



# Legislative Bulletin

April 17, 2017

## Hot topics!

### **Saving the Public Works Trust Fund is within our grasp**

In combination with funding provided in both proposed capital budgets, final passage of the House version of **SB 5033** would effectively revive the Public Works Trust Fund. We are close to that outcome, but a crucial step now is to get the Senate to concur in the House's striking amendment.

### **Public records priority bills continuing to move**

**HB 1594** and **HB 1595** have both been voted out by the Senate and head back to the House for concurrence. If the House concurs with the changes, the bills will then go to the Governor's Office.

## From the Director

### **Pending special session, budget impasse impacts cities**

Budget leaders from the House Democrats and Senate Republicans are failing to negotiate in the final days of session. Find out what each side is saying, AWC's position on the issues, and what you can do.

## Take action

### **Contact your Senators to help save the Public Works Trust Fund**

In combination with funding provided in both proposed capital budgets, final passage of the House version of **SB 5033** would effectively revive the Public Works Trust Fund. We are close to that outcome but a crucial step now is to get the Senate to concur in the House's striking amendment. Please contact your Senator(s) now and urge them to concur on the House-passed version of **SB 5033**.

### **Next week's Bulletin**

Sine die is April 23. Depending upon legislative action taking place in the final hours of the regular session, next week's *Legislative Bulletin* may be delayed until Tuesday.

## What you need to know

### **Budget & finance**

Business license bill passes Senate.

Fiscal flexibility bill does not advance.

Data on impacts of House and Senate education funding proposals available.

### **Federal**

Congress in recess – AWC and partners talk infrastructure.

### **Infrastructure**

Subcontractor bonding bill passes Legislature.

### **Marijuana**

Marijuana regulation fix bill passes House, heads for concurrence in Senate.

### **Public safety & criminal justice**

Distracted driving bill passes out of the House and is closer to becoming law.

### **Transportation**

Pavement condition reporting bill passes legislature. WSDOT will examine need for future pavement reporting requirements for cities.

Bill increasing airport grants headed for Governor's desk.

## Media time

### **Funding the LEOFF 2 Pension Plan**

A Senate proposed cost shift would eliminate the state's 20% share of LEOFF 2 contributions and increase city expenses by more than \$70 million in the next biennium. Watch the video to learn more about the issue.

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# From the Legislative Director

## **Pending special session budget impasse impacts cities**

Budget leaders from the House Democrats and Senate Republicans are failing to negotiate in the short time left before session is scheduled to end. Each side says the other's budget is not balanced, with Democrats saying, "so let's talk" and Republicans saying, "not until you reconcile yours." This leaves everyone with a stake in budget outcomes (cities included) on edge and vulnerable.

Their proposed budgets include key items of interest to cities across the state. Our "Hot Sheet" ([awcnet.org/Portals/0/Documents/Legislative/Budget-hot-sheet-040717.pdf](http://awcnet.org/Portals/0/Documents/Legislative/Budget-hot-sheet-040717.pdf)) outlines what those are, how they differ, and what AWC prefers.

The spending levels of each budget differ: \$43.3 billion in the Senate and \$44.9 billion in the House. When leaders start negotiating, they typically work toward a compromise which would be somewhere in the middle of the \$1.6 billion difference.

We do not know when negotiations will occur and there could be more than one special session. When these critical negotiations occur, cities and other interests are most vulnerable. During the negotiations, your calls and contacts with your own legislators can be most impactful.

We do know they have to agree to an operating budget before the start of the new fiscal year on July 1. Without a passed budget, the state does not have a way of legally raising revenue and spending resources for the two years of the 2017-19 biennium.

We will keep you posted at critical times over the course of the expected special session(s). We again remind you to share your interests and concerns with your own legislators – many of whom may be home after the regular session ends on April 23. Most legislators will not return to Olympia until negotiations produce something for them to consider. Reach out, thank them for what they have done so far, and remind them of your needs and interests.

In the meantime, watch for further action on policy bills before the end of the regular session on April 23. Once session ends, the Governor will have 20 days to sign bills into law or veto them. Information on the Governor's action on bills is available here - [governor.wa.gov/office-governor/official-actions/bill-action](http://governor.wa.gov/office-governor/official-actions/bill-action).

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# Budget & finance

## Business license bill passes Senate

**EHB 2005** passed the Senate unanimously last week. It now moves back to the House for final approval. The Senate approved version includes the amendment changing the timeline to phase in cities to partner with the state's business licensing system from 10 years to five years, if funding is appropriated.

The bill also includes provisions:

- Extending the exemption through 2020 to provide cities an option to choose FileLocal as an alternative for business licensing;
- Allowing the Department of Revenue to grant up to a three-year delay for a city based on a fiscal or technical hardship;
- Requiring cities to develop and implement a model licensing ordinance that includes a minimum threshold; and
- Creating a work group on apportionment of service income under RCW 35.102.130 staffed by the Department of Revenue.

**ESSB 5777** was not acted on before the legislative cutoff on April 12. We expect that **EHB 2005** will be the version of the bill to streamline the business licensing process that will pass before the Legislature adjourns on April 23.

## Fiscal flexibility bill did not pass

**SHB 2006** did not pass the Senate before the legislative cutoff and is likely considered dead for the session. The bill would have allowed additional counties with more than 90,000 population the authority to impose the voter-approved county criminal justice levy and removed non-supplanting restrictions from the mental health sales tax. Earlier versions of the bill also removed non-supplanting language from the multi-year levy lid lift authority.

## Data on impacts of House and Senate education funding proposals

The House and Senate budgets assumed very different approaches to education funding reform. It is our understanding that the two chambers continue to meet to reach a compromise on this priority issue for the session and a key piece of the overall budget negotiation process.

Data summarizing the impacts by school district was released last week here. The spreadsheets include a summary of the proposals; the House impacts; and the Senate impacts, including two scenarios with and without implementation of a 10 percent local effort levy.

The House proposal **HB 2185**:

- Funds education initiative I-732 related to teacher cost of living adjustments;
- Suspends I-1351 related to class size for grades 4-12;
- Keeps the current school funding formula;
- Makes a number of changes related to teacher salaries; and
- Extends the local levy authority temporarily extended by **ESB 5023**, the levy cliff bill passed earlier this session and signed into law on March 15.

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The revenue sources in the summary assume passage of **HB 2186**, the House revenue proposal, and **HB 1764**, changing the state and local property tax levy limit from one percent to a limit based on inflation and population.

The Senate proposal, reflected in **SSB 5607** as amended by **ESSB 5875**, repeals both I-732 (but makes adjustments to teacher salaries based on inflation) and I-1351 permanently; changes the school funding formula to a per-pupil funding model; makes other changes to teacher salaries; and assumes **ESB 5023** continues to be current law, including Office of the Superintendent for Public Instruction (OSPI) approval for school district M&O levies. The revenue source, which passed the Senate in **SSB 5607** and was amended by **ESSB 5875**, includes a shift of local levy authority to the state (levy swap) that would not be subject to the one percent property tax levy limit.

For more information on what is at stake for cities in the budget negotiation process, see *From the Director*.

## Federal

### **Congress in recess – AWC and partners talk infrastructure**

The U.S. Congress is in recess and members of our delegation here at home. Right now is a great time to connect with them. In D.C., they have a buzzsaw of 15 minute back-to-back appointments scheduled as they balance constituent meetings, committee meetings, floor votes, caucus gatherings, and speaking engagements. At home, the pace is a bit slower and meetings offer time for more in-depth conversation.

Recognizing this opportunity, AWC CEO Peter King and his infrastructure counterparts from the Association of Washington Business (AWB), counties, and ports associations have been meeting with members to share the findings of our joint report ***Building the Economy: Infrastructure Needs in Washington***. We are making the point that communities in our state are well-positioned to take advantage of any new infrastructure monies that may come from the federal government to create jobs, strengthen our economy throughout the state, and maintain our quality of life in the face of an increasing population.

Face-to-face sit downs have been held or will be held before April 21 with Congressional Reps. Kilmer, Heck, DelBene, Jayapal, Larsen, and Reichert. Congress members have appreciated the fact that four statewide organizations joined together in a concerted effort to speak with one voice for the good of our state. For information or help in reaching out to your member of Congress, contact Peter King at [peterk@awcnet.org](mailto:peterk@awcnet.org), or 360.753.4137.

**Find a two-page report summary here at [awcnet.org/portals/0/documents/legislative/BuildEconInfraNeedsTwoPager.pdf](http://awcnet.org/portals/0/documents/legislative/BuildEconInfraNeedsTwoPager.pdf)**

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# Infrastructure

## **Saving the Public Works Trust Fund is within our grasp**

On Wednesday April 12 the House passed **SB 5033** which makes changes to the Public Works Trust Fund program (PWTF) reflecting the reforms developed by AWC and a coalition of other PWTF advocates. The bill also includes a two-year extension of the tax revenue diversions that have been in place for several years. Leaving the diversions in place through 2021 is necessary in order to move forward without blowing a hole in the state operating budget. Even with the diversions the proposal leaves the loan repayment dollars and a portion of real estate excise taxes going into the account for infrastructure loans.

We are at a crossroads with the Public Works Trust Fund. Coming into the session, we faced the very real possibility of all tax revenues and loan repayments being permanently diverted and the program shutting down for good. To avoid that, we pursued a series of tough reforms acknowledging what we were hearing from the Senate: that the account needed to focus on the smaller communities and that we would not be able to claw back all of the tax revenue streams in the short-term.

Highlights of **SB 5033** as passed in the House:

- Focuses more resources on cities under 50,000 in population.
- Authorizes new tools like grants and interest rate buy downs.
- Promotes efficiency tools like value planning to ensure the most cost effective projects get built.
- Adds legislators to the membership of the Public Works Board to help build more commitment to the program.
- Institutes an interagency LEAN process to recommend improvements to all state infrastructure funding programs.
- Removes the requirement that the legislature approve the list of loans recommended by the Public Works Board.

Despite focusing utility project support on smaller communities, this proposal still affords larger communities access to better interest rates for transportation projects, as well as 25-50 percent of market rate loans for utility-backed projects (e.g. water sewer, stormwater).

If we were the only ones in charge, this bill would read differently. What is on the table however is undoubtedly better than the alternative of a mothballed program with all revenues permanently diverted. The replacement for the PWTF as outlined in the version of **SB 5033** that passed the Senate would have only made it simpler to access market-rate loans and nothing more. It is time to fight for the best we can get.

In combination with funding provided in both proposed capital budgets, final passage of the House version of **SB 5033** would effectively revive the Public Works Trust Fund. We are close to that outcome but a crucial step now is to get the Senate to concur in the House's striking amendment.

**Please contact your Senator(s) now at [awcnet.org/Advocacy/Legislatordirectory.aspx](http://awcnet.org/Advocacy/Legislatordirectory.aspx) and urge them to concur on the House-passed version of SB 5033, and ask them to encourage their budget leaders to do so.**

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## **Subcontractor bonding bill passes Legislature**

**HB 1538**, sponsored by Rep. Melanie Stambaugh (R-Puyallup), requires a prime contractor to provide a bond for the subcontractors' portion of retainage if requested. The bill passed the Senate on April 12 and returns to the House for concurrence. If the House agrees to amendments that were made in committee, the bill will move to the Governor's desk for signature.

## **Marijuana**

### **Marijuana regulation fix bill passes House, heads for concurrence in Senate**

**SB 5131** makes numerous minor regulatory changes to current marijuana law and is continuing to move in the Legislature. The bill passed out of the House and will head back to the Senate for concurrence before the Governor's Office.

Among its many changes, the bill would:

- Allow marijuana businesses to enter into licensing agreements or consulting contracts for goods or services related to a marijuana business.
- Authorize a producer to sell immature marijuana plants, clones, and seeds to marijuana researchers, cooperatives, and qualified patients and providers.
- Authorize the transportation of immature marijuana plants, clones, and seeds.
- Clarify a legislative intent regarding the need to protect children from marijuana advertising to assist the state's efforts to discourage and prevent underage consumption.
- Prohibit marijuana licensees from using advertising that is targeted to youth and from using objects or characters that are appealing to children.
- Place additional restrictions on marijuana advertising in public places and bans the use of commercial mascots.
- Increase the allowable size of the signs at a retail marijuana business to a maximum of 2400 square inches.
- Prohibit all billboards except for the sole purpose of providing directional information to a licensed marijuana retailer's store.
- Allow local governments to adopt more restrictive advertising restrictions and, if so done, requires that they would be required to enforce those local laws.

## **Open Government**

### **The Senate votes out both AWC priority public records bills**

**HB 1594** and **HB 1595** have both been voted out by the Senate. The bills were amended by the Senate so they now must head back to the House for concurrence. If the House concurs with the changes, the bills will then go to the Governor's Office.

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**HB 1595** was modified slightly in the Senate, but remains mostly unchanged from the version that passed the House. The floor debate on the bill can be found here:

**EHB 1595** Senate Floor Debate - [tvw.org/watch/?clientID=9375922947&eventID=2017041021&eventID=2017041021&startStreamAt=1744&stopStreamAt=2280&autoStartStream=true%20target=](http://tvw.org/watch/?clientID=9375922947&eventID=2017041021&eventID=2017041021&startStreamAt=1744&stopStreamAt=2280&autoStartStream=true%20target=). The bill does the following:

- Amends the PRA to allow cities to charge a small fee for providing copies of electronic records. A city may establish different fees by conducting its own cost study but the default charges in the bill are as follows:
- 10 cents per scanned page
- 5 cents per 4 files or attachments
- 10 cents per gigabyte
- These charges may be applied cumulatively
- Allows an agency to charge a flat fee of \$2 for providing copies when the estimated costs are expected to be \$2 or more.
- Creates the ability for cities to deny overwhelming computer generated “bot” requests.
- Prohibits overly broad requests for all of a city’s records.
- Creates a way for cities to apply a service charge to exceptionally complex requests.

**HB 1594** was amended more significantly by the Senate and includes the following:

- Requires training for records officers to address issues of retention, production and disclosure of electronic records.
- Creates a grant program within the Office of the Secretary of State for local governments to improve their public record management systems.
- Establishes a program within the Office of the Attorney General and the State Archives to consult with local governments on public records best practices.
- Provides for a \$1 document recording fee to fund the consultation and grant programs.
- The funding and the programs will sunset in 2020.
- Updates the process for asking a requestor to clarify a request.
- Requires agencies to maintain a log of each records request.
- Requires agencies with actual budgeted public records costs over \$100,000 to report certain performance measurements to JLARC.

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# Public safety & criminal justice

## Distracted driving bill passes out of the House

A bill expanding the definition of distracted driving, **SB 5289**, was voted out of the House on Wednesday. It will head back to the Senate for concurrence and, if concurred, will move on to the Governor's Office.

Currently, a person is guilty of an infraction when operating a vehicle holding a cell phone to their ear or reading, writing, or sending a text message. This bill would repeal those sections of law and insert a new section creating an infraction when a person uses a cell phone while driving. The definition of "use" is broad and includes: (1) holding a cell phone in either hand or both hands; (2) using a hand to send, read, view, access, browse, transmit, save, or retrieve email, text messages, instant messages, photographs, or other electronic data; and (3) watching a video on a cell phone. The law would apply while a person is actively driving and while stopped at a red light or stop sign.

The bill also creates a secondary offense of dangerously distracted driving. It may only be applied when a driver has first been detained for a suspected violation of a separate traffic infraction or local ordinance. The receipts from this infraction must be used to pay for programs dedicated to reducing distracted driving.

## Transportation

### Pavement condition reporting bill passes legislature

**HB 1490** sponsored by Rep. Jake Fey (D-Tacoma) concerns the requirement of cities to report pavement condition data to the Department of Transportation. **HB 1490** passed the Legislature and is headed to Governor Inslee's desk for signature.

The bill directs the Department of Transportation to work with cities and the Transportation Commission to review existing pavement preservation rating reporting requirements, and recommend to the Legislature whether a repeal of the report is warranted. It also waives the reporting requirement for the 2017-2019 biennium. This has been a priority bill for AWC.

AWC would like to extend a special thanks to the bill's sponsor, Rep. Jake Fey (D-Tacoma), and to Rep. Ed Orcutt (R-Kalama), who worked with us to amend the bill. Their work and support were integral in the bill successfully passing the House and Senate with unanimity.

### Bill increasing airport grants headed for Governor's desk

**HB 1018**, sponsored by Rep. Tom Dent (R-Moses Lake), increases the allowable grant amount from \$250,000 to \$750,000 that the Department of Transportation may provide for general aviation projects through the Airport Aid Grant Program. The program provides financial assistance to public-use airports in Washington.

The bill sailed through the Legislature with no amendments, and unanimity from both sides of the aisle. The bill has been delivered to Governor Inslee for his signature.

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## **AWC Legislative Contacts**

During the legislative session, AWC's lobbyists often are unable to return your phone calls immediately. If you have a legislative or specific issue question, please request AWC's analyst staff, or send them an email.

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