



Skagit County - Government Relations Report March 20, 2021

Budget proposals and the next legislative deadline are around the corner. All policy bills must be voted out of their respective policy committees by March 26th to remain under consideration. Like previous deadlines, bills that do not meet this deadline will be considered “dead” for this legislative session unless they are deemed *Necessary to Implement the Budget*. Bills with a fiscal impact must be approved by a second fiscal committee by April 2, 2021.

The Senate Democrats are expected to unveil their proposed operating, capital and transportation budgets midweek. House Democrats will follow with their own proposals shortly thereafter. Each chamber will release their proposed budgets, hold public hearings on each proposal, and will then begin working to reconcile the two proposals to develop a final budget to submit to the Governor.

As previously reported, below is an outline of the deadlines for this year’s legislative process:

Session Cutoff Calendar	
February 15, 2021	Policy Committee Deadline
February 22, 2021	Fiscal Committee Deadline
March 9, 2021	Chamber-of-Origin Deadline
March 26, 2021	Opposite Chamber Policy Committee Deadline
April 2, 2021	Opposite Chamber Fiscal Committee Deadline
April 11, 2021	Opposite Chamber Deadline
April 25, 2021	Session adjourns - Sine Die

This week, we met with members of the 10th, 39th, and 40th legislative delegations to discuss the County’s priorities. Commissioner Janicki led our discussion with members of the 39th legislative delegation, Commissioner Wesen led the discussion with members of the 10th legislative delegation, and Commissioner Browning led the discussion with members of the 40th legislative delegation.

At the meetings, we heard from the delegation on the status of the County’s projects, the morgue, ferry, and didgwálic Wellness Center. We heard from project sponsors Rep. Paul and Sen. Wagoner that the Morgue is likely to be funded in both the House and Senate. Sen. Muzzall indicated that the didgwálic is very likely to see funding in the Senate. We have asked Sen. Wagoner and Sen. Muzzall to consider supporting House Bill 1069, which has run into roadblocks in the Senate with Republican members.



Legislative Priorities

Skagit County Morgue

Skagit County is requesting \$135,000 in the capital budget for the construction of a new county morgue. This project would greatly increase caseload capacity for the County and provides regional benefit, including increased capacity for soft-tissue donation. Sen. Keith Wagoner (R- Sedro-Woolley) is sponsoring this request in the Senate and Rep. Dave Paul (D- Oak Harbor) is sponsoring the bill in the House. As reported, sponsors indicated that this request is likely to receive funding in the budget. We will know more about the status of this request as budgets are released: Thursday, March 25th in the Senate and Friday, March 26th in the House.

Didgwálic Wellness Center

Skagit County is a strong advocate for statewide and regional investments in behavioral health. The County supports the Swinomish Tribe's request for \$9 million in capital budget funding to expanding the existing didgwálic Wellness Center. The request is part of Phase III of the Wellness Center, which includes the addition of detox, emergency housing, transitional and workforce housing components. Sen. Muzzall has indicated that this project is one of his top priorities this session and is likely to receive at least partial funding in the Senate.

Re-Appropriate Funds for Sedro-Woolley E&T

Skagit County received \$1.5 million in the 2017-19 biennium and \$6.6 million in the 2019-2021 biennium in funding for the Skagit County Evaluation and Treatment Center. Sen. Keith Wagoner (R- Sedro-Woolley) and Rep. Carolyn Eslick (R- Sultan) relayed that they will ensure these funding amounts are reappropriated; both legislators sit on their respective chamber's appropriations committee. The Department of Commerce will be requesting reappropriations for 2017-19 biennium capital budget projects, placing the County's 2017-19 allocation in an advantageous position to be reappropriated.

Levy Certification Timing

Skagit County is putting forward [House Bill 1309](#), which would better align the dates by which the County must certify property tax levies and budget adoption. Currently, the County must certify property tax levies for all taxing districts before adopting the budget, making compliance impossible. Rep. Carolyn Eslick (R- Sultan) is sponsoring the proposal with Rep. Ramel (D- Bellingham) cosponsoring. The Association of County Assessors have adopted this bill as one of their top priorities for the session and will be strongly supporting the bill. The bill passed out of the House unanimously and is advancing quickly in the Senate. This week, the bill passed out of the Senate Housing and Local Government Committee unanimously, advancing to the Rules Committee to be pulled to the floor. We reached out to Sen. Ron Muzzall (R- Oak Harbor), who sits on the Senate Rules Committee, to ask if he would pull the bill. Sen. Muzzall agreed and on Friday, the bill was pulled from the Rules Committee to be heard on the floor. This timing is optimal to avoid the bill getting "stuck" in Rules as other, more controversial and/or caucus priority bills advance.

Other Items

REET 2 Flexibility

Skagit County requests that the Legislature allows temporary authority for jurisdictions to use REET 2 revenue for affordable housing operations and maintenance. This provision is included in [House Bill](#)



[1069](#), sponsored by House Local Government Chair Rep. Gerry Pollet (D- Seattle). The bill has been amended to include limitations on the REET 2 flexibility provisions, only allowing either \$100,000 or 35% percent of REET 2 funds, whatever is greater, to be used for operations and maintenance on existing capital projects. This week, the bill advanced out of the Senate Housing and Local Government Committee to the Rules Committee. The bill will need to be pulled from the Rules Committee to be debated on the floor. We have heard that Senate Republicans are locking up on this bill and accordingly, we have asked Sen. Muzzall and Sen. Wagoner to consider supporting this bill on behalf of the County in the Senate.

Revenue Forecast Released

On March 17, the Washington State Economic and Revenue Forecast Council released updated forecasts bringing operating budget writers good news - the state's revenue forecast has increased significantly since November to pre-pandemic levels. Compared to November 2020, the state is expected to collect \$1.3 billion more in state revenues for the current 2019-21 budget, and \$1.9 billion more for the 2021-2023 biennium. Compared to the February 2020 revenue forecast (pre-pandemic), this is approximately \$300 million more than was expected for the biennium. Additional details of the revenue forecast can be found [here](#).

Additionally, the state will receive \$4.26 billion from the American Rescue Plan. These funds are relatively flexible and can be used to respond to COVID-19 or its negative economic impacts, replace lost revenue relative to the 2019-21 fiscal year, make necessary investments in water, sewer, or broadband infrastructure, and for capital projects directly enabling work, education, and health monitoring in response to COVID-19. The state has until December 31, 2024 to spend the funds. Guidance outlining the specifics regarding how the funds can be utilized is not expected to be provided by the US Treasury for a few more weeks. The federal funding is expected to be reflected in operating, capital, and transportation budget proposals; as such, these proposals will evolve as federal guidance firming up the uses of these funds are finalized.

Capital Gains Tax

Despite the positive revenue forecast and infusion of federal funds, Democrats continue to advance legislation to establish a capital gains tax. [Senate Bill 5096](#), sponsored by Sen. June Robinson (D- Everett), had a public hearing on Monday, March 15, in the House Finance Committee. The bill would establish a 7% tax on capital gains that exceed \$250,000 in a given year (earnings from retirement accounts and home sales would be exempt). Under the legislation, \$350 million per year of capital gains tax revenue would be reserved for investments in early education programs and the remainder of the revenue, an estimated \$200 million, would go into a new taxpayer relief fund. The public hearing comes after the bill narrowly passed the Senate by a vote of 25-24 following a passionate debate. Opponents argued that a new tax was not needed, and a capital gains tax is really an income tax which is unconstitutional in the state and proponents of the proposal argued that Washington's tax system is regressive and that this legislation would only impact a small group of high earners. Monday's hearing reiterated many of the same arguments. Nearly 4,000 individuals signed up to weigh in on the legislation. The bill has not yet been scheduled for a vote out of committee.

COVID Relief and Recovery

The COVID-19 pandemic has significantly impacted local governments and the communities they serve. Funding provided to counties for COVID-19 response is used for essential programs, including local public health, emergency rental assistance, emergency homelessness assistance, and small



business economic relief. Skagit County requests that the Legislature continue to provide sufficient funding to maintain COVID-19 response and other essential county functions.

Public Health Restructure Proposal

Democrats are advancing the Governor-request public health restructuring bill: legislative vehicle [House Bill 1152](#), sponsored by Rep. Marcus Riccelli (D- Spokane) and sponsored in the Senate by Sen. June Robinson (D- Everett). [House Bill 1152](#) was introduced as Governor-request legislation establishing regionalized, state-administrated comprehensive public health districts. The underlying bill eliminated local public health jurisdictions and gave the state oversight over the newly formed regional comprehensive public health districts. This bill has undergone many changes as local public health proponents and the bill sponsors negotiate. The most current version of the bill was amended on the House floor and passed out 56-41. In its current form, the bill has been significantly stripped back to minimize changes to local public health operations. WSAC has taken a position to continue refining the bill, particularly changes to local board of health composition. Counties over 800,000 were exempted from this provision in the most recent version of the bill, however, this exemption is likely to change in the Senate. This week, County lobbyists met with Sen. Robinson and Rep. Riccelli to discuss possible amendments that would mitigate concerns with board of health composition changes. The group is working to replace the population-based exemption with a more nuanced approach, accommodating counties with robust or complicated local boards of health. The group discussed providing an exemption for counties that have a pre-existing, substantive advisory board; however, the group did not arrive at a consensus. Sen. Robinson is only willing to take this approach if the advisory group has meaningful, rather than token, influence in shaping public health policy direction and decision making. Further coordination between WSAC, WSALPHO, and County lobbyists is needed to determine what amendment(s) the group will provide to bill sponsors for consideration. The bill will be heard in committee on Wednesday, March 24th. While the bill has not been scheduled for executive session, we have heard from bill proponents that it will pass out of committee soon after the hearing.

We have coordinated with both Rep. Alex Ramel (D- Bellingham) and Rep. Debra Lekanoff (D- Bow) on this proposal in the past, and at our delegation call this week, Rep. Ramel asked for an update on the County's position. Both Rep. Ramel and Rep. Lekanoff reiterated commitment to working with the County on this bill as further changes are made in the Senate.

Funding Proposals

Foundational Public Health Funding proposals have still not moved, including the covered lives assessment introduced in conjunction with House Bill 1152, [Senate Bill 5149](#), sponsored by Sen. June Robinson (D- Everett). If the restructuring proposal advances as currently written, all components except formation of Regional Service Centers will go into effect regardless of funding, including changes to local board of health composition. County lobbyists expressed concern with the lack of movement on funding bills at the meeting with Rep. Riccelli and Sen. Robinson this week. Both sponsors and the Governor's office reiterated commitment to securing funding for FPBS and indicated they are willing to seek funding outside of existing proposals. Meanwhile, the Governor's office is working with labor representatives to move past concerns with the covered lives assessment.



House Bill 1362 – Lifting the 1% Percent Property Tax Cap

This week, WSAC put together a panel of Commissioners and Councilmembers representing counties across the state to testify in support of [House Bill 1362](#), sponsored by Rep. Davina Duerr (D-Bothell). The bill is this year's vehicle to lift the 1% property tax cap to keep up with inflation, not to exceed 3%. The bill was heard in the House Finance Committee and received strong pushback from Republican members of the committee. Legislators have indicated that in order for the bill to advance, there needs to be bi-partisan support. We do not anticipate this bill advancing this session.

GTHGA is monitoring the following priority items on your behalf. We will provide updates on these items as legislative action occurs. We will continue to be in contact with you on legislative proposals relevant to these items.

Support Capital Budget Funding for:

- Heritage Grant Program
- Washington State Housing Trust Fund
- Washington State Recreation and Conservation Office Grants
- Brian Abbot Fish Barrier Removal Board

Upcoming Events

Ways & Means (Senate) - Virtual, - 3/22 @ 4:00pm

ESHB 1332 - Exec Session - Concerning property tax deferral during the COVID-19 pandemic.
SHB 1333 - Exec Session - Providing an extension to the local sales and use tax for public facilities in rural counties. (Support)

Local Government (House) - Virtual, - 3/23 @ 10:00am

2SSB 5368 - Exec Session - Encouraging rural economic development.

Health & Long Term Care (Senate) - Virtual, - 3/24 @ 8:00am

E2SHB 1152 - Public Hearing - Establishing comprehensive health services districts. (Remote testimony.) (Concerns)

Housing & Local Government (Senate) - Virtual, - 3/24 @ 10:30am

E2SHB 1099 - Exec Session - Improving the state's climate response through updates to the state's comprehensive planning framework.

E2SHB 1117 - Exec Session - Promoting salmon recovery through revisions to the state's comprehensive planning framework.

ESHB 1232 - Exec Session - Planning for affordable housing under the growth management act.

ESHB 1241 - Exec Session - Planning under the growth management act.



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. Bills included in the following lists are considered “alive.”

Lobbying

<u>Bill Details</u>	<u>Status</u>	<u>Sponsor</u>	<u>Position</u>
<u>E2SHB 1069</u> Local gov fiscal flexibility Concerning local government fiscal flexibility.	S Rules 2	Pollet	Support
<u>E2SHB 1152 (SB 5173)</u> Comp health districts Supporting measures to create comprehensive public health districts.	S Health & Long T	Riccelli	Concerns
<u>SHB 1225</u> School-based health centers Concerning school-based health centers.	S RecComm	Stonier	Support
<u>SHB 1309</u> Levy certification dates Concerning the dates of certification of levies.	S 2nd Reading	Eslick	Support
<u>SHB 1333</u> Rural public facilities/tax Providing an extension to the local sales and use tax for public facilities in rural counties.	S Ways & Means	Tharinger	Support
<u>SHB 1502</u> Electric ferries/counties Concerning the procurement and design of electric ferries by counties.	S Transportation	Pollet	Support

Monitoring

<u>Bill Details</u>	<u>Status</u>	<u>Sponsor</u>	<u>Position</u>
<u>ESHB 1056</u> Public meetings/emergencies Concerning open public meeting notice requirements and declared emergencies.	S Rules 2	Pollet	
Housing/local tax revenue	S 2nd Reading	Ryu	



[ESHB 1070](#) Modifying allowed uses of local tax revenue for affordable housing and related services to include the acquisition and construction of affordable housing and facilities.

[E2SHB 1099](#) **Comprehensive planning** S Housing & Loca Duerr
Improving the state's climate response through updates to the state's comprehensive planning framework.

[E2SHB 1117](#) **Comp. planning/salmon** S Housing & Local Lekanoff
Promoting salmon recovery through revisions to the state's comprehensive planning framework.

[ESHB 1232](#) **GMA/affordable housing plans** S Housing & Loca Barkis
Planning for affordable housing under the growth management act.

[ESHB 1241](#) **Growth management act plans** S Housing & Loca Duerr
Planning under the growth management act.

[ESHB 1332](#) (SB 5402) **Property tax deferral/COVID** S Ways & Means Sullivan
Concerning property tax deferral during the COVID-19 pandemic.

[HB 1362](#) **Property tax revenue growth** H Finance Duerr
Modifying the annual regular property tax revenue growth limit.

[ESHB 1368](#) (SB 5344) **Federal funding/COVID-19** C 3 L 21 Ormsby
Responding to the COVID-19 pandemic through state actions supported by federal funding.

[ESHB 1410](#) **Home foreclosure/taxes** S Rules 2 Volz
Protecting taxpayers from home foreclosure.

[SSB 5149](#) (HB 1201) **Found. public health funding** S Ways & Means Robinson
Funding foundational public health services.

[ESSB 5275](#) **Intense rural dev. areas** H LGDP Short
Enhancing opportunity in limited areas of more intense rural development.

[2SSB 5368](#) **Rural economic development** H Local Govt Short
Encouraging rural economic development.



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