

# 2019 Legislative Wrap Up & Looking ahead to 2020

AWC Government Relations

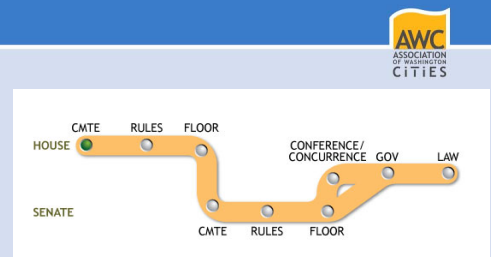
May 29, 2019



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## 2019 Session Overview

- 105 days - January 14 to April 28
- Large democratic majorities
- Biennial budget for 2019-21
  - Culvert decision *U.S. v Washington*
  - Education funding
  - School employee's health care system
  - Behavioral health system reforms
  - *Trueblood* settlement



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# Cities' Legislative Agenda

**2019 Legislative Priorities**

Strong cities make a great state. Cities house 61 percent of the state's residents, drive its economy, and provide the most accessible government. The continued success of cities depends on adequate resources and community-based decision-making to best meet the needs of our residents. Preserving local decision-making authority is one of our core principles.

**Support economic development tools to encourage job creation and economic growth**

Technological cities need additional economic development tools that assist in maintaining, expanding, and modernizing local infrastructure to help spur local private sector investment. By supporting value capture financing, the legislature can partner with cities and towns to advance our shared goals of building a robust and diverse economy for communities around the state.

**Fund a systems approach to correct fish-blocking culverts**

AWC and state agency partners are focused on developing and funding a comprehensive statewide approach to the fish-blocking culverts. In order to achieve meaningful culvert and price recovery, cities need ongoing and significant funding to upgrade city culverts. This critical investment will support fish passage to maximize collaboration with the state's rural obligation to upgrade its culverts, while also addressing other critical needs like streamwater and water quality. Cities support creating a permanent fund for fish spawning culverts that begins with fully funding the Fish Spawning Culvert Removal Fund. This includes funding for a grant program in the second half of the biennium. An effective framework also includes a commitment to future investment.

**Keep the Public Works Trust Fund in working order**

Cities support ongoing investment in the various infrastructure funding programs sponsored by the state. In particular, the Public Works Trust Fund (PWTFT) is a crucial funding partner in our efforts to provide the necessary infrastructure for our communities. We seek full funding for the PWTFT's \$107 million budget. Focused from the current stream of user requirements and the 2 percent of REET dedicated to the account. Additionally, we look to strengthen the program by ending REET fund diversions from the account over instead of ending in 2023.

**Invest in affordable housing**

Communities around the state are facing a housing affordability crisis. Cities support an ongoing \$200 million capital budget investment in the Housing Trust Fund, a \$20 million per year local government revenue sharing program, and a \$2 million per year for investment of the sales tax from the construction of multifamily developments. In addition, cities support proposals that remove barriers to affordable housing, including voluntary density and self-development solutions, opportunities for creating shared housing, and addressing condominium liability to expand housing choices.

**Support economic development tools to encourage job creation and economic growth**

**Invest in affordable housing**

**Keep the Public Works Trust Fund in working order**

**Fund a systems approach to correct fish-blocking culverts**

**Provide responsive funding for the Criminal Justice Training Commission (CJTC)**

Cities need a responsive funding model for the CJTC to ensure that newly hired law enforcement officers and corrections officers have timely access to basic training. Cities seek funding for at least 18 Basic Law Enforcement Academy (BLEA) classes per year and at least seven Corrections Officer Academy classes per year in order to meet our public safety needs.

**Address a failing behavioral health system**

Cities are experiencing the consequences of an overwhelmed mental health and drug abuse response system. The state needs to make investments sufficient to improve access to these systems and their services across the state. Cities will work with the state to pursue enhancements and reforms to the behavioral health delivery system including engaging with mental health transformation proposals, the Turnback settlement, making permanent the mental health co-response program, and supporting comprehensive rapid response legislation.

**Invest in affordable housing**

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# Legislative outcomes

**Support economic development tools to encourage job creation and economic growth**

**PRO** – Passed **SB 5511**, creating new tools and resources for expanding broadband access in unserved areas of the state.

**CON** – Failed to pass **SB 5564** for a new infrastructure financing tool to support economic development.

**Provide responsive funding for the Criminal Justice Training Commission (CJTC)**

**PRO** – Funded 19 Basic Law Enforcement Academy (BLEA) classes per year, as requested. In addition, funded seven Corrections Officer Academy classes in the first year of the biennium and six in the second year.

**CON** – Failed to pass a proposal to reduce the maximum BLEA wait time from six months to two months (**HB 1253/SB 5944**).

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### Invest in affordable housing

**PRO** – Invested \$175 million in the Housing Trust Fund, a significant increase from the previous biennium for this critical housing program.

**PRO** – Created a \$26 million annual local government revenue sharing tool (**HB 1406**).

**PRO** – Passed **HB 1923**, a voluntary and incentive-based proposal to promote urban density and infill.

**PRO** – Extended local authority to use REET for affordable housing (**HB 1219**).

**PRO** – Passed **SB 5334**, condominium liability reform to remove barriers to this housing option.

**PRO** – Funded a study of shared housing opportunities.

**CON** – Failed to pass a \$1.5 million annual sales tax reinvestment program for multifamily housing (**HB 1938**).

**CON** – Failed to authorize smaller cities to use the multifamily tax exemption program (**SB 5366**).



### Keep the Public Works Trust Fund in working order

**PRO** – Passed a capital budget that funds \$95 million in project loans for the Public Works Trust Fund.

**CON** – Continued diversions from the PWTF, including a \$160 million transfer to the Education Legacy Account and \$21.5 million for a new statewide broadband program.

**CON** – Revised statutory allocation amounts from graduated state REET in **SB 5998**, effectively capping the distribution amounts instead of allowing them to grow as a proportional share of the increase in REET to rebuild the PWTF.

**CON** – Failed to pass proposals to end revenue diversions and restore funding to the PWTF:

- **HB 1680 / SB 5952** to restore funding for housing infrastructure
- **HB 1691** to restore funding for culverts
- **SB 5788** to restore funding for both housing infrastructure and culverts

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### Address a failing behavioral health system

**PRO** – Passed **SB 5444**, the *Trueblood* bill that establishes forensic navigators to assist individuals referred for a competency evaluation and help coordinate community services for individuals ordered to receive outpatient competency restoration.

**PRO** – Funded the co-response program to provide a mental health professional to assist law enforcement; \$3 million to implement the program in underserved areas and \$1 million to support existing programs.

**PRO** – Passed **HB 1767**, creating a grant program administered through the Washington Association of Sheriffs and Police Chiefs to help identify individuals with substance use disorders and other behavioral health needs at the time of arrest or incarceration, and engage those persons with therapeutic interventions and other services. Provided \$2.2 million dollars in funding.

**PRO** – Passed **SB 5380** to provide a statewide approach to the Opioid Use Disorder (OUD).

**CON** – Failed to provide funding for jails to provide Medically Assisted Treatment (MAT) services for persons suffering from OUD.



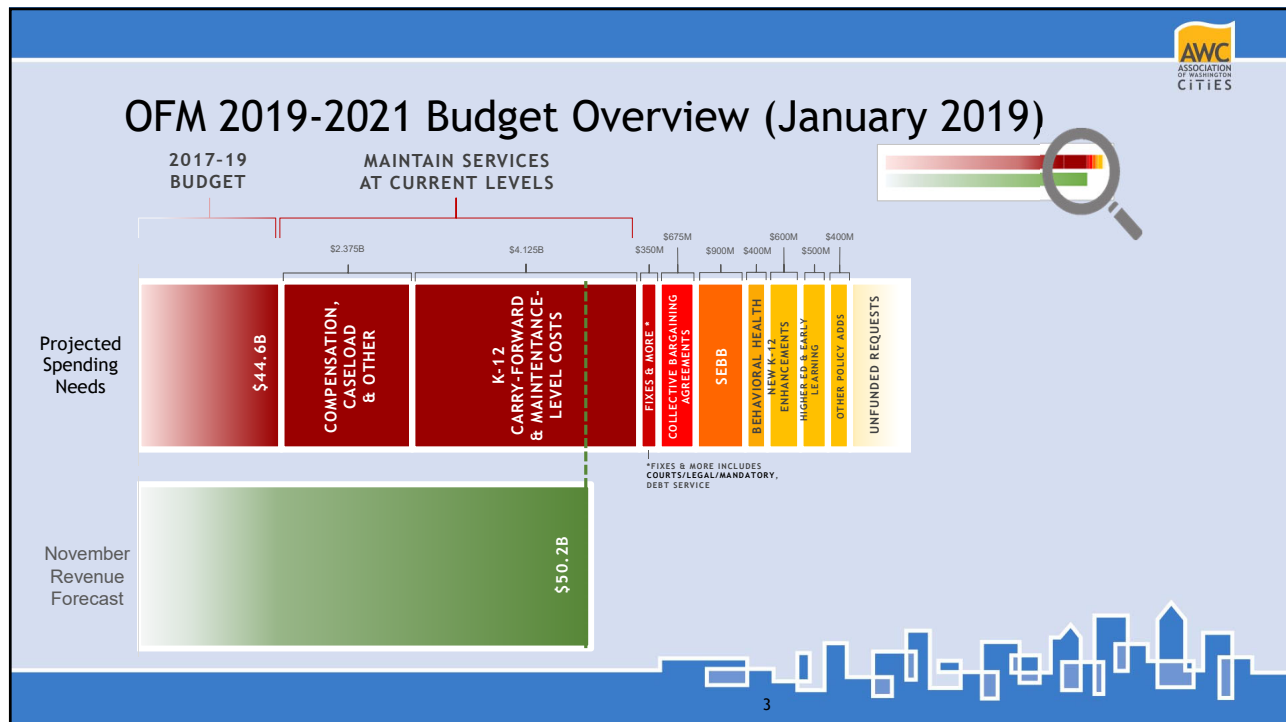
### Fund a systems approach to correct fish-blocking culverts

**PRO** – Funded the Fish Barrier Removal Board (FBRB) at \$26.5 million. While significantly less than the \$50 million requested, this funding exceeds that of the last biennium and will allow the FBRB to continue to make progress on a coordinated, watershed approach for local and state-owned culvert corrections.

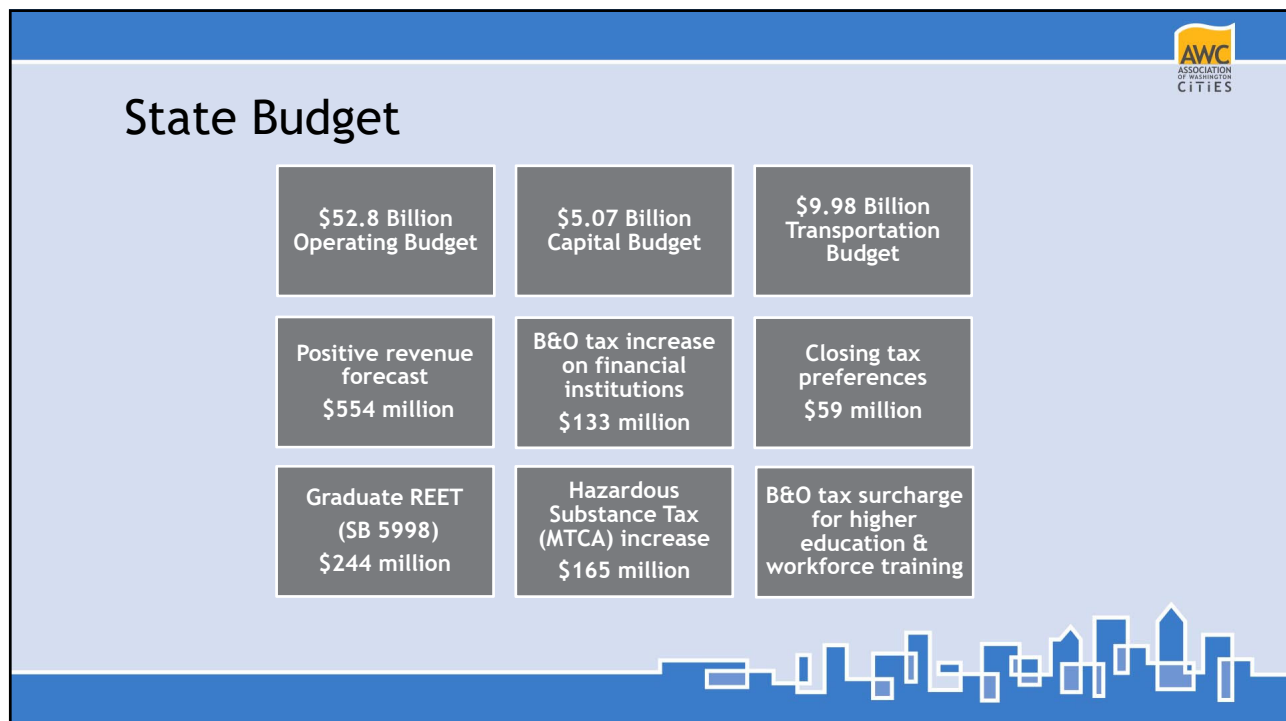
**PRO** – Directed the Washington State Department of Transportation, in complying with a federal court-ordered injunction, to coordinate with the FBRB to maximize habitat improvements by replacing both state and local culverts based on a watershed approach.

**CON** – Did not establish a permanent framework to address all fish-blocking culverts. Although proviso language to ensure a robust plan to address local culverts was proposed, it was not adopted.

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## Operating Budget Highlights

- Fully funded state shared revenues:
  - liquor profits, liquor taxes, municipal criminal justice assistance, fire insurance premium taxes, city-county assistance, and continued streamlined sales tax mitigation
- Funded 19 Basic Law Enforcement Academy (BLEA) classes per year
- Fully funded Housing and Essential Needs program and added \$14.5 million
- Permanent funding for public records technical assistance and grant programs
- Funding for law enforcement co-responder and diversion grants
- New funding for community-based behavioral health
- Sweeps \$160 million from the Public Works Trust Fund for education



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## Capital Budget Highlights

- \$175 million for the Housing Trust Fund
- Created new \$63 million per biennium dedicated stormwater funding source (SB 5993)
- Fish Barrier Removal Board funded at \$26.5 million
- \$240 million in Behavioral Health facilities - including community-based projects, competitive funding, new and upgraded state facilities
- \$85 million in competitive loan funds for the Public Works Trust Fund
- \$21.5 million for Broadband grants and loans
- \$85 million for Washington Wildlife & Recreation and \$12 million for Youth Athletic Facilities



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## Transportation Budget Highlights

- \$9.8 billion over the 2019-21 biennium
- Fully funded direct fuel tax distributions to cities and counties, \$518 million
- Fully funded the Transportation Improvement Board programs, \$249 million
- WSDOT provided culvert \$100 million to begin replacing state-owned culverts, Gov's directs agency to spend \$250 million
- Funding for a program to provide technical assistance for public entities looking to acquire alternative fuel vehicles, \$555,000
- City gas tax revenue to complete an inventory of city-owned fish culverts, \$350,000
- Continued funding for the Road Usage Charge (RUC) workgroup, developing an alternative to insufficient gas tax revenue



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## Other bills impacting cities



- In addition to working on our priority issues, AWC staff work on and track hundreds of bills and budget items each session
- The following is a rundown of many of the other issues AWC worked on this year



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## Finance Bills

### **SB 5581 - Sales tax administration changes implementing *South Dakota v Wayfair* - Passed**

Makes changes to Mainstreet Fairness Act to align sales tax collection requirements with U.S. Supreme Court decision *South Dakota v Wayfair* for internet and remote sellers

### **HB 1403 - Local B&O tax apportionment - Passed**

- Implements recommendations of service apportionment task force created by HB 2005
- Requires cities to implement changes by January 1, 2020

### **HB 1059 - Annual B&O tax filing deadline - Passed**

- Changes filing deadline for B&O tax annual filers to April 15
- Delays implementation for cities with local B&O taxes to 2021 filing for 2020 taxes

### **SB 5894 - Firefighters pension levy - Passed**

- Clarifies that cities may continue levy even if all pre-LEOFF beneficiaries are deceased
- Revenue must first be used to cover medical benefits for LEOFF 1 retirees and then for other municipal purposes
- Levy expires when no longer have LEOFF 1 retiree medical obligations



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## Human Resources, Labor Relations & Pension Bills

### **Initiative 1000 - Affirmative action initiative - Passed**

The initiative does not contain mandates but instead amends current law to allow state and local governments to create programs to remedy discrimination against disadvantaged groups.

### **HB 1087 - Public long-term care insurance - Passed**

Creates the Long-Term Services and Supports Trust Program which will provide long-term care insurance to Washington employees. Beginning Jan. 1, 2022, employees in Washington will be assessed a premium of 0.58 percent of their wages. Beginning Jan. 1, 2025, eligible recipients will receive benefits up to \$36,500, and the benefit is adjusted for inflation.

### **HB 1575 - Legislature's response to *Janus* - Passed**

Requires that an employee's request to revoke authorization for dues deductions must be in writing and submitted by the employee to the union in accordance with the terms and conditions of the dues authorization.



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## Human Resources, Labor Relations & Pension Bills

### **HB 1913 - Public safety employee workers' comp presumptions - Passed**

Grants new occupational disease presumptions to certain EMTs, fire investigators, and law enforcement officers and requires the Department of Labor and Industries to create a permanent medical advisory committee on occupational disease presumptions.

### **HB 2144 - LEOFF Plan 2 Transfer - Passed**

- Eliminates future transfers to the Local Public Safety Enhancement Account.
- Provides for a transfer of \$300 million from the LEOFF 2 retirement fund to the Benefits Improvement Account.

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## Criminal Justice Bills

### **SHB 1064 - Police use of force - Passed**

- Modifies I-940 approved in November 2018 regarding use of deadly force
- Identical to changes in 2018's HB 3003, which courts overturned
- Removes the subjective portion of the standard for police use of deadly force and retains the objective reasonable officer test
- Clarifies duty to render first aid

### **SSB 5380 - Medication assisted treatment in jails - Passed**

Requires jails to provide medication assisted treatment to those with opioid use disorders in certain circumstances

### **SB 5605 - Vacating cannabis misdemeanor offenses - Passed**

Allows a person convicted of a misdemeanor marijuana offense to apply to the sentencing court to vacate the record of conviction

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## Behavioral Health & Homelessness Bills

### **SB 5444 - *Trueblood* settlement - Passed**

- Provides for competency evaluations and process for competency restoration to provide for timely evaluations of in-custody individuals
- Establishes forensic navigators to aid with treatment and competency restoration
- Expands police authority to divert an individual to treatment instead of criminal prosecution

### **HB 1767 - Law enforcement grant program - Passed**

Establishes law enforcement grant program to expand alternatives to arrest and jail

### **Mental health field response grant program - Included in budget**

Budget funds \$4 million to expand program to place social workers with police to divert individuals from criminal justice system

### **HB 1591 - Rights of persons experiencing homelessness - Did not pass**

Would have established rights related to subsisting in public spaces for those experiencing homelessness



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## Affordable Housing Bills

### **HB 1406 - Local sales tax option for affordable housing - Passed**

Creates a new local option sales tax credited against state sales tax that creates a new sales tax revenue sharing between the state and local governments to invest in locally prioritized housing efforts. Annual commitment of \$26m per year for twenty years.

### **HB 1923 - Density - Passed**

Intent to increase urban residential capacity, density, and affordable housing by incentivizing city decisions related to density. Original bill included density mandates and preemption of local decision-making. Final bill creates incentives for density near transit and grant program for cities that undertake additional planning.

### **SB 5334 - Condo liability reform - Passed**

Changes the implied warranties for the construction of a condominium and provides liability protections for homeowner association members

### **SB 5812 - Accessory dwelling units - Did not pass**

Creates guidelines for city policies around permitting accessory dwelling units (ADU)



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## Public Works and Contracting Bills

### SB 5418 - Public works bid limits - Passed

- Raises bid limits for cities and towns:
  - \$116,155 or more and involve more than one craft or trade for code cities, second class cities, and towns and \$150,000 for first class cities; or
  - \$75,500 or more and involve a single craft or trade;
- Second-class and code cities may award contracts to the lowest responsible bidder or to bid that meets responsible bidder criteria and within 5% of lowest bid
- Increases small works roster alternative bid process limit from \$300,000 to \$350,000

### SB 5958 - Cooperative purchase “piggybacking” - Passed

Clarifies existing law allowing all public agencies to use cooperative purchasing procurement contracts to make purchases from any publicly noticed and competitively awarded purchasing contract

### HB 1295 - Public works contracting - Passed

- Allows use of design-build on projects over \$2 million
- Authorizes Job Order Contracting for any public entity and increases work order amounts from \$350,000 to \$500,000



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## General Government Bills

### SB 5163 - Wrongful injury or death - Passed

Expands tort liability for cities by:

- Removing dependency requirements for claimants
- Allowing parents or siblings to bring action for adult children over age 18, if no spouse or children
- Expanding damages
- Making changes retroactive

### HB 1667 - Public records reporting - Passed

Streamlines and clarifies reporting metrics in 2017's ESHB 1594 and removes sunset for local records grants and technical assistance programs

### HB 2020 - Exempting names in employment investigation records - Passed

Exempts names of complainants, accusers, and witnesses in employment discrimination investigations from public disclosure, unless the person consents to disclosure



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## General Government Bills

### **SB 5266 - Voting Rights Act elections - Passed**

Clarifies that all council seats up for election when redistricting under the Voting Rights Act

### **SB 5652 - Personal belongings disposal in impounded vehicles - Passed**

- Removes local law enforcement as a custodian of unclaimed belongings
- Requires personal belongings storage request form for items held at the registered tow truck operator's (RTTO) place of business for 30 days (60 days at owner's request)
- Belongings are subject to sale or auction after 30-60 days

### **SB 5024 - Transparency of utility districts - Did not pass**

Would have required municipal utilities and utility districts to report local utility tax rates via

- regular billing statements;
- their website; or
- billing insert, mailer, or electronic communication to customers once a year or within 30 days of rate changes



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## Transportation & Micro-mobility Bills

### **I-976 - \$30 license fees - No legislative action, on November 2019 ballot**

- Initiative to Legislature considered during session
- Repeals Transportation Benefit District (TBD) license fee authority
- Impacts Sound Transit funding and directs retirement of debt

### **HB 1772 - Shareable Electric Scooters - Passed**

Establishes a regulatory framework for motorized foot scooters and motorized scooter share companies.

### **SB 5971 - Transportation funding package - Did not pass**

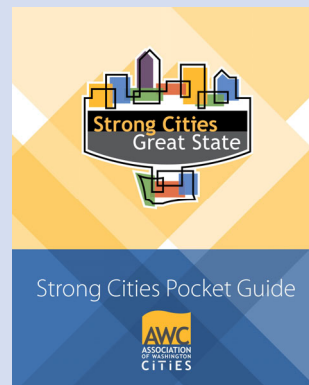
A 10-year, \$17 billion transportation package failed to pass this year. Proposed revenue included a carbon tax, impact fees, fuel taxes, and more. The proposal will likely be back during the 2020 legislative session.



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## Looking ahead to 2020

- Election year - Presidential, State-wide offices, House, half of the Senate
- Short 60 day session
- Supplemental budgets
- Advocacy for 2020 starts now!  
Need tips for what to do - AWC Advocacy Pocket Guide
- AWC's 2020 Legislative agenda setting process starts in June



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## Questions & More Information

AWC Legislative Bulletin - [wacities.org/advocacy/news](http://wacities.org/advocacy/news)

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