



Legislative Bulletin

September 11, 2017

Hot topics

Capital budget and water stalemate continues. Urge your legislators to find a compromise.

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New LEOFF 2 contribution change for third party contracts, timeline update from DRS.

The state's newly-passed operating budget included a shift in pension contributions when the employer contracts with a non-LEOFF 2 employer for services.

From the Director

Fall is here. Plan to engage with AWC and your legislators.

Find out about our process to determine 2018 Legislative Priorities, upcoming Regional Meetings, and how to engage legislators this fall.

Things you can do

AWC is hitting the road for Regional Meetings

October & November dates | Various locations

Where will we see you this fall? Regional Meetings offer city officials the opportunity to gather over dinner and share insight and news from home. You'll also hear from AWC about what's going on in Olympia, our legislative strategy, what you can do to help, and get a first look at city legislative priorities. Find a meeting near you and register now!

Talk about your budget challenges

Impacts of state budget decisions on your city's day-to-day operations are not always clear to your legislators. Invite them to be part of your budget updates or briefings.

- Brief your legislators on your city's budget as it is being developed.
- Share your challenges and opportunities related to such things as growth, fiscal shortfalls, public safety, infrastructure, and economic development.
- Give specific examples of how actions by the state influence your budget – positively or negatively.
- Always thank them, and ask about the state's fiscal challenges. Remind them of the importance of addressing both state and local needs.

What you need to know

Budget & finance

Task forces on business licenses and B&O tax apportionment began work in August.

Environment & land use

Housing

AWC is engaged with other stakeholders in identifying ideas to address affordable housing and homelessness issues. Share your ideas.

Open government

AGO proposes changes to the public records Model Rules, deadline for initial comment Sept. 29.

Personnel

State agency, Labor & Industries, engaging in new rulemaking on occupational lead exposure.

Rulemaking continues on new I-1433 paid sick leave requirement.

Public safety & criminal justice

AWC co-hosting joint summit on gang prevention and intervention on Nov. 1, sign up today.

Transportation

Road usage charge test project to begin in 2018.

WSDOT soliciting feedback on update to statewide Freight System Plan.

Media time

Cities 101: Revenues & expenses video

City budgets are complicated. And how do city revenues and taxes work, anyway? This short video explains how cities plan and pay for city services and the challenges they face. Share it with your community and on social media to get the word out about city budgets in a way that invites them to get involved.

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From the Legislative Director

Ways to engage as AWC prepares 2018 Legislative Priorities

Later this month, AWC's Board of Directors will consider recommendations from our Legislative Priorities Committee on which priorities we will focus on for the upcoming 60-day legislative session. A lengthy list of potential issues, both policy and fiscal, are being considered. It is likely the AWC Board will adopt a short priority list for the (hopefully) short session and a longer priority list to continue working on in advance of 2019.

We are very aware that most city officials – and those seeking to become ones – are focused on building budgets, engaging in community conversations about local issues, and for many, campaigning for office. We are very interested to hear about and learn from these experiences as we prepare to advocate for ways the state can support strong cities. In early October after the AWC Board adopts our priorities, we will share them in various publications and discuss them during a six-week series of Regional Meetings (awcnet.org/TrainingEducation/Calendar/RegionalMeetings.aspx) around the state in October and early November. Please consider attending a Regional Meeting near you.

Fall is also a great time to check in with your legislators. After an extra-long 2017 session, they are happy to be home and usually welcome the chance to connect with constituents. They are likely following conversations you are having as you develop budgets or run campaigns. Inviting them to a budget briefing or to a meeting share views can help them understand your needs and vice versa. Generally, cities fared quite well during the 2017 session. Connecting with legislators to say thank you is always a good idea. While there are many unresolved issues still facing them to support strong cities, take a look at our City Priorities Outcomes (awcnet.org/portals/0/documents/legislative/legprioritiesoutcomes.pdf), which summarizes issues addressed and ones still unresolved.

Finally, as AWC prepares to travel around the state for our upcoming Regional Meetings, we will also be seeking opportunities to visit nearby cities to hear firsthand what you are accomplishing or what frustrates your efforts. If you would like us to stop by, please let me know and we will see what we can arrange.

Budget & finance

Task forces on business licenses and B&O tax apportionment begin work

The task forces created by **EHB 2005** had their first meetings in August.

One of the provisions of the bill requires cities to develop a model business license threshold by July 2018 for adoption by all cities with a business license by January 2019.

AWC convened a group of cities to begin drafting a model license threshold on August 22. The next meeting in October will focus on research on city business license systems and existing options for establishing a model threshold. We plan to provide regular updates on the progress of this project as we work towards meeting the deadline to develop the model. If you would like to be added to an email distribution list to receive periodic emails on this topic, please email Sheila Gall.

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Another provision of **EHB 2005** created a task force chaired by the Department of Revenue to recommend changes to the two-factor formula for service income apportionment for local B&O taxes. The first meeting of the task force took place on August 16, and the task force will meet monthly through July 2018. The task force representatives from cities and the business community both provided their perspectives on issues in administration of the two-factor formula. Based on those discussions, it seems likely the task force will spend most of its time discussing the three-part test for the service income factor of the apportionment formula.

We plan to provide regular updates to cities with a local B&O tax on their work through the **Legislative Bulletin** and periodic emails.

Please contact Victoria Lincoln or Sheila Gall if you have questions or feedback.

Environment & land use

AWC will be active participant in Ruckelshaus Center's Roadmap to the Future

As we have previously reported, the Legislature provided funding to the Ruckelshaus Center for their "Roadmap to the Future" project. The goal of the project is to "identify areas of agreement on ways to adapt Washington's growth management framework of statutes, institutions, and policies to meet future challenges in view of robust forecasted growth and the unique circumstances and urgent priorities in the diverse regions of the state." The project will include outreach to numerous stakeholder groups and the public, as well as targeted research. This will be a two-year process with a final report scheduled for release in June of 2019. You can read more about the project here - ruckelshauscenter.wsu.edu/a-roadmap-to-washingtons-future.

AWC will be a key stakeholder in this process and we have already met with Ruckelshaus Center staff several times. We are in the process of determining how best to engage our members to share the diverse views of our cities. We anticipate that there will be a number of different ways for you to participate.

Our first opportunity to gather input from some of our members will be this week at the annual conference of the city and county planning directors. The Roadmap will be the subject of two sessions at that conference and AWC staff will be there to participate in and facilitate these discussions. We anticipate that by the end of the conference that the planning directors will have identified some issues or themes that they think should be areas of focus for the Roadmap project.

Housing

AWC participates in housing tools conversation

AWC recently participated in a conversation with Democratic lawmakers and housing, homelessness and faith community advocates to discuss opportunities to provide new tools and resources that address the challenges of homelessness and housing affordability. We are encouraged that there seems to be a lot of interest in providing more assistance in the 2018 session. In addition to the ideas we supported in 2017, cities and other stakeholders have brought several new creative ideas forward. Cities with ideas to suggest in this policy development process are encouraged to contact Carl Schroeder for more details.

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Infrastructure

Capital budget update

The stalemate continues around the capital budget and the water availability legislation that the Senate is insisting on. We continue to hear that the capital budget itself is basically ready to go once the water issue is resolved.

Our recommendation continues to be that you encourage your legislators to stay at the table and find a way to find common ground on water. We believe that is the clearest path to passing a capital budget. Remind legislators of all political persuasions that both the capital budget and water management issues are important and that they need to find a way to get to a compromise. For more information, see this past *Legislative Bulletin* update on the issue.

Open government

AGO proposes changes to public records Model Rules, deadline for initial comment September 29

The Washington Attorney General's Office (AGO) has proposed updated language to the Public Record Act Model Rules. The AGO proposal is intended to update the rules to reflect developments in statutes, case law and technology since the rules were last revised in 2007. For example, the proposed language addresses the use of personal devices with respect to public records. Written responses to this version of the proposal are due September 29. More about the proposed rules and ways to comment can be found here: agportal-s3bucket.s3.amazonaws.com/uploadedfiles/Another/About_the_Office/Open_Government/Public_Records/Official_ModRulesFilingCombined.pdf.

Personnel

New LEOFF 2 contribution change for third party contracts, timeline update from DRS

As we have previously reported, the state's newly-passed operating budget included a shift in pension contributions when the employer contracts with a non-LEOFF 2 employer for services. In these cases the employer will be responsible for both the employer and state LEOFF 2 contributions.

The Department of Retirement Services (DRS) recently provided us with some updated information on their timeline for providing guidance on implementing the new requirement.

- DRS will be submitting a follow-up communication with employers in mid-September on the specific reporting changes coming for this, as well as scheduled training opportunities for employers on the changes. We want to make sure employers have a chance to preview the changes before they are expected to start reporting with them.
- DRS is currently scheduled to implement the reporting changes in early October. When the reporting changes are implemented, LEOFF 2 employers will be able to catch up reporting retroactive to the July 1, 2017 effective date of the provisions, as well as continue reporting the required compensation information prospectively forward.
- See the previous employer notice sendout on the topic.

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Rulemaking continues on new I-1433 paid sick leave requirement

Voters passed Initiative 1433 in 2016, raising the state's minimum wage and requiring employers to provide paid sick leave to employees effective January 2018. The initiative provides that an employee shall accrue at least one hour of paid sick leave for every 40 hours worked as an employee.

The Department of Labor and Industries (L&I) has been working to draft rules implementing the new law. You can follow the rulemaking via L&I's Initiative 1433 engagement webpage (lni.us.engagementhq.com), which includes links to proposed rules, stakeholder responses, and other ways to stay involved with the law's implementation. If your city has specific concerns, please share them with AWC policy analyst Logan Bahr.

Additionally, L&I has released a draft of proposed enforcement rules for the new sick leave regulations. They will submit another draft of the enforcement rules in early October for further review and comment. The draft rules will be available on the Initiative 1433 engagement webpage (lni.us.engagementhq.com).

State agency engaging in new rulemaking on occupational lead exposure

The state agency tasked with regulating occupational safety, Labor & Industries (L&I), is engaged in new rulemaking on employee lead exposure. The proposed rules lower the thresholds for allowable lead exposure and prescribe various mitigation requirements. If your city has employees with potential lead exposure (bridge maintenance, gun range, etc.), please visit the L&I Lead Rulemaking website (lni.wa.gov/Safety/Rules/WhatsNew/LeadSafety/default.asp) for more information or to provide input on the process. If you have any questions, please contact AWC staff Candice Bock or Logan Bahr.

Public safety & criminal justice

Register for joint summit on gang prevention and intervention, co-hosted by AWC

AWC is co-hosting a policy summit on gang prevention and intervention with the Governor's Office, Attorney General's Office, Washington State Association of Counties, and others. The event will feature state and national experts on gang policy. Attendees will network and learn about research, best-practices, and information concerning gang-related activity in your jurisdiction and how to craft an adequate response. City elected officials and staff are both encouraged to attend. The summit will be held on November 1, 8 am – 5 pm, at the Tacoma Convention Center. Learn more and register to attend at cvent.com/events/joint-summit-on-gang-prevention-and-intervention/event-summary-ce7b2783d37142bfb870a7da79ebc551.aspx.

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Transportation

WSDOT soliciting feedback on Freight System Plan

The Washington Department of Transportation is soliciting feedback on its 2017 update to the State Freight System Plan.

The draft plan is being developed to address growing freight needs, maintain economic competitiveness, and further enhance collaboration. The draft plan describes these key elements in greater detail and how we are meeting state and federal freight planning requirements, including:

- An inventory of multimodal freight facilities;
- An identification of significant freight system trends and issues;
- A description of the freight policies, strategies, and performance measures that will guide freight-related transportation investment decisions;
- A draft 2017 Washington State Freight Investment Plan; and
- A draft 2017 Marine Ports and Navigation Plan.

Public review of the draft 2017 Washington State Freight System Plan is due by September 14, 2017. Please download and use the comment form when providing input. Comment forms should be submitted to Matthew Pahs.

Road mile usage charge study underway

In 2012, the Washington Legislature directed the Transportation Commission, in conjunction with stakeholders (including a city representative), to conduct an assessment of Road Usage Charging and determine if it is feasible. A Road Usage Charge (RUC) is a per mile charge drivers would pay for the use of the roads, as opposed to paying by the gallon of gas. If implemented, it would replace the gas tax statewide. The theory behind this approach is as more fuel efficient and electric vehicles are used, revenues from the gas tax will continue to decline. The RUC has been seen as a potential alternative to the declining gas tax.

In 2016, under the direction of the Legislature, the Transportation Commission sought federal funding for a Road Usage Charge pilot project. In mid-2016, the US Department of Transportation announced the award of \$3.8 million in federal funds to Washington State for a 2,000-vehicle statewide, live pilot test of a road usage charge system. That test is about to get underway.

Beginning early in 2018, the commission will start the pilot project in which 2,000 volunteers will pay a mock tax on the number of miles they drive on Washington state roads, rather than on the amount of gas they use.

The pilot will last 12 months. To learn more about the project, and even sign up to become a participant, visit the Road Usage Charge Pilot Program webpage at waroadusagecharge.org/#rc-sign-up.

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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.

Call AWC at (360) 753-4137 or 1-800-562-8981

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