



Skagit County - Government Relations Report March 27, 2021

There is less than a month remaining of the 2021 legislative session, and yet another legislative deadline has come and gone – bills needed to have been approved by their respective policy committee in the opposite chamber by Friday, March 26 to remain under consideration.

Bills that have been determined to have a fiscal impact have now been referred to a fiscal committee for further consideration. These committees include the House Appropriations, Finance, and Transportation committees; and the Senate Ways & Means and Transportation committees. Bills referred to a fiscal committee must be approved by that committee by Friday, April 2, to remain under consideration.

Once bills advance out of both a policy and, if referred, a fiscal committee, they are referred to the Rules Committee in their respective chambers. Bills remain in the Rules Committee until they are selected to be brought up for a vote of the entire chamber of the House of Representatives or Senate.

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

Budget Proposals Released

The House and Senate Budget Chairs released their proposed operating, capital, and transportation budgets for the 2021-2023 biennium this week. Over the next several weeks, lawmakers will begin negotiating and reconciling differences between the proposals to develop final budgets prior to the Legislature adjourning on April 25th.

Notably, each of the respective budgets, utilizes a portion of the \$4.25 billion in funding that the state received through the American Rescue Plan; however, the US Treasury has not released the guidelines on exactly how this funding can be used. As such, much of what is in the budget proposals is tentative, and likely to change significantly as more information is released about the use of federal funds.



Additionally, it is important to note that the financial outlook for the operating and capital budgets have returned to pre-pandemic levels. Revenue estimates are not substantially different than when the Legislature developed the supplemental 2019-21 budget last year in March. However, the financial outlook for the transportation budget remains significantly lower reflecting long-term impacts from the pandemic.

Operating Budget

The operating budget funds all state agency operations, including K-12, the higher education system, social services, and more. For the 2021-2023 fiscal biennium, the [Senate proposal](#) appropriates \$59 billion, and the [House proposal](#) appropriates \$58 billion. The Senate and House proposals also rely on new revenue sources. Both budgets account for \$357 million via a newly imposed capital gains tax and the Senate proposal includes a \$34 million gain from a new premium tax on eligible captive insurers.

Capital Budget

The Capital Budget is funded with bonds that are repaid by a percentage of the operating budget and allocates funding to non-transportation related construction projects throughout the state. The [House proposal](#) appropriates a total of \$5.68 billion for the 2021-23 fiscal biennium and reserves approximately \$176 million in bond capacity for the 2022 supplemental capital budget. The [Senate proposal](#) appropriates a total of \$6.234 billion for the 2021-23 fiscal biennium and reserves approximately \$50.8 million in bond capacity for the 2022 supplemental capital budget. Both proposals utilize \$189 million from the American Recovery Plan Act.

Transportation Budget

The House and Senate have each released transportation budget proposals that reflect no new revenue. The [Senate proposal](#) appropriates just over \$11.7 billion while the [House proposal](#) appropriates \$10.9 billion for the 2021-23 biennium. Both proposals appropriate \$1 billion in federal funds, to backfill transportation projects that have faced losses over the last year and make progress towards meeting the federal court mandate to remove culverts.

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. The House and Senate proposed capital budgets were released this week: Wednesday, March 24th in the House and Thursday, March 25th in the Senate. **The Morgue was fully funded in both budgets!** The House provided slightly more for the project, \$139,000, while the Senate provided the requested \$135,000. We will work with the delegation to advocate for the higher funding watermark in the final budget.

Didg'wálich 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 didg^{wálic} 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. As we reported this week, both the House and Senate proposed budgets provide a significant amount of funding for the project: \$4.5 million in the House proposed capital budget and \$3.295 million in the Senate proposed capital budget. We are sure to see funding for this project in the final budget.

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 and, due to COVID-19 delays, has requested re-appropriation of these funds. The House and Senate capital budgets were released this week, re-appropriating both allocations! This year, budgets provide a blanket re-appropriation for many existing capital projects and accordingly, neither project is explicitly called out in the budget. To be sure, GTHGA has confirmed that both allocations have been re-appropriated with capital budget staff.

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. Last week, Sen. Ron Muzzall (R- Oak Harbor) pulled the bill from the Senate Rules committee to be debated on the floor. GTHGA met with Sen. Shelly Short (R- Addy), Senate Minority Floor Leader, to discuss the bill. She offered to coordinate with Sen. Marko Lias (D- Lynnwood) to ensure the bill makes it to the floor early. We are hoping the bill will move sometime next week.

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. The bill is currently in the Rules committee to be pulled to the floor. It will need to advance off the Senate floor by April 11th to continue to be considered.

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, and through robust stakeholder negotiations, the bill has been significantly stripped back to minimize changes to local public health operations.

WSAC, WSALPHO, and lobbyists for individual counties have been working with the bill sponsors to refine changes to local boards of health. As previously reported, the bill was amended in the House to exempt for Counties over 800,000 from changes to local boards of health. This amendment was adopted with the understanding that the population-based threshold would be replaced with a nuanced, categorical exemption to accommodate counties with robust or complicated local boards of health. Stakeholders have come to agreement, and accordingly, the bill was amended in the Senate Health Care and Wellness Committee this week replacing the population-based exemption with an exemption for Counties with advisory committees established prior to January 1st, 2021. The bill establishes roles and responsibilities for these advisory boards, which must come into compliance by January 1st, 2022. WSAC had requested a grace period during which any county without an advisory board may choose to establish an advisory board rather than changing their local boards of health; however, bill sponsors did not agree to this change. WSAC will continue to suggest this option going forward.

The amended bill makes a few changes to other sections of the bill: the null and void clause is changed to require \$60 million, rather than \$30 million, in FHPS funding to be enacted. Implementation dates are delayed, requiring counties to establish contractual relationships with Regional Service Centers by 2024, rather than 2023. WSALPHO is still working to remove the 65 percent funding allocation to shared services to provide more flexibility. The bill is being heard in the Senate Ways and Means Committee next Wednesday, March 31st.

Funding Proposals

Both the House and Senate proposed operating budgets provide additional investment in Foundational Public Health Services, fully covering the cost of implementing this bill. The House provides one-time funding totaling \$100 million, while the Senate provides an ongoing \$150 million for foundational public health services. The Senate proposal gradually increases: \$50 million in 2022, \$100 million in 2023, and \$150 per year in 2024 and 2025, funded out of the general fund. With funding provided in the budget, [Senate Bill 5149](#), sponsored by Sen. June Robinson (D- Everett) or any other FPHS funding proposals are unlikely to advance this session. At the House Appropriations hearing, WSALPHO Managing Director Jaime Bodden testified in support of the proposed House operating budget with the caveat that an ongoing investment, like the Senate proposal, is preferable to one-time funding.

Protect State Shared Revenues

With the exception of ongoing transfers from the Public Works Assistance Account, both the House and Senate proposed operating budgets retain full funding of revenue sources for cities and counties. The House continues to transfer considerable resources (\$144 million/biennium) from the PWAA to the Education Legacy Account. The Senate leaves the PWAA intact.



Interestingly, the House budget provides \$144 million/biennium to cities and counties through the city and county assistance accounts for the cost of new requirements since 2020 and referencing the state's unfunded mandate statute. WSAC won an unfunded mandate lawsuit against the Legislature in 2020. This revenue is distributed by statutory formula; of this amount \$58 million goes to cities and \$86 million to counties.

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
 - o Fully funded in both the House and Senate budgets, **funding the County's Courthouse project!**
- Washington State Housing Trust Fund
 - o Funded at \$205 million in the Senate proposed budget; funded at \$175 million in the House proposed budget.
- Washington State Recreation and Conservation Office Grants
 - o Not funded sufficiently to cover the County's Centennial Trial project in either budget.
- Brian Abbot Fish Barrier Removal Board
 - o Not funded sufficiently to cover the County's Carpenter Creek, Dairy Creek, and Norway Park Creek projects, ranked as alternates.

Upcoming Events

Ways & Means (Senate) - Virtual, - 3/29 @ 1:30pm

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

Transportation (Senate) - Virtual, - 3/30 @ 1:30pm

SHB 1502 - Exec Session - Concerning the procurement and design of electric ferries by counties. (Support)

Ways & Means (Senate) - Virtual, - 3/30 @ 1:30pm

SHB 1225 - Public Hearing - Concerning school-based health centers. (Remote testimony.) (Support)

Ways & Means (Senate) - Virtual, - 3/31 @ 1:30pm



E2SHB 1117 - Public Hearing - Promoting salmon recovery through revisions to the state's comprehensive planning framework. (Remote testimony.) (Neutral)
 E2SHB 1152 - Public Hearing - Establishing comprehensive health services districts. (Remote testimony.) (Concerns)
 ESHB 1232 - Public Hearing - Planning for affordable housing under the growth management act. (Remote testimony.)
 ESHB 1241 - Public Hearing - Planning under the growth management act. (Remote testimony.)

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 Ways & Means	Riccelli	Concerns
<u>SHB 1225</u> School-based health centers Concerning school-based health centers.	S Ways & Means	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 Rules 2	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
<u>ESHB 1070</u>	Housing/local tax revenue Modifying allowed uses of local tax revenue for affordable housing and related services to include the acquisition and construction of affordable housing and facilities.	S 2nd Reading	Ryu
<u>E2SHB 1099</u>	Comprehensive planning Improving the state's climate response through updates to the state's comprehensive planning framework.	S Ways & Means	Duerr
<u>E2SHB 1117</u>	Comp. planning/salmon Promoting salmon recovery through revisions to the state's comprehensive planning framework.	S Ways & Means	Lekanoff Neutral
<u>ESHB 1232</u>	GMA/affordable housing plans Planning for affordable housing under the growth management act.	S Ways & Means	Barkis
<u>ESHB 1241</u>	Growth management act plans Planning under the growth management act.	S Ways & Means	Duerr
<u>ESHB 1332</u> (SB 5402)	Property tax deferral/COVID Concerning property tax deferral during the COVID-19 pandemic.	S Ways & Means	Sullivan
<u>ESHB 1368</u> (SB 5344)	Federal funding/COVID-19 Responding to the COVID-19 pandemic through state actions supported by federal funding.	C 3 L 21	Ormsby
<u>ESHB 1410</u>	Home foreclosure/taxes Protecting taxpayers from home foreclosure.	S 2nd Reading	Volz
<u>SSB 5149</u> (HB 1201)	Found. public health funding Funding foundational public health services.	S Ways & Means	Robinson
	Intense rural dev. areas	H 2nd Reading	Short



[ESSB
5275](#)

Enhancing opportunity in limited areas of more intense rural development.

[2SSB
5368](#)

Rural economic development

H Approps

Short

Encouraging rural economic development.

[SB 5476](#)

State v. Blake decision

S Ways & Means

Dhingra

Addressing the State v. Blake decision.
