



## **Skagit County - Government Relations Report February 29, 2020**

Last week was the final week for legislative policy committees to hear and act upon bills from the opposite chamber. If a bill wasn't moved out of committee by the end of the day on Friday the 28<sup>th</sup> they are considered "dead." Bills with a fiscal impact must be out of fiscal committees by Monday the 2<sup>nd</sup>. After that date the legislative action will be focused on the floor of each chamber until the final day of session, March 12<sup>th</sup>.

Simultaneous with committee hearings last week, the House and Senate released their supplemental operating, capital and transportation budget proposals. The fiscal committees held hearings and voted on these proposals as well.

The Washington State Association of Counties has released their annual Governor's, House, and Senate proposed budget comparison matrix, which may be viewed [here](#). WSAC has also sent budget leadership a letter detailing their response to the proposed budgets: you may view the letter [here](#).

### **Operating Budgets**

In an unprecedented move the House and Senate released their supplemental operating budget proposals on the same day. It is customary for the chambers to allow one or two days in between their budget releases. While this meant more stress for lobbyists, it is a strong signal that legislators are committed to finishing session on time.

Budget writers have \$1.5 billion in new revenue available to them for the current biennium. While there are differences in the way that the House and Senate choose to spend the new revenue, the overall expenditure levels are very close. The Senate increases spending by about \$997 million, for a total of \$53.6 billion over the biennium. The House spends more for an increase of about \$1 billion, and a total of \$53.7 billion. Both budgets leave nearly \$3 billion in reserves.

Both budgets use record revenues to make one-time transfers into areas that are not traditionally funded out of the operating budget. The Senate transfers \$25 million from the General Fund to the Multimodal Fund in the Transportation Budget to backfill the impacts of I-976. The House transfers \$100 million from the General Fund into the Housing Trust Fund for housing and homelessness projects and programs. The HTF is traditionally a capital project fund source.

For local governments there's good and bad news. Some highlights include:

- Both budgets assume passage of legislation that provides a one-time 3% increase for PER 1 retirees; for local governments that have PERS 1 retirees, this will result in a cost increase at the local level. The state provides resources for its own costs but not for local governments.
- Both proposals provide funding for two additional Basic Law Enforcement Academy classes each fiscal year, increasing the number of classes from 19 to 21 per year.
- The House budget provides an additional \$3.5 million/year in marijuana revenue for distribution to cities and counties.
- The House include a proviso requiring the development of a comprehensive statewide culvert remediation plan that includes non-state culverts.



- The House also provides resources for a study with the intention of developing a statewide medication assisted treatment program in jails.
- Both budgets provide resources for Foundational Public Health Services, backfilling for decreased vape tax revenue.
- The Senate includes a proviso to establish a growth management stakeholder group to develop recommendations from the 2019 Ruckelshaus report.

### **Capital Budgets**

The House proposed supplemental capital budget appropriates \$88.7 million, leaving about \$600,000 in remaining bond capacity. The Senate proposal appropriates \$59 million in bond proceeds, leaving \$20.1 million in remaining bond capacity. The remaining capacity will be available for budget writers to reconcile the differences between the House and Senate proposals.

Both capital budgets make homelessness and affordable housing an expenditure priority. The Senate provides \$25 million for enhanced homeless shelters and affordable housing; \$15 million of which is for grants to increase local enhanced shelter capacity; and \$10 million to rapidly preserve housing that is at risk of losing affordability. The House proposed operating budget transfers \$100 million into the state Housing Trust Fund, to be allocated accordingly:

- \$60 million for housing projects serving individual in need of permanent supportive housing;
- \$15 million for a new competitive grant program to preserve existing shelter capacity or increase low-barrier homeless shelter capacity for unaccompanied youth and young adults, families with children, or adults;
- \$15 million to rapidly preserve multifamily housing that is at risk of losing affordability; and
- \$10 million for competitively awarded housing preservation grants;
- Additionally, \$5 million is provided for a new competitive grant program for the development of community housing and cottage communities to shelter individuals or households experiencing homelessness and an additional \$1 million is provided for the rapid response manufactured housing community preservation pilot program for the purpose of preserving manufactured and mobile home communities.

### **Transportation Budget**

Transportation appropriators in both the House and Senate assume that Initiative 976 will ultimately be upheld by the court, resulting in a \$453 million loss of revenue this biennium. Both budgets remove all projects from the “pause” list. To make up for the funding gap, the House budget delays or reduces rail capital projects into the 21-23 biennium, delays WSDOT Public Transportation Program grants to the 21-23 biennium, makes project reductions based on updated information from WSDOT and incorporates savings from other cancelled or closed out projects. The Senate budget also relies on fund transfers of non-constitutionally protected funds including \$25 million from the General Fund into the Multimodal Transportation Account. The Senate budget also assumes an under expenditure rate that is closer to historical trends in order to reduce appropriations to transportation agencies, and shifts tolling activity to toll accounts. All of these are short-term strategies; several transportation accounts have future projected negative ending fund balances.



## Legislative Priorities

### Historic Skagit Courthouse Seismic Repairs

Skagit County is requesting \$150,000 in the Capital Budget for design and preconstruction for seismic repairs on the historic County Courthouse. [Rep. Debra Lekanoff](#) (D- Bow) sponsored the House request, with support from [Rep. Dave Paul](#) (D- Oak Harbor). The House and Senate introduced their Capital Budget proposals early this week. Unfortunately, no funding was included for the Courthouse Seismic Repairs. We followed up with Rep. Lekanoff to see if anything could be done to obtain funding for the request this session. Rep. Lekanoff explained that she tried to creatively obtain funding for the courthouse through the School Seismic Safety Retrofit Program, which received funding this session; however, Capital Budget leadership were not receptive to this suggestion. Rep. Lekanoff proposed a similar program for county courthouses, which the Skagit Courthouse would pilot. She relayed to us that she would propose this concept to Rep. Tharinger, however, funding for the project is unlikely this session.

### House Bill 1590 – Councilmanic Local Option Housing Sales Tax

Skagit County is supporting House Bill 1590, sponsored by Rep. Beth Doglio (D- Olympia), as a potential tool for the County to fund affordable housing and human services programs. The bill passed the House floor before the first floor cutoff last week, despite being held up in both the House and Senate. The underlying version of HB 1590 was passed with the agreement that Rep. Doglio's striker, which includes expenditure of at least 30 percent of revenue collected by King County for eligible cities within the county, will be adopted in committee. The bill was heard on Thursday in the Senate Local Government Committee and passed out of committee with a striking amendment. The striker includes the King County revenue sharing provision, ensures that any existing voter-authorized taxes are unaffected by the bill, and makes changes to AMI requirements. The underlying version of the bill directs the revenue to be spent on projects benefit individuals making 60% or less of the AMI. The amended version directs the following:

- At least 40% is spent on projects benefitting those whose income is less than 30% AMI;
- Up to 7 percent on projects benefitting those whose income is 60-80% AMI;
- Remaining funding on projects benefitting those whose income is below 60% AMI.

Commissioner Wesen and Deputy County Administrator Kayla Schott-Bresler testified on behalf of the County at the hearing. You may view their testimony [here](#). Commissioner Wesen did an excellent job dispelling concerns over accountability for councilmanically-approved taxes, while Ms. Schott-Bresler conveyed the acute need in the County for additional housing and behavioral health revenue sources. The County's presence at the hearing was extremely compelling especially considering membership of the County's own Sen. Lovelett on the Local Government Committee. The bill has been referred to the Senate Rules Committee and must be moved to the floor calendar for consideration.

### Supporting Other Association Priorities:

#### *Separate Funding Stream for Involuntary Treatment Costs*

Skagit County supports the effort by the Association of County Human Services to establish a separate funding stream for Involuntary Treatment Costs, which currently eat up critical non-Medicaid dollars. ACHS submitted proviso language to budget writers; however, neither the House nor Senate proposal establishes a separate ITA funding stream. The Senate proposed budget directs HCA to



review and update non-Medicaid disbursement between BHASOs and MCOs, providing no additional non-Medicaid funding. The House proposal provides an additional \$6 million in non-Medicaid funding over 2 years for BHASOs, however, no separate funding stream was established. WSAC provides an in-depth analysis [here](#).

### *MAT Funding*

The Association of Washington Cities is seeking funding to increase the use of medication assisted treatment (MAT). They submitted a budget proviso for an assessment of how to replicate the type of services being offered at the South Correctional Entity (SCORE) which is confinement center providing services to seven member cities located in south King County. The House proposal includes \$50,000 to study options for providing MAT statewide.

### *Increased Share of Marijuana Revenue*

Snohomish County is leading the effort to increase the amount of revenue shared by the state with local governments. The bill, [House Bill 2900](#), sponsored by [Rep. Strom Peterson](#) (D- Edmonds) is in the Appropriations Committee. Rep. Peterson will be scheduling a work session on the bill during Committee Assembly Days in the fall. This provides a more strategic opportunity for legislators to engage on this issue closer to the next long session.

While falling vastly short of the Snohomish County proposal, the House proposed Operating Budget includes an additional \$3.5 million in additional shared marijuana revenues. This may indicate some openness from legislators to provide additional revenue to local governments.

## **Upcoming Events**

### **Finance (House) - HHR A, JLOB - 3/2 @ 8:00am**

- SB 6212 - Exec Session - Concerning the authority of counties, cities, and towns to exceed statutory property tax limitations for the purpose of financing affordable housing for very low-income households and low-income households.
- ESSB 6592 - Public Hearing - Concerning tourism authorities.
- ESSB 6592 - Exec Session - Concerning tourism authorities.

### **Ways & Means (Senate) - SHR 4, JACB - 3/2 @ 10:00am**

- HB 2230 - Exec Session - Subjecting federally recognized Indian tribes to the same conditions as state and local governments for property owned exclusively by the tribe.
- ESHB 2342 - Exec Session - Aligning the timing of comprehensive plan updates required by the growth management act with the timing of shoreline master program updates required by the shoreline management act.
- ESHB 2421 - Exec Session - Concerning state reimbursement of election costs. (Support)
- E2SHB 2528 - Exec Session - Recognizing the contributions of the state's forest products sector as part of the state's global climate response. (Support)
- ESHB 2786 - Exec Session - Establishing the opioid epidemic response advisory council.



- EHB 2797 - Public Hearing - Concerning the sales and use tax for affordable and supportive housing. (Support)
- ESHB 2919 - Public Hearing - Adjusting the amount and use of county fees on the real estate excise tax.

### Bill Summaries

Outlined below are relevant bills GTHGA is tracking for the County. Bills that are in the “lobbying” category are those that GTHGA is taking action to either advance or stall; bills that are marked as “monitoring” are those that GTHGA is keeping track of but not actively lobbying.

#### Lobbying

Bill #	Abbrev. Title	Short Description	Status	Sponsor	Position
<a href="#">HB 1590</a>	Housing tax/councilmanic	Allowing the local sales and use tax for affordable housing to be imposed by a councilmanic authority.	S Rules 2	Doglio	Support
<a href="#">HB 1829</a>	Veterans' assistance levies	Concerning veterans' assistance levies.	S Ways & Means	Chapman	Support
<a href="#">ESHB 2421</a>	Election cost reimbursement	Concerning state reimbursement of election costs.	S Ways & Means	Tarleton	Support
<a href="#">E2SHB 2528</a> (SSB 6355)	Forest products/climate	Recognizing the contributions of the state's forest products sector as part of the state's global climate response.	S Ways & Means	Ramos	Support
<a href="#">HB 2545</a>	Jail records/managed health	Making jail records available to managed health care systems.	S Rules 2	Davis	Support
<a href="#">EHB 2797</a> (SSB 6631)	Housing/sales & use tax	Concerning the sales and use tax for affordable and supportive housing.	S Ways & Means	Robinson	Support
<a href="#">SB 6229</a> (HB 2348)	Housing funds/quality award	Streamlining reporting for recipients of housing-related state funding by removing Washington state quality award program requirements.	H Approps	Kuderer	Support

**Monitoring**

<b>Bill #</b>	<b>Abbrev. Title</b>	<b>Short Description</b>	<b>Status</b>	<b>Sponsor</b>	<b>Position</b>
<a href="#">HB 2230</a> (SB 6080)	Indian tribe-owned property	Subjecting federally recognized Indian tribes to the same conditions as state and local governments for property owned exclusively by the tribe.	S Ways & Means	Gregerson	
<a href="#">ESHB 2342</a>	Comprehensive plan updates	Aligning the timing of comprehensive plan updates required by the growth management act with the timing of shoreline master program updates required by the shoreline management act.	S Ways & Means	Fitzgibbon	
<a href="#">SHB 2343</a> (SSB 6334)	Urban housing	Concerning urban housing supply.	S Rules 2	Fitzgibbon	Neutral
<a href="#">ESHB 2625</a>	Local parks funding options	Concerning local parks funding options.	S Ways & Means	Eslick	
<a href="#">SHB 2714</a> (SB 6498)	Riparian easement carbon val	Valuing the carbon in forest riparian easements.	S Rules 2	Hoff	
<a href="#">SHB 2758</a>	911 dispatch personnel/PTSD	Recognizing posttraumatic stress disorders of 911 emergency dispatch personnel.	S Rules 2	Corry	
<a href="#">ESHB 2786</a>	Opioid response council	Establishing the opioid epidemic response advisory council.	S Ways & Means	Robinson	



<a href="#"><u>ESHB 2919</u></a>	REET county fees	Adjusting the amount and use of county fees on the real estate excise tax.	S Ways & Means	Chopp	
<a href="#"><u>ESSB 5522</u></a>	City annexing/interlocal ag.	Providing code cities with the ability to annex unincorporated areas pursuant to a jointly approved interlocal agreement with the county.	H Rules R	Takko	
<a href="#"><u>E2SSB 6128</u></a> (HB 2381)	Postpartum period/Medicaid	Extending coverage during the postpartum period.	H Approps	Randall	Support
<a href="#"><u>SB 6212</u></a> (HB 2489)	Affordable housing/prop. tax	Concerning the authority of counties, cities, and towns to exceed statutory property tax limitations for the purpose of financing affordable housing for very low-income households and low-income households.	H Finance	Das	
<a href="#"><u>SB 6354</u></a> (HB 2729)	Small rural hospital payment	Providing enhanced payment to low volume, small rural hospitals.	H Approps	King	
<a href="#"><u>ESSB 6592</u></a>	Tourism authorities	Concerning tourism authorities.	H Finance	Holy	
<a href="#"><u>ESSB 6617</u></a>	Accessory dwelling units	Concerning accessory dwelling unit regulation.	H Rules R	Lias	