislation, but we opposed three sections in the original bill that would have limited the City's ability to cap the lease rates taxi owners charge taxi operators and the consumer rates charged by taxis. We use our current authority to help ensure that taxi drivers earn a living wage and that taxis are affordable. Representative David Frockt offered a floor amendment to address our concerns, it was adopted, and the bill subsequently passed the House unanimously. On Friday the Senate passed the bill, 39-8, and we continue to be happy with the form it is in. The bill now goes back to the House for concurrence.

Private Carriers in Transit Lanes: [SSB 5836](#) would allow private transportation carriers like employer shuttles and aeroporters to use transit-only lanes. While Seattle supports providing incentives for people to use these forms of transit, we are concerned that the current version of the bill will limit our ability to ensure the smooth and timely flow of public transit in transit-only lanes. We worked with stakeholders to develop mutually agreeable amendments that address our concerns and the bill was passed out of the House Transportation Committee on Wednesday, March 30th, with amendments that the City of Seattle supported. On Tuesday, April 6th, the bill passed the House, 96-1, with only the negotiated committee amendment adopted.

Regulating Underground Utilities: [E2SHB 1634](#) aims to improve pipeline safety in Washington by changing dig law practices. Seattle and a number of cities are opposed to this bill because we have serious concerns with several provisions. Specifically, the bill would require a change in practice for marking or identifying certain sewer and water lines, and these provisions would not significantly reduce water and sewer line disruptions or improve overall pipeline safety, but would result in a significant cost and workload increase for Seattle Public Utilities. Senator Sharon Nelson, Vice Chair of the Senate Environment, Water & Energy

Committee, worked with us and other stakeholders to try to resolve the cities' concerns before the bill was voted on in the Senate, and on Tuesday we were able to find a mutually agreed upon solution that allowed us and other cities to move from opposed to neutral on the bill. The bill then passed the Senate, 49-0, on Tuesday, April 6th, and we owe a huge thanks to Senator Nelson for her time, help, and thoughtful attention in negotiating an agreement on changes to the bill that ameliorate the fiscal impacts to Seattle Public Utilities. The bill now goes back to the House for concurrence.

Phosphorus in Fertilizer: [ESHB 1489](#), which would limit the use of fertilizer containing phosphorus in order to protect water, passed the Senate on Friday, March 25th, by a vote of 32-16. The House concurred in the Senate amendments, and on Friday, April 1st, the bill passed the House by a vote of 56-37. The bill was signed on Tuesday, April 6th by the House Speaker and on Wednesday, April 7th by the Senate President. The bill now goes to the Governor.

Houseboats: [SHB 1783](#), which would place some limits on regulation of houseboats, passed the Senate on April 7th, 47-2. An amendment was adopted on the Senate floor that represents a negotiated agreement with houseboat advocates, state agencies, and the City of Seattle. The bill now goes back to the House for concurrence.

Cottage Food Operations: [ESSB 5748](#), which enacts labeling requirements on cottage food operations and exempts them from certain regulations and permitting laws, passed the House, 92-0, on Thursday, April 7th. Several amendments were adopted in the House, so the bill now goes back to the Senate. Seattle supports this and other legislation that would allow value-added home processing and selling of low-risk food items.

Mutual Aid: [SHB 1585](#) would allow local governments to provide aid when another city or county in Washington has experienced an emergency and requests assistance. This bill passed the Senate 47-0 on Friday, April 1st. The bill was signed by the House Speaker on April 6th and the Senate President on April 7th, and now goes to the Governor. [ESHB 1406](#), establishing the intrastate building safety mutual aid system, passed the Senate 48-0 on April 5th. This bill was not amended in the Senate. Seattle supports efforts to allow this type of coordinated assistance and supports both of these bills.

Film Tax Incentive: [2SSB 5539](#), concerning Washington's motion picture competitiveness, is in Senate Rules. The House version, [SHB 1554](#), is in the House Ways & Means Committee. Seattle supports this legislation because it will continue a program of incentives for the motion picture industry in Washington State, which is crucial to the health of Seattle's film industry.

Looking Ahead

The House and Senate will be busy on the floor early in the week as they race to pass bills before the April 12th cutoff. Short-term funding for transit and medical cannabis regulation are the two bills we expect will take the most time before cutoff on Tuesday. After Tuesday, we expect attention to turn almost fully to the budgets.