



## CITY OF SEATTLE 2014 STATE LEGISLATIVE BULLETIN

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### ***Week Overview***

The House and Senate released operating, capital, and transportation supplemental budget bills last week. With the budget releases, last Friday's deadline for policy bills to make it out of committee, and a deadline today for fiscal and transportation committees to report out bills, the focus is now squarely on these supplemental budgets and other revenue and spending bills.

As expected, these budgets proposed made mainly minor changes meant to accommodate fluctuating caseloads and emergencies not factored into last year's budget. The Senate and House operating budgets differ in their approach to utilizing greater than expecting revenues and their response to the Supreme Court's *McCleary* mandate. The Senate's supplemental operating budget would utilize greater than originally forecasted revenues to create and extend tax breaks while increasing funding for school technology. The House's bill would generate new revenues through tax legislation and make more ambitious additions to state spending on education. Both chambers would boost funding for mental health, exempt medical marijuana from sales tax, and increase prison capacity.

### **ACTIVE BILLS**

#### ***Operating Budget and Education Funding***

**Supplemental Operating Budget:** The House and Senate introduced budget proposals last week: **HB 2185** (Hunter, Chandler) / **SB 6002** (Hill, Hargrove). The bi-partisan Senate proposal would increase spending by \$95.7 million this biennium, with \$43.5 million going to changes designated as "maintenance level" and \$52.1 million in policy enhancements. The House Democrats budget proposal adds \$173 million, with \$91 million in maintenance level changes and \$82 million in policy enhancements. The budgets diverge the most in their treatment of tax breaks and education funding. The Senate budget extends the High Tech R&D tax credit (-\$7.8 million) and eliminates a license fee on liquor resellers (-\$1.2 million) among other new or extended tax breaks. The House budget would generate new revenue by taxing tobacco substitutes (\$1.9 million) and through taxing changes related to tribal owned properties (\$0.7 million).

Both chambers would delay a marijuana tax exemption to generate \$2.8 million (HB 2409 / SB 6505) and exempt medical marijuana from sales tax at a cost of roughly \$2 million (3SSB 5887 / HB 2198). The Senate budget proposal directs \$38.2 million in new funding to K-12 technology funding while the House would boost K-12 funding by \$60 million.

Additionally, House Democrats have proposed closing four tax breaks (bottled water sales tax, non-resident sales tax, extracted fuel tax exemption, and B&O tax for Rx drug resellers) to generate \$100 million more for education. Of the \$100 million, \$51.2 million would go to restoring K-12 teacher COLAs and \$16.4 million would go to HB 2377 early learning and child care programs. Both the House and Senate proposals would add about \$23 million in mental health spending, fund tobacco use prevention programs, and increase prison capacities. **The Senate budget passed out of that chamber 41-8. The House supplemental operating budget bill was scheduled for executive session in the Appropriations Committee Feb. 28.**

### ***Public Safety***

**Knockout Game: SB 6011** (Padden, four co-sponsors) targets the so-called “knockout game,” an assault in which a group walks up behind and knocks out a random victim. Under the bill, a person would be guilty of assault in the third degree, a felony, if he or she randomly assaults another without prior physical or verbal contact. **SB 6011 passed out of the Senate 38-9 and was exec’d out of the House Public Safety Committee Feb. 26.**

**Sex crime property forfeiture: SSB 6017** (Kohl-Welles, seven co-sponsors) allows law enforcement agencies to keep 90 percent of the proceeds received from seizures and forfeitures related to enforcement of child pornography, commercial sexual abuse, and prostitution laws. Agencies are directed to use the funds for enforcement of child sexual exploitation and prostitution laws. **SSB 6017 passed out of the Senate unanimously, was exec’d out of the House Public Safety Committee Feb. 26, and is now in House Appropriations.**

**Unmanned Aircrafts:** The version of **EHB 2789** (Taylor, 11 co-sponsors) reported out of the Senate Law & Justice Committee regulates the use of drones equipped with sensing devices capable of acquiring personal information. The bill would require local law enforcement agencies to receive approval from their governing body before using such technology, sets warrant requirements, and restricts how personal information collected by drones may be used. **EHB 2789 passed out of the House 83-15 and was exec’d out of the Senate Law & Justice Committee Feb. 28.** Three other bills related to drones, SHB 2178, SHB 1771, and SSB 6172, did not advance.

### ***Protecting the Most Vulnerable***

**Out-of-state health care volunteers: HB 2351** (Tarleton, 10 co-sponsors) allows health care professionals licensed in other states to practice in Washington as volunteers for 30 days. The Senate companion bill did not advance. **HB 2351 passed out of the House unanimously and was exec’d out of the Senate Health Care Committee Feb. 27.**

**Involuntary Servitude: SHB 2644** (Ryu, 33 co-sponsors) / **SSB 6339** (Fraser, seven co-sponsors) creates a new class C felony offense for “coercion of involuntary servitude” for coercing someone to provide services by withholding or threatening to withhold immigration documents or threatening to notify law enforcement about that person’s illegal immigration status. **The House version passed out of the House 87-10 and was referred to the Senate Law & Justice Committee. The Senate version passed out of the Senate unanimously, was exec’d out of the House Public Safety Committee Feb. 19, and is now in H Rules.**

### ***Housing***

**Homeless housing surcharge: SHB 2368** (Sawyer, 24 co-sponsors) / **SSB 6313** (Darneille, 10 co-sponsors) makes permanent the \$40 local homeless housing and assistance surcharge for document recording. Without this legislation, the existing surcharge would drop to \$30 in 2015 and \$10 in 2017. The Senate version did not advance from Ways & Means Committee. **SHB 2368 passed out of the House 62-36, but has not advanced from the Senate Financial Institutions, Housing, & Insurance Committee. A motion to bring it directly to the Senate floor failed on Feb. 28.**

**Floating homes: ESSB 6450** (Pedersen, five co-sponsors) requires local governments to accommodate floating on-water residences established before July 1, 2014 through reasonable local shoreline regulations, permit conditions, or mitigation and would ban local governments from effectively outlawing maintenance, repair, replacement, and remodeling of such residences. **ESSB 6450 passed out of the Senate unanimously, was exec'd from the House Environment Committee Feb. 26, and is now in H Rules.** Another floating homes bill, SHB 2581 (Tarleton, three co-sponsors), did not advance from the House.

**Rental screening fees: SHB 2537** (Robinson, six co-sponsors) allows prospective tenants to pay for and provide one comprehensive screening report to multiple prospective landlords, alleviating the need for renters to pay new report fees with each application. Landlords would retain the right to generate their own reports, but would not be able to charge tenants who provide one. The Senate companion bill did not advance. **SHB 2537 passed out of the House 53-45 and was heard in the Senate Financial Institutions, Housing & Infrastructure Committee Feb. 27. Presumed NTIB.**

### ***Transportation, Economic Development & Infrastructure***

**Supplemental transportation budget:** The House (**SHB 2762**) and Senate (**SSB 6001**) introduced supplemental transportation budgets last week calling for modest spending increases. Both versions increase funding for the 520 Bridge Project to cover cost overruns related to pontoon design errors. **The Senate transportation budget bill was exec'd out of the S Transportation Committee Feb. 27 and is now in Rules. The House budget bill was scheduled for executive session Feb. 28.**

**Transportation funding package:** The Senate proposed a \$12 billion transportation package Feb. 13 that would reduce WSDOT apprenticeship requirements, trim permitting requirements for WSDOT projects, and dedicate road project sales taxes revenues to future roadwork. These revenues currently go to the state's general fund. Senate Democrats rejected the funding strategies as accounting tricks and criticized the MCC proposal for focusing on rural projects and shortchanging bicycle, pedestrian, and public transportation. **It remains unclear whether the MCC proposal has sufficient support in the Senate. Last year, the House passed a \$10 billion transportation package that included a 10.5 cent gas tax increase.**

**Supplemental capital budget:** The Senate's supplemental capital budget and related capital bills (**SSB 6020**, the main supplemental capital budget; **SSB 6516**, discussed below; and **SSB 6081**, funding classroom construction) add \$121 million in spending while the House's capital budget proposal (**PSHB 2224**) adds \$166 million. The House is also considering a classroom construction bill (**HB 2797**). **The Senate supplemental capital budget, SSB 6020, passed out of that chamber 31-18. The House version, SHB 2224, was exec'd out of the House Capital Budget Committee Feb. 27.**

**Stormwater, flood control, and water supply financing: SSB 6516** (Honeyford, four co-sponsors) creates a joint legislative taskforce to consider financing options for water supply, flood control, and stormwater projects, appropriates \$1 million from the general fund for taskforce activities, and also authorizes the legislature to appropriate funds from the public works assistance account for taskforce expenses. **SSB 6515 passed out of the Senate 45-2 and was heard in the House Capital Budget Committee Feb. 25.**

**Restoring the Public Works Fund: SHB 2244** (Sanford, eight co-sponsors) restores resources to the Public Works Fund within two years rather than the planned six. The Senate companion bill did not advance before cutoff. **HB 2244 passed out of the House 87-11 and has been referred to Senate Ways & Means. No hearing has been scheduled.**

**Traffic safety cameras: HB 2426** (Fey, three co-sponsors) would allow Seattle to operate a camera to detect speeding on an ongoing basis. **HB 2426 passed out of the House 51-45 but remains in the Senate Transportation Committee after a motion to report out the bill failed.**

**Disabled parking placards: SHB 2463** (Hunt, six co-sponsors) changes regulations governing disabled parking permits and applications in order to curb placard abuse. **SHB 2463 passed out of the House 95-1, was exec'd out of the Senate Transportation Committee Feb. 26, and is now in S Rules.**

**Oil transportation safety: 2SHB 2347** (Farrell, 28 co-sponsors) addresses concerns about shipment of oil by train or tanker, establishes risk reduction and spill prevention measures, and ensures public access to information about risks and shipments through communities. **2SHB 2347 passed out of the House 57-37 and was referred to the Energy, Environment & Telecommunications Committee. No hearing has been scheduled. SB 6262** (Rolfes, 15 co-sponsors) addresses vessels transporting oil over water, but did not advance. A recently filed bill, **SB 6576** (McCoy, Rolfes), would direct oil refineries and other facilities to provide certain information to the Department Ecology and require Ecology to post information about oil transportation online. The bill also directs state agencies to study Washington's preparedness for an oil emergency involving railcars and shipment by water, requires more disclosure of oil spill prevention and contingency plans, creates a grant program, and imposes a tax on certain crude oil terminal deliveries. **SB 6576 was filed Feb. 27 and has not been scheduled for a hearing.**

**Annexation sales and use tax: SHB 2681** (Fitzgibbon, five co-sponsors) allows annexation sales and use tax proceeds to be used for annexation preparation costs, establishes requirements for imposing the tax to cover annexation costs, and extends the date by which an annexation must commence in order to impose the tax by two years to Jan. 1, 2017. **SHB 2681 was scheduled for executive session in the House Finance Committee Feb. 28.**

**High-Tech R&D tax credit: SSB 6430** (Lias, 10 co-sponsors) and **SSB 6267** (Hill, Benton). **SSB 6267** provides a one-year extension of the high technology B&O tax credit and sales and use tax deferral and creates a workgroup to develop recommendations regarding integration of high-tech R&D activities and higher education investments. **SSB 6430** would extend the same tax incentives until 2040. The Senate supplemental operating budget decreases revenue expectations by \$7.8 million in FY15 to account for the extension. **SSB 6420 was placed on second reading by S Rules. SSB 6267 remains in S Rules.**

**Recreation, amusement, and fitness service taxes: HB 2539** (Carlyle, two co-sponsors) / **SSB 6472** (Hill, two co-sponsors) addresses taxation of amusement, recreation, and physical fitness services and is noteworthy for making permanent the “opportunity to dance” tax exemption passed last year. **The House version remains in H Rules. The Senate version was placed on second reading by S Rules.**

### ***Early Learning***

**Fatality reviews for early learning and child care centers: SHB 2165** (Kagi, four co-sponsors) requires the Department of Early Learning to address fatalities occurring at early learning programs and licensed child care centers and homes. **SHB 2165 passed out of the House 93-5 and was exec’d out of the Senate Human Services & Corrections Committee Feb. 27.**

**Early education bill: SHB 2377** (Hunter, 17 co-sponsors) is omnibus legislation meant to improve the early care and education systems. The Senate companion bill did not advance from S Ways and Means. **SHB 2377 passed out of the House 64-33 and was referred to Senate Ways & Means. No hearing has been scheduled.**

**Early education for children in the child welfare system: SHB 2519** (Senn, eight co-sponsors) expands access to early learning for children in the child welfare system. **SHB 2519 passed out of the House 90-8, was exec’d out of the Senate Early Learning & K-12 Education Committee Feb. 27, and is now in Senate Ways & Means.**

### ***Marijuana***

**Medical marijuana regulations: 2SHB 2149** (Cody, five co-sponsors) sets new regulations for medical marijuana. It reduces standard possession amounts from 24 to three ounces, cuts the allowable number of plants from 15 to six, eliminates authority to establish collective gardens, requires patient and designated provider recognition cards, and establishes a medical marijuana endorsement for retailers. **2SHB 2149 passed out of the House 67-29, was exec’d out of the Senate Health Care Committee (without recommendation) Feb. 27, and referred to S Ways & Means.**

**Marijuana processing and retail licenses: SHB 2304** (Moscoso) / **SSB 6160** (Conway, Kohl-Welles) is request legislation from the WSLCB. It creates and defines rules and regulations for marijuana processing and retail licenses. **SHB 2304 is in House Rules. SSB 6160 was placed in the S Rules “X” file, removing it from consideration.**

**Medical marijuana tax relief: 2SHB 2198** (Carlyle, three co-sponsors) creates a sales and use tax exemption for medical marijuana purchased at licensed retail outlets. The House supplemental operating budget reduces anticipated revenues to account for the 2SHB 2198 tax exemption. **2SHB 2198 is in House Rules.**

**Marijuana revenues: SHB 2144** (Condotta, seven co-sponsors) establishes a dedicated local jurisdiction marijuana fund and requires 30 percent of collected marijuana revenues to be distributed to local jurisdictions. **SHB 2144 is in House Appropriations.**

**Marijuana revenues: HB 2772** (Young) directs marijuana tax revenues to be used for local fire protection and law enforcement, ferry operations and maintenance, and toll reduction at Tacoma Narrows. **HB 2772 is yet to receive a hearing.**

**Preempting local marijuana bans: HB 2322** (Sawyer, 10 co-sponsors) and **HB 2638** (Wylie, Pollet) preempt local government bans on marijuana businesses but differ in their scope. **Neither has advanced from the House Government Accountability & Oversight Committee.**

**Aligning medical and recreational marijuana systems: 2SSB 6178** (Kohl-Welles, five co-sponsors) and **2SSB 5887** (Rivers, two co-sponsors) attempt to align the medical and marijuana systems. Both include recommendations from the WSLCB work group. These bills differ as to allowable possession amounts, creation of a DOH medical marijuana registry, qualifying medical conditions, and taxation. **2SSB 6178 was referred to the Senate Ways & Means Committee but has not received a hearing. 2SSB 5887 was heard in that committee Feb. 19. The Senate supplemental operating budget reduces revenues to account for passage of 2SSB 5887.**

**Depository for marijuana businesses: SB 5955** (Hasegawa, six co-sponsors) creates a publicly-owned trust to act as a depository for in-state marijuana producers, processors, and retailers. **SB 5955 was heard in the Senate Financial Institutions Committee but has not advanced.**

### *Other Issues of Significant Interest*

**Public Disclosure of Utilities Customer Information: SSB 6007** (Rivers, four co-sponsors) exempts customers' electronic contact information, utility usage, and billing information from disclosure under public records laws. A House companion bill did not advance. **SSB 6007 passed out of the Senate unanimously, was exec'd out of the House Local Government Committee Feb. 26, and is now in H Rules.**

**Lights containing mercury: SHB 2246** (Hunt, eight co-sponsors) replaces the current model of funding for product stewardship with a handling charge applied to each retail sale and imposes a sunset review for the program in 2025. The Senate companion bill did not advance. **SHB 2246 passed out of the House 56-41, was exec'd out of the Senate Energy, Environment & Telecommunications Committee Feb. 26, and is now in S Ways & Means.**

**Cultural access programs: SB 6151** (Hill, eight co-sponsors) and **HB 2212** (Springer, 13 co-sponsors) seek to enhance cultural access. HB 2212 allows counties, or groups of counties, to create cultural access programs for which they could impose local sales and use tax or a property tax levy. SB 6151 authorizes counties to create cultural access authorities that provide public school programs. If voter approval is granted, authorities could impose sales and use tax or annual property tax levies. **SB 6151 was placed on second reading by S Rules, and the Senate supplemental operating budget provides for its implementation. HB 2212 was heard in the House Finance Committee but has not advanced.**

### **INACTIVE BILLS**

**For-hire vehicle industrial insurance: SHB 2152** (Habib, nine co-sponsors) repeals industrial insurance requirements for operators of for-hire vehicles, limousines, and taxicabs.

**Breakfast After the Bell: HB 2536** (Hudgins, 15 co-sponsors) requires schools with 70 percent or more low-income students to offer breakfast during the school day.

**Sexual orientation change efforts: SHB 2451** (Lias, 22 co-sponsors) bans sexual identity change therapy for patients under age 18.

**DNA Evidence: HB 2468** (Orwall, 14 co-sponsors) / **SB 6310** (Darneille, nine co-sponsors) prohibits the destruction of DNA evidence collected during criminal investigations until statewide DNA evidence standards are implemented. The bill also creates an evidence collection workgroup to recommend such standards.

**Distracted Driving: SSB 6227** (Eide, four co-sponsors) makes driving while holding, reading from, or manually entering information into a wireless device a traffic infraction, even if the driver has temporarily stopped. The penalty is doubled for those with more than one infraction in a five-year period, and all infractions become part of the driver's record. Exceptions are created for drivers who pull over, emergency situations, and those using hands-free modes.

**Emergency Medical Service Levies: SHB 2428** (Hunt, two co-sponsors) fixes a 2012 law that allowed for EMS levy reauthorizations by simple majority. A recent Attorney General Opinion held that the 2012 law only allowed for a simple majority reauthorization when the prior levy was to be continued at exactly the same rate, and that a 60-percent super-majority was required for reauthorizations at a higher or lower levy rate. SHB 2428 would allow for simple-majority reauthorizations of levies at lower rate.

**Employer use of non-conviction information: HB 2545** (Moscoso, seven co-sponsors) prohibits employers from basing initial employment decisions on non-conviction information, advertising jobs in ways that exclude those with non-conviction records, or categorically excluding people with non-conviction records. A City of Seattle ordinance already prohibits employers from using non-conviction information in similar ways.

**Preempting local employment laws and contracts: SB 6307 / HB 2591** (Schmick) (Braun, five co-sponsors) preempts the entire field regarding wages, hours of work, employee retention, and employment leave. Under the bill, cities would not be able to require or enforce employment regulations except with respect to their own employees.

**Minimum room sizes for homes: HB 2168** (Blake, two co-sponsors) would eliminate state building code minimum size requirements for rooms and floor areas of single family homes unless the requirements are necessary for fire, life safety, or environmental purposes and would prevent cities and counties from adopting their own minimums.

**Lodging taxes for workforce housing: SHB 2650** (Fitzgibbon, five co-sponsors) clarifies that hotel-motel tax revenues can be used to pay off bonds issued for affordable workforce housing.

**Rental car company responsibility for infractions: HB 2470** (Pollet, four co-sponsors) and **SB 6109** (Hobbs, two co-sponsors). **HB 2470** would make rental car companies responsible for their customers' unpaid traffic penalties. **SB 6109** allows local jurisdictions and WSDOT to report unpaid parking, camera, and toll violations for which rental car businesses are liable to the Department of Licensing for the purpose of withholding registration renewals for the applicable vehicle.

**Sound Transit parking impacts: SB 6489** (Hasegawa, King) / **HB 2783** (Santos) requires Sound Transit to mitigate parking impacts when constructing transportation facilities and pay for zoned residential parking permits for impacted residents.

**Cultural Resources and SEPA: SHB 2709** (Fitzgibbon, two co-sponsors) reinstates SEPA's cultural resource requirements for some actions. Specifically, actions categorically exempted from SEPA review by 2012 legislation (which created infill, non-project, and rule-based exemptions) and actions categorically exempted by statute or rule on or after July 1, 2012 would be subject to SEPA cultural resource requirements.

**Paint Stewardship: SHB 1579** (Goodman, nine co-sponsors) / **SB 5424** (Chase, eight co-sponsors) creates an architectural paint recovery program to be enforced by the Department of Ecology, makes paint manufacturers responsible for development and implementation of a stewardship program, and creates a paint product stewardship account.

**Minimum wage increase: HB 2672** (Farrell, 31 co-sponsors) increases the minimum wage to \$12-per-hour over the course of three years.

**Foster care past age 18: HB 2335** (Roberts, 13 co-sponsors) / **SSB 6101** (Fain, 11 co-sponsors) allows youth with an open dependency proceeding at age 18 and who either work at least 80 hours per month or have certain medical conditions and engage in qualifying activities to receive extended foster care services.

**Gun Initiatives: Initiative 591** (limits background checks) / **Initiative 594** (requires background checks) were both heard in committee but neither initiative has advanced in the Legislature.

**Rideshare work group: HB 2782** (Tarleton, Habib) requires the joint transportation committee to convene a workgroup to study personal transportation services, including for-hire vehicles, taxis, limousines, and mobile application-based personal transportation services (e.g. Uber, Lyft).

**Structurally deficient bridges: HB 2771** (Hayes, five co-sponsors) allows local governments to use an expedited contracting process when repairing or replacing bridges deemed structurally deficient.

**Certificate of Restoration of Opportunity: HB 2399** (Walkinshaw, 10 co-sponsors) aims to reduce recidivism by reducing barriers to employment. It would create a process for those with criminal records to seek a certificate of restoration of opportunity, which would remove any professional bar imposed solely as a result of conviction.

**Compost processing and storage: HB 2072** (Manweller) requires counties and cities to store and process at least 50 percent of all collected compostable waste within the county where collected if the collecting jurisdiction mandates compostable waste separation or collection as part of solid waste services.

**Notice to tenants and relocation assistance: SB 6292** (Kohl-Welles, five co-sponsors) requires 90-day notice to residential tenants before rent increases or changes of use and allows local jurisdictions to authorize relocation assistance for more households.