



**Skagit County  
Government Relations Report  
2019 Legislative Session**

Dear Skagit County Board of Commissioners,

It was a pleasure to advocate for Skagit County in Olympia for the 2019 legislative session. This was our first session representing you, and it has been a great start to this partnership. I am pleased to report that after many months of hard work and late nights that the county was successful in securing \$1 million for the Skagit Emergency Communications project. This success would not have been possible without an active and supportive legislative delegation: Sen. Barbara Bailey, Sen. Keith Wagoner, Sen. Liz Lovelett, Rep. Carolyn Eslick, Rep. Debra Lekanoff, Rep. Jeff Morris, Rep. Dave Paul, Rep. Norma Smith, and Rep. Robert Sutherland. I would encourage you to express great thanks to the delegation.

Now that session is officially over, attention has turned implementing the actions of the 2019 Legislature and preparing for the second-year of the two-year legislative biennium – i.e. the 2020 legislative session. Democrats will retain control, and the Legislature will consider making adjustments to their biennial budgets. The 2020 session will be followed by the November 2020 elections, a Presidential election where Democrats will attempt to retain their strong majority.

The ever-changing political climate requires adaptive and consistent advocacy. I am looking forward to working with you throughout the interim months to continue honing Skagit County's priorities and preparing for the 2020 legislative session.

Thank you for entrusting Gordon Thomas Honeywell Governmental Affairs to be your representatives in Olympia.

Sincerely,

Josh Weiss

## **Overview of the 2019 Legislative Session**

The 2019 legislative session was the first year of the two-year legislative biennium and scheduled to be “long” session lasting 105 days. The Legislature completed its work on-schedule, adjourning at midnight on the 105<sup>th</sup> day. The second year of the legislative biennium, 2020, will be a “short” session and is scheduled to last 60 days.

Both the House and the Senate had stronger Democrat majorities than in recent history. The House was comprised of 57 Democrats and 41 Republicans and the Senate had 27 Democrats and 22 Republicans. With these strong majorities and control of the Governor’s mansion, Democrats set an ambitious agenda focused on reforming the state’s mental health system, establishing new environmental policies, addressing housing affordability, correcting the state’s regressive tax structure, and more.

There were 2,208 bills introduced during the first year of the biennium and 481 passed the Legislature, or roughly 22% which is slightly higher than the historic rate. In addition to all the bills the Legislature considered, they passed 3 biennial budgets: operating, capital and transportation. Below is a summary of each budget:

### ***Operating Budget***

The final operating budget is for \$52.4 billion from near general fund accounts, an increase of roughly 20% from the 2017-19 budget of \$43.7 billion. The budget is based on five new revenue sources: 1) modification of Real Estate Excise Tax rates based on the sale price of the property ([SB 5998](#)); 2) removing a preferential business and occupation tax rate for international investment companies ([SB 6016](#)); 3) replacing the out-of-state sales tax exemption with a refund mechanism ([SB 5997](#)); 4) increasing the B&O tax rate for travel agents ([SB 6004](#)); and 5) raising the B&O tax rate for large financial institutions ([HB 2167](#)). In addition, the Legislature increased the B&O tax rate for certain business categories and dedicated the revenues to higher education ([HB 2158](#)).

Much of the increased revenue is dedicated to public employee salary and benefit increases, including a new insurance benefit for part-time school workers who will receive full medical coverage if they work at least 630 hours per year. The Legislature also made significant investments in the state’s mental health care system from both the operating and capital budgets. Increased appropriation from the operating budget funds contracts with private hospitals, nursing homes, and other facilities to provide inpatient care and discharge placements.

### ***Capital Budget***

The capital budget invests \$4.9 billion in state agency construction projects, grant and loan programs for local governments, and in K-12 school and higher education facility construction. In addition, \$3.8 billion is re-appropriated for projects previously authorized but not yet completed. \$96.5 million for local and community projects awarded through competitive programs and direct legislative grants. Significant investments within the capital budget include: \$175 million the Housing Trust Fund, \$120 million for community based behavioral health beds, \$154 million for state mental health facilities, and \$974 million for higher education facilities. A total of \$70 million in bond capacity is reserved for a supplemental capital budget.

## ***Transportation Budget***

The final transportation budget includes a very small list of new projects. This is because actual gas tax revenue ended up being less than projected and the Legislature was only able to fund new projects through a one-time \$50 million transfer of Hazardous Substance Tax revenue out of the Model Toxics Control Act Account.

Discussions of a new transportation revenue package began but were stymied, in part, by [Initiative 976](#) which would limit car tab fees to a flat \$30 and undermine the state's transportation revenue structure. The Legislature chose not to pass the Initiative and not consider an alternative option which means I-976 will be on the November ballot for voters to reject or accept.

## **Washington State Association of Counties**

As part of our advocacy efforts, GTHGA works closely with WSAC on Skagit County's behalf. This session, WSAC held bi-monthly Legislative Steering Committee meetings to encourage county involvement in legislative efforts and ensure that local governments continue to be supported at the state level. Attached to this report, on **page 9** is a comprehensive document that WSAC put together to highlight legislation that passed with a fiscal impact to counties. Please let us know if you have any questions.

## **2019 Legislative Priorities**

The county's main priority for GTHGA this session was to secure \$1.5 million to upgrade the county-wide emergency radio communication system. I am very pleased that the county received \$1 million in the final state capital budget.

When GTHGA began working with Skagit County in January, our first step was to identify and understand the county's priorities. The county had already outlined the need for the emergency communications funding, and developed a clear and effective one-page handout. GTHGA worked with staff from the Skagit County Sheriff's office to complete the required legislative budget request forms for both the House and Senate. Then, working with Commissioner Dahlsted, we secured the sponsorship of Sen. Liz Lovelett and Rep. Dave Paul, and ensured that the forms were submitted to the capital budget leads in both chambers. GTHGA also wrote budget request letters for the two champions to send to budget writers, and for the entire Skagit County delegation to send. Throughout session GTHGA kept in contact with members of the 10<sup>th</sup>, 39<sup>th</sup>, and 40<sup>th</sup> districts and reminded them about the importance of this request.

When the House capital budget proposal was released at the end of March it included half of the requested funding - \$750,000. The Senate released their proposal a few days later and it included \$1 million for the project. We were very pleased to see that the final capital budget not only included funding for the project, but included the high-water mark of the two proposals.

All of the legislators from the 10<sup>th</sup>, 39<sup>th</sup> and 40<sup>th</sup> districts were supportive of this request, and helped make it a reality. Please help us in thanking all of them, but especially the request's champions, Sen. Liz Lovelett and Rep. Dave Paul.

## Bill Summaries

While GTHGA put the majority of effort into the emergency communication project, we also worked on several bills this session on behalf of Skagit County. The following bill list includes legislation on which Skagit County took a position of support or opposition. The bills are ordered by bill number and include the final status of the bill at the conclusion of the legislative session. Keep in mind that bills that died at this year will be automatically reintroduced for consideration at the start of the 2020 legislative session next January.

	<u>Bill Details</u>	<u>Status</u>	<u>Sponsor</u>	<u>Position</u>
<a href="#"><u>EHB 1219</u></a> <a href="#"><u>(SB 5195)</u></a>	<b>Real estate taxes/housing</b> House Bill 1219, sponsored by Rep. Amy Walen (D-Kirkland), allows cities and counties to utilize 2nd quarter real estate excise tax revenues for affordable housing. Cities and counties have the authority to use up to \$1 million of real estate excise tax revenues for affordable housing under current law, but the authority is scheduled to sunset in June 2019. As originally drafted, the bill would have allowed cities and counties to use unlimited 2nd quarter REET revenues for affordable housing permanently. However, before passing the House, the bill was significantly amended. The amended and final version of the bill extends the sunset on the authority to January 1, 2026, so long as the city or county documents that it has funds for certain capital projects in its capital facilities plan. Jurisdictions that are not using 2nd quarter REET revenues as of the effective date of the bill are limited to using either \$100,000 or 25% of available funds not exceeding \$1,000,000 of 2nd quarter REET revenues on affordable housing. This cap does not apply jurisdictions utilizing 2nd quarter REET revenues as of the effective date of the bill. The bill passed the House 74-24, the Senate 34-13. The effective date of the bill is July 28, 2019 .	Passed	Walen	Support
<a href="#"><u>SHB 1406</u></a> <a href="#"><u>(SB 5646)</u></a>	<b>Affordable housing/sales tax</b> House Bill 1406, sponsored by Rep. June Robinson (D-Everett), which allows local jurisdictions to impose a credit against the state sales tax to fund affordable housing. The final version of the bill authorizes cities and counties to each impose a .0146 percent credit against the state sales tax. A city is authorized to impose the county' s portion of the .0146 percent if the city has imposed a local tax to fund affordable housing (property or sales) or the county does not utilize its authority. The revenue may be used to acquire, rehabilitate, or construct affordable housing or fund the operations and maintenance of new units of affordable or supportive housing for persons whose income is at or below 60% of the adjusted median income for the jurisdiction imposing the tax. A credit against the state sales tax is not an increase in the state sales tax; rather, it is sales tax revenue that would otherwise be deposited into the state general fund that is instead redirected to the local level. The original version of the bill would have offered a .02 percent credit against the state sales tax; however, budget negotiators reduced the credit amount in the final days of the legislative session.	Passed	Robinson	Support

[HB 1493](#)  
**(SSB 5357)**

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**Affordable housing taxes**

Did Not Pass

Morgan

Support

House Bill 1493, sponsored by Rep. Melanie Morgan (D-Parkland), and Senate Bill 5357, sponsored by Sen. Jeannie Darneille (D-Tacoma), would have allowed cities and counties to impose additional real estate excise taxes (REET) for affordable housing. As originally drafted, the bill allows cities and counties to impose a .50 % increase in REET revenues - any amount less than .50% could be approved with councilmanic authority, but the full .50% would require voter approval. The bill was amended through the legislative process to instead authorize cities and counties to impose an additional .25 percent REET with councilmanic approval. The respective policy committees advanced both versions of the bill; however, both versions stalled in fiscal committees.

[2SHB 1497](#)  
**(SB 5732)**

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**Foundat. public health servs**

Passed

Robinson

Support

House Bill 1497, sponsored by Rep. June Robinson (D- Everett), integrates foundational public health service standards with current state public health practices. The bill requires that the state modify its priorities, funding allocation, and appropriation to fit the foundational public health service model and repeals prior statutes related to the definition, duties, planning, measurement, and funding of public health programs. The Department of Health, by October 1st, 2020, must present on a series of changes related to the implementation of foundational public health services, including planned delivery models, changes in public health system capacity, and improvements in health outcomes. The bill was signed by the Governor on April 3rd and is effective July 28, 2019.

[HB 1590](#)

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**Housing tax/councilmanic**

Did Not Pass

Doglio

Support

House Bill 1590, sponsored by Rep. Beth Doglio (D- Olympia), would allow counties and cities to councilmanically impose a .01 percent local sales and use tax increase to fund affordable housing, rather than having to seek voter approval as is required under current law. The revenue generated could be spent on constructing affordable housing, constructing mental and behavioral health-related facilities, the operations and maintenance of affordable housing facilities to serve a population at or below 60% of the county' s adjusted median income. The bill did not advance out of the House and died with the chamber of origin cutoff deadline. This bill is likely to be considered during the 2020 legislative session.

[EHB 1638](#)

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**Vaccine preventable diseases**

Passed

Harris

Support

House Bill 1638, sponsored by Rep. Paul Harris (R- Vancouver), removes the philosophical or personal objection exemption from the requirement to receive the measles, mumps, and rubella vaccine. The bill also requires that a public school, a private school or a licensed day care center receive proof of immunizations before the child can attend the school or center. At one point in the session, the

bill was amended to allow allows exemption from other vaccination requirements in certain cases, including: proof of disease immunity through laboratory evidence or a health care provider’ s attestation of disease immunity, exemption based on “ non-responder” status due to no positive antibody response to vaccinations, exemption based on health care providers’ attestation to adverse reactions to vaccines in family members, and grandfathering the restrictions for current exempted high school students. Late in session, the bill was amended to remove these additional exemptions. The bill passed the House 57-40 and the Senate 25-22, with mixed bi-partisan support.

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<b><a href="#">HB 1679</a> (SSB 5676)</b>	<b>Councilmanic REET/GMA</b>	Did Not Pass	Frame	Support
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House Bill 1679, sponsored by Rep. Noel Frame (D- Seattle), provides counties and cities planning under the Growth Management Act more flexibility over imposing a .25 percent tax on the sale of real estate (REET II). The bill removes the current provision requiring voter approval before cities or counties may implement the tax.

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<b><a href="#">HB 1718</a></b>	<b>Existing resources/local gov</b>	Did Not Pass	Volz	Support
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House Bill 1718, sponsored by Rep. Mike Volz (R- Spokane), makes a number of changes to county and city financing tools with the intent of providing more flexibility in their use. The bill: 1) removes prohibitions on supplanting existing local government expenditures with proceeds from a locally imposed 0.1 percent sales and use tax dedicated to mental health and substance abuse; 2) allows all county authorities to seek voter approval for the criminal justice regular levy; 3) allows jurisdictions to use revenue generated with a levy lid lift to supplant existing funds; 4) Establishes the Developmental Disability and Mental Health Levy as a separate property tax levy outside the county general levy; 5) establishes the Veterans' Assistance Levy as a separate property tax levy outside the county general levy; and 6) requires the county legislative authority to budget the direct costs of administering the Veterans' Assistance Fund and prohibits the charging of indirect costs or fees. The bill passed both the House Committee on Local Government and the House Committee on Finance before dying in the House Rules Committee.

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<b><a href="#">HB 2119</a> (SB 5975)</b>	<b>State forestland moneys</b>	Passed	Morris	Support
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House Bill 2119, sponsored by Rep. Jeff Morris (D- Mt. Vernon), allows a county to pay, distribute, and prorate payments of money from the former Common School Trust Land exchanged into the State Forestlands Trust in the same way that general taxes are paid for the former forestlands subject to the exchange. The bill addresses revenue loss for junior taxing districts (including the Burlington School District) as a result of the state's Blanchard Forest Strategy.

**Affordable housing taxes**                      Did Not Pass      Darneille                      Support

[SSB 5357](#)  
**(HB 1493)**

Senate Bill 5357, sponsored by Sen. Jeannie Darneille (D- Tacoma), allows cities and counties to impose additional real estate excise taxes for the development of affordable housing. The bill was amended early in the legislative process to authorize cities and counties to impose a .25% increase, rather than .50% increase, in REET revenues with councilmanic approval. The bill passed out of the Senate Committee on Housing Stability and Affordability and received a hearing in the Senate Ways and Means Committee before dying at the first fiscal committee cutoff.

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**Urban centers/multiple-units**                      Did Not Pass      Wagoner                      Support

[SSB 5366](#)

Senate Bill 5366, sponsored by Sen. Keith Wagoner (R- Sedro-Woolley), allows all cities and towns to provide property tax exemptions for eligible multi-unit residential housing projects in urban centers until July 1, 2022. The bill was amended in the Senate Ways and Means Committee to add a provision allowing any county to establish a residential targeted area and receive a property tax exemption on qualifying projects from July 1, 2022 to July 1, 2025.

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**Local stormwater charges**                      Passed                      Hobbs                      Oppose

[SB 5505](#) **(HB 2125)**

Senate Bill 5505, sponsored by Sen. Steve Hobbs (D-Lake Stevens), addresses local stormwater charges, which are paid by the Department of Transportation. As drafted, the bill would require that any fees that are levied by local governments to be used solely for stormwater control facilities as they related specifically to state highway runoff, preempting counties from utilizing the funds for other needs. Additionally, local governments are required to provide an expenditure plan and annual progress report before receiving the WSDOT stormwater fees. These provisions were previously the law until 2014; the bill essentially restored pre-2014 provisions. The bill passed into law and will be effective July 28, 2019.

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**Behavioral health facilities**                      Did Not Pass      Braun                      Support

[SSB 5537](#)

Senate Bill 5537, sponsored by Sen. John Braun (R- Centralia), authorizes the State Finance Committee to issue up to five hundred million dollars of general obligation bonds to finance behavioral health capital improvements. Eligible projects include construction of evaluation and treatment centers, crisis triage and stabilization centers, detoxification centers, transitional and long-term housing, residential treatment centers, and more. The bill establishes both taxable and tax exempt bond accounts. Provisions authorizing the state to issue bonds must be ratified by the public in the next general election before going into effect. The bill was amended to provide criteria for evaluating grants and to appropriate funding to the University of Washington and the Department of Commerce for behavioral health projects; however, the bill died in the Senate Rules Committee.

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**Councilmanic REET/GMA**

Did Not Pass

Takko

Support

[SSB 5676](#)  
**(HB 1679)**

Sen. Dean Takko (D- Longview) introduced Senate Bill 5676, which authorizes county or city legislative authorities planning under the growth management act to impose real estate excise taxes without issuing a referendum. The taxes may not exceed .025 percent of the selling price and may be used toward capital projects. An amended version of the bill passed through the Senate Committee on Local Government, adding a referendum process to repeal an ordinance imposing REET II.

**Ballot drop box placement**

Did Not Pass

Kuderer

Support

[ESB 5779](#)

Senate Bill 5779, sponsored by Sen. Patty Kuderer (D- Bellevue), would eliminate the requirement that the county auditor must have a minimum of one ballot drop box per 15,000 registered voters in the county. Instead, one ballot drop box would be required for every 20,000 registered voters in the county. The bill also eliminate that a ballot drop box must be in every city, town and place in a county with a post office. The bill was amended before passing the Senate unanimously to align the bill with changes made in ESSB 5079, the Native American Voting Rights Act; however, the bill died in the House Committee on State Government and Tribal Relations at the opposite chamber of origin cutoff.



May 1, 2019

TO: WSAC Legislative Steering Committee

FROM: Mellani McAleenan, Director, Government Relations

SUBJECT: End of Session Report

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## **Policy and Legislative Relations – Mellani McAleenan**

The legislature adjourned *sine die* on time on April 28<sup>th</sup> at midnight exactly. Overall, this session brought some successes and some disappointments. It can largely be summed up as one of missed opportunities for the counties. With all of the new revenue raised by increased taxes, very little of it will find its way to local government (MTCA, FPHS). Even with \$830 million of new revenue, the legislature continues to sweep funds from the Public Works Assistance Account. And, because of how politically charged the tax bills were, the legislature wasn't even willing to amend bills that needed fixes because they didn't want to add steps in the process of the bill passing (REET). Nor did they use any of this new revenue to fund important county issues like trial court public defense services or even year election costs.

## **Finance, Public Records and Liability - Mike Hoover (Contract Lobbyist)**

### Fiscal Impact

**HB 1913** adds to the list of diseases and conditions that are presumed to be as a result of first responder employment for the purposes of workers' compensation. This list was significantly narrowed from previous years but will have a fiscal impact on local governments. The bill also creates an advisory committee, comprised of medical specialists, to review and make recommendations about potential presumptions.

**SB 5998**, the graduated real estate excise tax (REET) will have an impact on county budgets. Conceptually, the bill is very simple: lower the REET on lower-value properties to help lower-income buyers afford to buy property. The rate rises (graduates) on higher-income properties because the presumption is that buyers of more expensive properties can better afford to pay higher taxes. Counties collect a state-provided fee for administering REET. This administrative fee collected is based on REET total tax collected. Thus, some of the more rural counties would collect less revenue from this fee because the overall REET tax is lower on some properties. The "hit" to county budgets is lower than it would have been in earlier drafts of the bill because the lowest-charged REET rate was increased in the final version and therefore the administrative fee would be correspondingly higher, but there will still be some loss in revenue. WSAC worked to get an amendment to keep the overall collections the same, but this failed in the final days because legislators didn't want to make changes to the bill at the last minute and risk having the bill, which is politically controversial, repeat steps in the legislative process.

**SSB 5063** requires prepaid postage on return envelopes for all elections, with county costs for the postage to be reimbursed by the state.

**ESHB 1109**, the operating budget, includes a proviso to extend a sunset tax structure workgroup and requires it to prepare a summary report of preliminary findings by December 1, 2020. Activities are to increase as time progresses, including engagement of specific stakeholder groups and taxpayers, modeling of various revenue structures, analyzing competitiveness with border states, estimating impacts on taxpayers, and so on. Membership will include one nonvoting WSAC representative. Voting members must commit to engagement through 2024.

### Public Records

**SHB 1667**, the WSAC supported public records assistance bill, removes the June 30, 2020, expiration date for the grant program, the Attorney General's consultation program, and the requirement that Division of Archives and Records Management (State Archives) offer and provide consultation and training services for local agencies on improving retention practices. It also modifies the metrics that certain agencies and local governments are required to report to the Joint Legislative Audit and Review Committee.

### Liability

**SSB 5163** expands liability in civil actions for wrongful injury or death by making a number of changes to statutes governing wrongful death and survival causes of action, including changes to the beneficiaries entitled to recoveries and the damages that may be recovered under these actions. The bill will have a negative fiscal impact to local governments of around \$7.5 million per year.

## **Land Use, Natural Resources, and Environment – Paul Jewell**

### Land Use/Planning

Various funding is included in the budgets that will impact county land use planning efforts. Buildable lands money (\$3 million) is provided to assist Whatcom, Pierce, King, Snohomish, Kitsap, Thurston and Clark counties in meeting planning requirements. \$40 million is included in Ecology's Streamflow Restoration program budget for continued implementation of the "Hirst Fix" (ESSB 6091 2018).

**SSB 5151** requires the Growth Management Hearings Board develop an index of all its decisions organized by topic and by participants.

### Housing

**SHB 1377** requires counties to provide a density bonus for single family and multi-family housing developments on property owned and/or controlled by qualifying religious organizations. The housing must be for low income households and meet other requirements.

**SHB 1798** includes new requirements for short-term rentals and short-term rental platforms. Short-term rentals are defined in the bill as properties or rooms rented to one party for less than thirty days. It clarifies that short-term rentals are required to pay local lodging taxes, meet certain public safety standards, and maintain at least \$1 million in liability insurance. Counties are required to enforce the

public safety standards by issuing a warning letter for the first violation. The second violation is considered a class 2 civil infraction under RCW 7.80.

**E2SSB 5284** requires that anyone selling a property with a dwelling unit install approved smoke detection devices prior to the closing of the sale. County fire marshals are required to enforce this new law, but only after a fire.

**ESSB 5383** creates new opportunities and regulations for tiny houses and for the designation of tiny house villages. For counties, it requires that tiny houses be allowed in existing mobile and manufactured home parks. It also requires that the state Building Code Council issue building codes for the construction of tiny houses by the end of the year.

### Natural Resources

Investments were also made in natural resources programs that provide benefits to counties. Funding for water-related projects include \$50.4 million for Floodplains by Design, \$73.2 million for the Office of Chehalis Basin, \$40 million for Columbia Basin projects, and \$40 million for the Yakima Basin Integrated Plan. Other resource-related investments are \$2 million for WDFW hazardous fuels reductions, \$22.843 million for DNR to improve wildland fire response equipment, training, aerial assets, increase the number of full-time firefighting personnel, and to implement forest health improvements. An additional \$14.2 million is also provided to DNR for forest health improvements.

**2SHB 1579** is the one disappointing bill on this list that passed despite our opposition. Tagged as a component of the Orca Task Force's recommendations for recovery of the Southern Resident Orca, this bill does a variety of things. Most relevant to counties is that it creates new civil enforcement authority for WDFW related to hydraulic permits and the state hydraulics code. The bill provides enforcement in the form of notices of violation, notices to comply, stop work orders, and civil penalties up to \$10,000 per occurrence. It also eliminates the single-family residential protective marine bulkhead exemption from HPA requirements as allowed by RCW 77.55.141.

### Solid Waste

**E2SHB 1114** requires the Department of Ecology to develop a strategy for reducing food waste, including ways to make it easier to donate and distribute edible food to needy families, and ways to divert food from the solid waste stream. Counties can update their comprehensive solid waste management plans to include recommendations related to food waste recovery that are developed in compliance with this bill.

**E2SHB 1543** requires the Department of Ecology to develop public outreach and education strategies intended to inform the public about ways to reduce contamination in recycling. It also requires Ecology to develop a plan for the state to implement direct strategies for reducing contamination. Counties are required to update their comprehensive solid waste management plans to incorporate strategies for reducing recycling contamination, or they may adopt the strategies developed by Ecology.

An advisory committee is to be appointed to assist in developing the center. Counties have two WSAC-appointed positions on the committee.

**SHB 1652**, the paint stewardship bill, requires the architectural coating industry (paints and stains) to create a program for disposing of and recycling architectural paints and stains. The industry is required to develop the plan, implement it, and operate it at no cost to government. The stewardship program removes a known contaminant from county solid waste streams.

### Model Toxics Control Act

ESSB 5993 reforms the Model Toxics Control Act (MTCA) program in a couple of ways. It changes the funding source, the Hazardous Substances Tax, by requiring a volume-based tax on petroleum products rather than the current value-based tax. The tax is also increased, adding additional new revenue.

The bill also includes new controls on how the funding can be used within the program, creating three new accounts: MTCA Operating, MTCA Capital, and Stormwater.

Counties currently receive funding for implementing local solid waste management programs through the Local Solid Waste Financial Assistance (LSWFA) program that is part of MTCA. Funding from this program has declined 62% since 2011-13 to a low of \$10 million during the 2017-18 budget. Unfortunately, even though new revenue is realized by the passage of this bill, counties were not provided any additional funding.

## **Public Health – Jaime Bodden**

### Foundational Public Health Services

One of the top priorities for WSAC and the top priority for WSALPHO was to pass the foundational public health services (FPHS) bill and get on-going funding for FPHS work. This session, **HB 1497** passed easily with huge bi-partisan support. The bill defines FPHS and sets up a funding and policy concurrence process between state and locals. This process is unique in that local governments will have equal input into funding decisions with the state agency.

The 2019-2021 operating budget also included \$22 million of funding for FPHS. This funding is made up of \$10 million from the general fund and \$12 million in revenue generated from a vapor product tax. This funding appears to be on-going and serves as the first stable investment into the public health system from the legislature which the governmental public health system will slowly build upon to fully fund our \$450 million need.

### Vapor Tax

The legislature passed several measures this year aimed at reducing the burden of tobacco and nicotine in the state. **HB 1074**, also known as Tobacco 21, passed early in the session. **HB 1873**, which implements a tax on vapor products, also passed as part of last-minute budget negotiations. The bill directs revenue from the tax to be divided evenly to the Andy Hill Cancer Research Fund and the Foundational Public Health Services Account. FPHS receives \$12 million from that account the first biennium and then up to 50% of funds from that account after.

## Vital Statistics

A small, but important piece of legislation that passed this year is the modernization of vital records. Local health jurisdictions implement these programs across the entire state – providing same day service in certification, record changes, and record requests. The new language updated many parts of the vital records statutes that hasn't been updated since 1907. It establishes more streamlined processes, instills more guidelines around fraud protection, and becomes more consistent to national recommendations and best practices. A \$5 fee increase was also approved. This fee increase includes a \$2 increase to certification work (goes to the agency providing the certification), and a \$3 fee increase into the death investigation account (goes to the local coroner/medical examiner).

## Other Bills and Issues of Note

**Environmental health funding:** While the legislature and Governor both favored environmental issues in their budgets this year, environmental public health was not the beneficiary. Group B Water Systems – a vital program to ensure clean drinking water in our rural and remote areas was completely unfunded in the budget. It is unclear how counties will be able to address the lack of funding – they will need to fund the program through local revenue, or more likely, these local programs will close, and the operations go back to the responsibility of the state.

**EHB 1638 – vaccine preventable diseases.** No one could have predicted the scale and impact of the measles outbreak in Washington this year. Two bills were filed this year addressing personal and philosophical exemptions with HB 1638 (limiting exemptions for the MMR vaccine) passing after long and heated floor debates in both chambers.

**SB 5503** provides homeowners more rights in inspection and maintenance activities of on-site septic systems. Many past concerns about easements, local health officer authority, and multi-dwelling units were addressed with this version of the bill.

**SB 5077 – single use plastic straws.** In philosophy, protecting the environment and reducing waste going to landfills is a popular idea. However, this bill put unnecessary responsibilities to local health jurisdictions, and while the cost to implement would be small, it would have set a dangerous precedent for adding on additional duties to food safety inspections that are outside the scope of local public health practice. The bill died, but we expect it to come back during the short session.

## **Public Safety and Human Services – Juliana Roe**

### Behavioral Health

In the 2019-2021 biennial budget, the State invested a significant amount of money in the behavioral health system. Whether that funding is sufficient is yet to be seen because of the many, complex factors involved, including finalizing integration, and issues related to the state hospitals, capacity, staffing, and Trueblood.

In the capital budget \$119.9 million is dedicated to community-based behavioral health beds. This money is split between a competitive process to expand community-based behavioral health services and community-based projects for a variety of behavioral health services including long-term civil commitments, triage, crisis diversion, detox, and adolescent services.

In the operating budget \$51 M (NGF-O) and \$45.8 M (Federal) is provided for community capacity to provide behavioral health inpatient and residential treatment services, which includes phasing in funding for community beds to provide long-term commitment services. Funding is also provided for an increase in beds, intensive behavioral health residential programs, and crisis respite services.

### Affordable Housing and Homelessness

Affordable housing and homelessness were major issues this session. The State is providing a \$30 million increase (a total of \$44.1 million) for homelessness related programs including Housing and Essential Needs. It's also providing \$175 million for affordable housing projects under the Housing Trust Fund.

One significant affordable housing bill that passed is **SHB 1406**, which authorizes the governing body of a county or city to impose a local sales tax, credited against the state sales tax for affordable or supportive housing. The bill provides for \$104 million in potential revenue for the biennium, which is approximately three-quarters of what the original bill provided. This is a great outcome and one for which advocates fought hard.

### Veterans

Of the Veterans bills WSAC tracked, the Vet Levy Bill, **HB 1829**, did not pass, but **2SHB 1448** did, which creates the Veterans Service Officer Program for rural counties. However, the budget provides only one-time funding of \$600,000 for two eligible counties.

### Public Safety

**2SSB 5604** adopts the Uniform Guardianship Act and repeals Washington's existing guardianship laws. While WSAC believes the bill will result in a significant, negative fiscal impact on counties related to new public defense costs, legislators assured us that it will not and that they will continue to work on this bill in the coming years (it has a drawn-out implementation period).

Unfortunately, but not surprisingly, no new funding was provided for sorely needed trial court public defense services costs. This is no doubt disappointing as this remains one of the greatest cost burdens to county budgets.

## **Transportation and Public Works – Jane Wall**

### Transportation Funding

The final 2019-2021 Transportation Budget proposal includes a total appropriation of around \$10.0 billion for the two-year fiscal period, up almost \$600 million from the level adopted for the 2017-19 biennium in the 2018 supplemental budget. Highlights of the budget include:

- Full funding for the County Road Administrative Board (CRAB);
- Full gas tax distributions;
- Full funding for the Transportation Improvement Board (TIB);
- Funding for the Freight Mobility Strategic Investment Board (FMSIB);
- Language authorizing counties to utilize our fuel-tax study money for continued fish passage barrier/culvert inventories, coordination with WSDOT to update the Local Agency Guidelines Manual (LAG), and efforts to research potential new revenue streams for county road departments;
- \$150,000 for the Cooper Jones Active Transportation housed within the Transportation Safety Commission for identification of opportunities to improve safety in the transportation system.
- \$300,000 for WSDOT to pilot a multimedia public information campaign in Whatcom County, regarding the damage of studded tire use on state and local roadways, and to continue the existing public information campaign in Spokane County;
- Up to \$17.5M to revive a new toll bridge over Columbia River to replace the aging I-5 bridge between Portland and Clark County, WA;
- \$29 million for the safe routes to schools grant program;
- \$25 million for bicycle and pedestrian safety grants;
- \$14.3 M for a new capital grant program to aid transit authorities in funding cost-effective capital electrification projects;
- \$555,000 to support a Washington State University education program for public agencies on usage and procurement of alternative fuel vehicles.
- \$20.75 million I-90/Barker to Harvard – Improve Interchanges & Local Roads;
- \$36.5 million I-90 Snoqualmie Pass – Widen to Easton;
- \$11.2 million SR 26/Dusty to Colfax – Add Climbing Lanes;
- \$11 million SR 155/Omak Bridge Rehabilitation;
- \$188 million for a new 144-car hybrid electric vessel
- \$5 million for the WSDOT Aviation Program for the Aviation Airport Lean Revolving Account to implement the new general aviation airport loan program; and
- Continued support for the Road Usage Charge study by the Transportation Commission.

### Fish Passage Barrier Removal

The Legislature utilized both the transportation and capital budgets to fund fish passage barrier removal. They directed \$26 million of capital funds to the Fish Barrier Removal Board (FBRB) where grants will be made eligible to local governments for culvert replacement. In addition, the Legislature directed \$100 million of transportation funds to the Department of Transportation for statewide fish passage barrier removal projects. They also directed the WSDOT to coordinate with the FBRB on a “watershed approach to maximize habitat gain by replacing both state and local culverts.” This direction goes on to mandate WSDOT to “deliver high habitat value fish passage barrier corrections that it has identified, guided by the following factors: Opportunity to bundle projects, ability to leverage

investments by others, presence of other barriers, project readiness, other transportation projects in the area, and transportation impacts.”

### Surface Transportation Program federal fund swap

Disappointingly, the final transportation budget did not include a proviso we had requested that would have allowed WSDOT and counties to swap STP federal funds for state funds. If you recall, the House proposed budget did include language, but the Senate did not. In the end lawmakers chose not to include a program in their final compromise budget. The good news is WSACE did make strides with the issue session, with success in getting WSDOT to work with us on our efforts.

### Joint Transportation Committee Studies

The Joint Transportation Committee was also given a number of studies that counties will have an interest in and may require county participation. These include:

- \$450,000 for the JTC to conduct a comprehensive assessment of statewide transportation needs and priorities, and existing and potential transportation funding mechanisms to address those needs and priorities. The assessment must include: recommendations on the critical state and local transportation projects, programs, and services needed to achieve an efficient, effective, statewide transportation system over the next ten years; a comprehensive menu of funding options for the legislature to consider to address the identified transportation system investments; and (c) an analysis of the economic impacts of a range of future transportation investments. The assessment must be submitted to the transportation committees of the legislature by June 30, 2020.
- \$450,000 for the JTC to conduct an analysis into the electrification of public fleets in WA, including counties. The JTC must inventory existing public fleets for the state, counties, a sampling of cities and transit, and must differentiate among battery and fuel cell electric vehicles, hybrid vehicles, gasoline powered vehicles, and any other functional categories.
- \$250,000 for the JTC to conduct a study of the feasibility of an east-west intercity passenger rail system.

### Legislation

**SSB 5179** will raise the current \$10,000 bid limit threshold for county electrical illumination equipment procurement and work to \$40,000. This was a WSACE priority bill.

**SB 5418** concerns local government procurement. This bill has a number of provisions in it relating to local government procurement, including, allowing counties to utilize unit-priced contracts, and increasing the small works bid process from \$300,000 to \$350,000 (the original bill raised the limit to \$500,000).

**SB 5505** specifies that WSDOT stormwater fees to local government utilities must be used for facilities and best management practice implementation focused only on state highway runoff. It also requires local government utilities to provide an expenditure plan and annual progress report before receiving DOT stormwater fees.



**SB 5883** concerns vehicle weight loads carrying farm products. The bill was amended in the House Transportation Committee where it was stripped of the increased weight load provision. The bill now modifies the penalties for a violation of the gross vehicle weight laws when the vehicle carrying farm products from the field where grown exceeds gross vehicle weight limits by 5 percent or less. The bill first requires that a written warning be issued, rather than an infraction, if the driver has not been issued a traffic infraction or has received no more than one written warning in the calendar year.

**SB 5923** establishes a county road administration board emergency fund. This bill authorizes the County Road Administration Board (CRAB) to create an emergency revolving loan program for certain counties for road or bridge work that is necessary due to a natural or manmade event for which a disaster was declared.

**HB 1325** establishes a regulatory framework for the operation of personal delivery devices, which are automated devices intended to deliver property via sidewalks and crosswalks. At one point this legislation preempted local authority to be able to regulate these devices. However, the final bill allows counties to establish guidelines and regulations around their uses on our roads, including banning them altogether.