



CITY OF SEATTLE 2016 STATE LEGISLATIVE BULLETIN

April 4, 2016

Number 10

The City of Seattle is committed to being a safe, vibrant, interconnected, and affordable city.

Week Overview

Having adjourned the 60-day regular session on March 10th without an agreement on a supplemental budget, the legislature was immediately called back into a special session by the Governor. With budget negotiators at an impasse, the majority of legislators returned to their districts to await a final budget. After two weeks of relative quiet, word came of a budget deal on Monday, March 28th, and legislators returned to the Capitol to be briefed on the negotiated result. That day, the Senate also took up the task of voting to override the 27 bills Governor Inslee had vetoed at the end of regular session.

Tuesday, March 29th, saw a packed day of activity as lawmakers vowed to complete their remaining work that day. The House took up the Operating budget around noon and quickly passed it. They then considered and passed several bills necessary to implement the budget, followed by a lightning round procession through the veto overrides. After passing the Operating budget and other bills, the Senate took up the Capital budget as their final act, and at 10:30 pm the Legislature adjourned, on the 79th day of the 2016 Legislative Session.

Priority Areas

Budgets

2016 Supplemental Operating Budget

The 2016 supplemental operating budget ([2ESHB2376](#)) includes \$191 million in increased spending for the existing 2015-2017 biennium budget which totaled \$38.2 billion. The supplemental operating budget addresses several high profile issues, including the teacher shortage, homelessness, mental health care, wildfires, and charter schools. The negotiated 2016 supplemental operating budget also includes \$260 million in net general fund savings and uses \$29.4 million in fund transfers. The supplemental operating budget leaves a \$577.5 million projected net general fund savings balance for the 2015-2017 biennium. The Senate passed the supplemental operating budget with a vote of 27-17 (5 excused). The House passed it with a vote of 78-17 (3 excused).

Highlights:

- \$1,028,000 to increase the number of contracted HOPE beds.
- \$420,000 for services to provide shelter beds for young adults aged eighteen through twenty-four.
- \$714,000 for the implementation of [2SHB 2449](#) (truancy reduction) for ten crisis residential center beds.
- \$787,000 for the consolidated homeless grant for youth specific programs and services.
- \$2,000,000 for the implementation of a grant program that assists homeless students and their families with stable housing as defined in [3SHB 1682](#) (homeless students).
- \$460,000 for implementation of [2SHB 2530](#) (victims of sex crimes).
- \$76,000 for implementation of [SHB 2711](#) (sexual assault nurses).
- \$197,000 for implementation of [2SHB 2791](#) (WA statewide reentry council).
- \$15 million for K-12 (including \$5 million for staff recruitment and retention (a net increase of \$4 million for Charter Schools)).
- \$41 million for mental health (including \$11 million for transitional support for Western State Hospital, \$10 million for compensation increases, \$7 million for a new Behavioral Health Innovation Fund, and \$7 million for state hospital RN staff).
- \$189.5 million in state assistance to communities affected by last year's wildfires.
- The Municipal Research & Services Center (MRSC) is fully funded.

Medicaid Waiver language: There were concerns with language in the original Senate proposal, which would have constrained the HCA's ability to negotiate with the federal government on the Medicaid Waiver and may have jeopardized those funds. However, a slight change in the language that was included in the final budget has lessened these concerns.

One area of continued concern for the City in the passed supplemental budget is the issue of Fire Insurance Premium Tax distributions. New language in the budget limits the amount a city may receive from the state to \$2,000 per pre-LEOFF and LEOFF 1 retiree or the amount received in 2016, whichever is less. In addition, a city is only eligible to receive a distribution if it is levying the 22.5 cents in property tax under RCW 46.16.060 for the Firefighters' Pension Fund and can demonstrate the levy is not sufficient to meet the estimated demands on the fund or maintain the actuarial soundness of the fund. The CBO estimates that, given the constraints of the 1% cap on property taxes, the City would not meet the criteria set by the language requirements and would lose close to \$2 million per biennia of state-shared revenue.

2016 Supplemental Capital Budget

The 2016 supplemental capital budget ([ESHB 2380](#)) includes \$95.4 million in increased spending for the 2015-2017 biennium budget. The spending priorities for the supplemental capital budget were outlined as:

1. Mental Health Facilities
2. Community Projects & Housing
3. Natural Resources & the Environment
4. K-12 Class Size Reduction & K-12 Construction
5. Higher Education Facilities
6. State Building Development

The House passed the supplemental capital budget with a vote of 86-9 (3 excused) and the Senate passed it with a vote of 38-5 (6 excused).

Seattle-specific projects:

- \$500,000 for Mental Health Housing, First and Denny
- \$600,000 for the Shelter and Navigation Center
- \$1.5 million for PSKS homeless youth facility
- \$200,000 for the Holocaust Center for Humanity

Additional highlights:

- \$8 million for the Housing Trust Fund
- \$34.5 million of additional funding is provided for the K-3 Class Size Reduction Grant program
- \$5.5 million is provided to purchase modular classrooms for five school districts for the purpose of supporting reduced class sizes in kindergarten through third grade
- \$34.8 million is appropriated for K-12 School Construction Assistance grants

MTCA funding:

Appropriations and reappropriations for a number of projects funded through Model Toxics Control Act accounts were reduced to reflect sharp decreases in revenues from the Hazardous Substance Tax. However, funding cuts in the final budget were more evenly distributed between Toxics Clean-up and Stormwater projects than previously expected, ending roughly at a 44%-56% split in reductions. Projects considered to be previously funded continue to be authorized. Funding reductions are intended to be restored in future biennia. Seattle has a number of projects in both categories.

Safety Net and Housing

Tenant Protections: Sen. Mullet (D)'s [SB 6413](#), which would require a landlord to notify a prospective tenant if they will accept a comprehensive reusable tenant screen report prior to charging that prospective tenant for a background check or screening report, was signed by the Governor on Tuesday, March 29th. The City supports this legislation.

Certificate of Restoration of Opportunity: [HB 1553](#) (Rep. Walkinshaw-D), which would provide a certificate to former offenders re-entering the workforce, was signed by the Governor on Thursday, March 31st. The legislation would prohibit state and local governments from disqualifying an applicant for a license, certificate or other qualification to engage in certain professions or business solely based on the applicant's criminal history. The City supports this legislation.

Youth Mental Health: Rep. Kagi's (D)'s [SHB 2439](#), increasing access to adequate and appropriate mental health services for children and youth, was signed by the Governor on March 31st. The City supports this legislation.

Public Safety and Government Operations

Police Body Camera Privacy and Task Force: Rep. Hansen's (D) [E2SHB 2362](#), which would create a system for ensuring privacy for police body camera footage and making it available to the public by setting parameters in the Public Records Act, was signed by the Governor on Friday, April 1st. The final version of the bill includes language allowing agencies to charge public records requesters a fee for redacting the footage necessary to comply with applicable disclosure exemptions. The City supports this legislation.

Pensions: [SB 6170](#) (Sen. Roach-R), was one of 27 bills vetoed by Governor Inslee in response to legislators' failure to reach a budget agreement. After both Chambers voted to override the veto, the bill immediately became law. The City supports this legislation.

Business & Occupation Tax Task Force: [EHB 2959](#) (Rep. Lytton-D), establishing a task force led by the Department of Revenue to evaluate and recommend legislation and options to simplify the administration of local business taxes and licensing, was signed by the Governor on Wednesday, March 30th. The City took a neutral stance on the final version of this bill.

Statewide Rape Kit Tracking System: [SHB 2530](#) (Rep. Orwall-D), which sets up a statewide system to track all rape kits was signed by the Governor on Friday, April 1st. The City supports this legislation.

Education

Student Homelessness: [HB 1682](#) (Rep. Fey-D), seeks to improve education outcomes for homeless students through increased in-school guidance supports, housing stability, and identification services. Having been amended in the Senate, the House voted to concur on the bill by an 80-16 vote. The bill now awaits the Governor's signature. The City supports this legislation.

Educational Opportunity Gap: [4SHB 1541](#) (Rep. Santos-D), was signed by the Governor on Wednesday, March 30th. The bill seeks to close the educational opportunity gap by, in part, developing language proficiency and instructional practices, requiring cultural competency training for school staff and changing disciplinary laws. The City supports this legislation.

Environment

Hydro License Fee: [HB 1130](#) (Rep. Fey-D), which extends the fee Federal Energy Regulatory Commission (FERC) license holders (including SCL) pay the Departments of Ecology and Fish & Wildlife to process Utilities' clean water permits required for FERC license was signed by the Governor on Thursday, March 31st. The City supports this legislation.

Looking Ahead

OIR looks forward to a long interim of planning and collaboration with the Mayor, Councilmembers, and City Departments, in addition to state legislator and community stakeholder outreach as we prepare for the 2017 Legislative Session.