

Skagit County Legislative Report January 20, 2019

During the first week of the legislative session, legislators were sworn in, Governor Jay Inslee gave his “State of the State” speech at a joint session of the Legislature, and committees began holding public hearings on bills. The Governor’s State of the State highlighted some of the issues the Legislature will consider this session, including climate change, clean energy, mental health, early learning, rural broadband, and saving the orca population.

The legislative fiscal committees held hearings on the Governor’s operating and capital budget proposals, as well as the Governor’s proposals to raise additional state revenue. These hearings are the typical way the legislature begins the process of developing the next biennial budget. The Governor’s proposals are rarely enacted without significant changes, but it does provide stakeholders the opportunity to express their perspective on budget priorities. The testimony in the budget committees were filled with entities seeking additional funding, while the revenue hearings were dominated by entities who object to paying additional taxes.

This coming week, the Legislature will continue to meet in committees, holding public hearings on proposed legislation. Legislation will need to be heard and passed out of any policy committee by Friday, February 22, 2019 to remain under consideration. This deadline is commonly referred to as the “policy committee cutoff deadline.” If proposed legislation has an impact on the state budget or other fiscal implications, the bill will be referred to a fiscal committee for further consideration before being advanced to the entire chamber.

Below is an update on issues that are likely to be of interest for Skagit County.

Highlights

Indigent Defense

[Rep. Mike Chapman](#) (D- Port Angeles) introduced [House Bill 1086](#), which increases appropriations to cities and counties for public defense. Beginning in fiscal year 2020, the state must appropriate funds to cities and counties for no less than 10% of the cost of public defense services. The percentage increases by 10% each year until 2029 when the appropriation reaches 100% of the cost of public defense services. The bill eliminates current distribution formulas for public defense funds and directs the Office of Public Defense to establish policies for distribution of funds to eligible cities and counties. The House Bill was heard this week in the House Civil Rights & Judiciary committee and is scheduled for executive session on Friday, January 25th. The companion, [Senate Bill 5098](#), sponsored by [Sen. John Braun](#) (R-Centralia), is scheduled for a hearing in the Senate Law and Justice Committee on Thursday, January 24th.

Providing Prepaid Postage for All Election Ballots

Senate Bill 5063, sponsored by [Sen. Joe Nguyen](#) (D- White Center), would require the state to pay all postage for election ballots. This legislation is by request of Governor Inslee, is a priority for the Association of County Auditors and will also be supported by the Association of Counties (WSAC). The bill was heard in the Senate State Government, Tribal Relations & Elections

committee last week. The companion bill, House Bill 1209 is sponsored by [Rep. Drew Hansen](#) (D- Bainbridge Island) and has not yet been scheduled for public hearing.

Even Year Election Costs

Senate Bill 5073, sponsored by [Sen. Sam Hunt](#) (D- Olympia) would require the state to reimburse counties for the cost of state even year election costs. Currently, counties are only reimbursed for election costs in odd-numbered years. This bill is also a priority for the County Auditors Association. The bill had a public hearing last week but has not yet been scheduled for executive session. The House companion, House Bill 1291, is sponsored by [Rep. Jim Walsh](#) (R- Aberdeen) and has been scheduled for public hearing in the House State Government & Tribal Relations committee on Friday, Jan. 25th at 8am.

Legislation to Study Unfunded Mandates on Local Governments

[House Bill 1008](#), sponsored by [Rep. Sherry Appleton](#) (D- Poulsbo), would study the constitutional and statutory obligations placed upon local governments, in comparison with such entities' current tax revenue capacity. The bill had a public hearing this last week, during which no concerns were expressed, but newly elected [Rep. Keith Goehner](#) (R- Dryden) asked staff if it would be possible to consider local government inclusion on both liquor and marijuana funds. Currently, the study just recommends reexamination of liquor distribution to local governments. The bill is scheduled for executive session next week.

Senior Property Tax Exemptions

House Bill 1044, sponsored by [Rep. Sharon Tomiko Santos](#) (D- Seattle), would revise senior property tax exemptions by adjusting qualifying income thresholds: "threshold 1" is adjusted to 55% percent of the county median family income ; "threshold 2" is adjusted to 45% of the county median family income; "threshold 3" is adjusted to 33% of the county median family income. The bill specifies that each threshold income is exempt from property taxes. The bill has not yet been scheduled for public hearing.

Foundational Public Health Services

On Friday, the Senate Health & Long Term Care Committee held a brief work session on Foundational Public Health. A panel including Secretary of Health John Wiesman, WSALPHO Managing Director Jaime Bodden, and Health Director Andrew Shogren from the Suquamish Tribe presented to the committee. Secretary Wiesman kicked off the presentation by diving into the importance that Foundational Public Health Service (FPHS) funding provides during critical public health outbreaks, like the measles outbreak currently going on in Clark County. The Secretary assured the committee that health officials are working around the clock to contain the outbreak, and explained the importance that FPHS funding has in these scenarios. The panel also explained the types of services that are provided through FPHS, what governmental public health looks like, and the capabilities those services have. Furthermore, the panel gave the committee an update on how the \$12 million appropriated in the 2017-2019 state budget has been spent, and how additional funding can be beneficial for the state. The presentation seemed to be well-taken by the committee.

Other Issues

Initiative 976

On Tuesday, January 15th, the Secretary of State's Office confirmed that Initiative 976 has been certified. The initiative limits state and local vehicle licensing fees to \$30 unless voters approve otherwise, and requires all motor vehicle excise taxes to adopt the Kelley Blue Book value. This would have negative fiscal impacts on vehicle license fees imposed by Transportation Benefit Districts and on Sound Transit.

With the initiative now certified, the Legislature will have three options: 1. Adopt the initiative into law as proposed; 2. Reject or refuse to act on the initiative, sending it directly on to the November 2019 ballot; 3. Write an alternative piece of legislation regarding the same subject and both measures will be included in the next general election. At this point, it is unclear what, if any, action the Legislature will take.

House Local Government Work Session

Last week, the House Local Government committee held a work session to examine the revenue capacity and legislative priorities for both cities and counties. Advocates from the Association of Counties and the Association of Cities both presented. This provided the County association the opportunity to discuss its primary priorities, including opposition to unfunded mandates, and requests for increased funding for both trial court indigent defense costs and for foundational public health services. County advocates also addressed the need to replace local government culvers in light of recent litigation against state culverts. The work session also examined the varying local government revenue resources and identified that property and sales and use taxes are the largest revenue streams for both cities and counties. [Rep. Strom Peterson](#) (D- Edmonds) argued that if counties are unwilling to remove their own 1% property tax cap at the local level, asking the state to lift that same requirement is inconsistent.

Prevailing Wage Legislation

The 2018 Legislature passed Senate Bill 5493 requiring the Department of Labor & Industries to use comparable collective bargaining agreements to establish the prevailing wage for trade/occupations in the geographic region, rather than the previous practice of using wage and hour surveys. The bill states that if there are multiple collective bargaining agreements of that trade/occupation in the geographic region, that they need to use the collective bargaining agreement with the highest rate. As the Department has implemented the bill, it has resulted in some unintended consequences. One of those unintended consequences was that the Department utilized a broad definition of landscape laborers and more than doubled the prevailing wage rate for landscape laborers. In some areas of the state, rates jumped from \$17.87 per hour to \$37.67, a 110% increase. Multiple legislators have said that they would like this issue fixed in rulemaking rather than legislatively. The Department of Labor & Industries is exploring whether they can use rulemaking to distinguish landscape maintenance from landscape construction in order to mitigate the impact of the changes in prevailing wage.

Transportation

Last week, Secretary of Transportation Roger Millar gave [an update](#) to both the Senate and House Transportation Committees to discuss Transportation Matters in Washington. The Secretary gave a brief overview of Transportation in Washington, the State Department of Transportation, workforce development as it relates to transportation, as well as practical solutions and what the next 10 years may look like on the topic. The Secretary explained how the state's transportation network is a connected system that serves various users in many modes, and provided an overview of the state's diverse and connected system. For more information, click on the link above.

The Office of Financial Management also gave [an overview](#) of the Governor's proposed transportation budget in both House and Senate Transportation Committees. Budget highlights included mention that fuel tax and fee revenues are slightly up since the 2018 supplemental budget, the 2015 Connecting Washington package continues to be implemented, and the Governor funds necessary highway maintenance and operations. The Governor's package also begins funding for electric ferries, and full compliance of fish passage barriers. Click on the link above for more information.

Sen. Hobbs' Transportation Package

The 2019-21 Transportation Budget is anticipated to have limited revenue available for new projects. However, Chair of the Senate Transportation Committee, [Sen. Steve Hobbs](#) (D- Lake Stevens) introduced a draft [gas and carbon tax proposal](#) on Friday to make a new round of [transportation investments](#). The senator indicated that this proposal is in draft form, and that he would like to receive comments from stakeholders on the proposal. He has scheduled a work session in the Senate Transportation Committee on Thursday, January 24th to receive feedback, and will make further adjustments prior to a formal introduction. Concepts for the transportation package include increasing revenue through mechanisms:

- \$15 flat rate carbon fee
- 6 cent gas tax increase
- A statewide transportation impact fee (\$2.50/square foot for commercial buildings; \$1/square foot for residential and manufacturing).
- Sales tax increase on auto part sales
- Sales tax increase on bicycles
- Sales tax increase on rental cars
- Increase in the electric vehicle fee
- Variety of additional fee increases

These revenue mechanisms raise just over \$17 billion in 10 years. Of the \$17 billion, \$500 million would be spent on maintenance, \$1 billion would be spent on preservation, \$3.1 billion would be spend on replacing culverts, and the remainder would be spent on other projects and grant programs. The investments outlined would create 65,000 family wage jobs throughout the state with projects from the Palouse to Puget Sound. Additionally, the package as introduced eliminates the sunset of the low carbon fuel standard and expands the prohibition to local jurisdictions, which reduces the carbon intensity of certain transportation fuel types.

Wrongful Death Legislation

[House Bill 1135](#), sponsored by [Rep. Sharon Tomiko Santos](#) (D- Seattle) and [Senate Bill 5163](#), sponsored by [Sen. Bob Hasegawa](#) (D- Seattle), addresses actions for wrongful injury or death. This is an even broader bill than last year's version (Senate Bill 6015) and will cost counties significant money. Senate Bill 5163 has been scheduled for a public hearing on Tuesday, January 22nd in the Senate Law and Justice Committee. House Bill 1135 has been scheduled for a public hearing on Wednesday, January 23rd in the House Committee on Civil Rights.