



## **Skagit County - Government Relations Report July 11, 2022**

### **Competitive Grant Program Page Update**

The state's capital competitive grant and loan page has been updated to include new grant programs and updated program information. [The page may be found here](#) and includes links to program applications. The update includes newly funded programs from the 2021-23 biennium, including Rapid Capital Housing grants, grants from the State Broadband Office, the Puget Sound Nutrient Reduction grant program, and Increasing Housing Inventory grants for cities to facilitate transit-oriented development.

### **Organized Retail Crime Theft Task Force**

Attorney General Bob Ferguson announced the creation of a statewide Organized Retail Crime Theft Task Force. The Task Force will improve coordination and collaboration among law enforcement agencies to address these multi-jurisdictional crimes that endanger employees and cause significant economic harm to our state. The task force will focus on sophisticated, organized crime rings that account for almost \$70 billion in retail losses across the country.

The Task Force is the first of its kind in Washington. Nine other states have a task force dedicated to organized retail crime.

An analysis from the [Retail Industry Leaders Association](#) estimates Washington retailers lost \$2.7 billion to organized retail crime in 2021. Federal crime statistics show that the value of items stolen from Washington retailers increased by 151 percent from 2019 to 2020.

The first Task Force meeting will be held on Thursday, July 7. The Attorney General has committed to convening quarterly meetings for at least a year.

### **AGO Releases Model Use of Force Policy**

Under legislation adopted in 2022, the Legislature directed the state Attorney General's Office to release a model use of force policy for law enforcement officers by July 1, 2022. Law enforcement agencies may use this model policy or adopt their own consistent with the law's standards. The model policy may be [found here](#).

### **Emerging Policy Issues & Efforts**

Throughout the legislative interim, there are dozens of committees, workgroups, task forces, etc. that meet and develop policy recommendations for the Legislature's consideration. Below are some of the current efforts:

**House Local Government Committee Meeting:** On May 3, the House Local Government Committee held the first of three interim work sessions. [Click here](#) to watch the work session on TVW. At the work session, the Committee received an update on three topics:

- Department of Commerce’s Growth Management Act (GMA) Task Force: Since 2017, the Legislature has tasked the William D. Ruckelshaus Center, the University of Washington, and now the Department of Commerce to evaluate potential changes to the GMA. The task force will be meeting on a regular basis throughout the interim and will provide formal recommendations to the Legislature prior to the 2023 session. Click [here](#) to view the task force webpage for meeting information and more.
- Local Government Procurement Reform: The Capital Projects Advisory Review Board (CPARB) reviews alternative public works contracting procedures and provides guidance to state policymakers on ways to further enhance the quality, efficiency, and accountability of public works contracting methods. A panel of five representatives on various CPARB committees provided a preview of their work relating to procurement reform recommendations. Click [here](#) to view current CPARB committees and their responsibilities.
- Racial Covenants in Real Estate (HB 1335) Follow-Up: In 2021, the Legislature passed House Bill 1335, directing a team of researchers from the University of Washington and Eastern Washington University to identify and map racial restrictive covenants, which were used in the early to mid-20<sup>th</sup> century to enforce segregation throughout the state and country. Currently, the team of researchers are in the process of collecting and analyzing digitalized county records. For properties subject to racial and other unlawful restrictions, the team is directed to provide notice to the property owner, and to the respective county auditor. The team is coordinating with local auditors, the state Association of County Auditors and the Recording Standards Commission, to provide public access to this information and develop a procedure to strike illegal and discriminatory language from deeds, restrictive covenants and HOA documents. Click [here](#) to view the project website. Further funding is needed at the county level to digitize all property documents and to proceed with the development of this research tool.

### **Interim Workgroups**

- Tax Structure Workgroup: The [Washington State Tax Structure Workgroup](#) has been meeting since 2017 to identify options to make the Washington State tax code more fair, adequate, stable, and transparent. The work group is tasked with recommending legislation for the 2023 legislative session. To date, workgroup members have indicated a willingness to consider the following options: replacing the state business and occupation tax with a margins tax, a working families tax credit, a primary residence property tax exemption, a wealth tax, and adjusting the property tax limit factor. The committee chose not to advance a flat or progressive personal income tax, a flat or progressive corporate income tax, an employer compensation tax, and a value added tax. At the most recent meeting on May 25, the work group discussed specific issues related to each of the proposed new taxes and provided guidance to DOR to being modeling and drafting proposals. DOR will work with the Technical Advisory Group over the summer and the Workgroup will reconvene in September to review the policy proposals. To view the slides from the most recent meeting, click [here](#).

- House Bill 1220 Advisory Committee: The Legislature approved [House Bill 1220](#) during the 2021 legislative session, which makes several changes to the required housing element of local government comprehensive plans. The new law tasks the Department of Commerce with providing an inventory and analysis of existing and projected housing needs that identify the number of housing units necessary to manage projected growth, including estimates on the number of units needed for moderate, low, very low, and extremely low-income households, emergency housing, emergency shelters, and permanent supportive housing. Commerce will provide countywide projections of housing needs for all counties in Washington State, and provide further guidance for how counties, working in collaboration with cities, can allocate these projected housing needs down to local jurisdictions, consistent with the new requirements of HB 1220. The Department is receiving feedback through an advisory committee and intends to finalize allocations in late 2022/early 2023.
- IIJA Local/State Funding Split Workgroup: The 2022 Legislature directed the Joint Transportation Committee to convene a workgroup to develop recommendations on the distribution of IIJA federal-aid highway formula program funding to state and local governments in future biennia. This workgroup, which includes representatives from WSAC, AWC, and WSDOT, has been meeting throughout the interim; however, these meetings have not been televised or available to the public. The committee also includes representatives from a regional transportation planning organization and metropolitan planning organization. Reports back from Association representatives indicate continued difference of opinion between local governments and WSDOT. Recommendations are due to the Legislature by September 30, 2022.

### **State Initiative Efforts Stall**

In 2021, the Legislature enacted a [capital gains tax](#) of 7% on capital gains exceeding \$250,000. Since then, the tax has been legally challenged and a lower court, the Douglas County Superior Court, found the tax to be unconstitutional. Attorney General Ferguson has publicly stated an intent to appeal the lower court's decision to the Washington State Supreme Court. Opponents of the tax were collecting signatures for an [initiative](#) to repeal the tax; however, in early June, campaign organizers [announced](#) that they would not continue to collect signatures for the initiative, allowing the legal battle to play out in the courts.

Several other initiatives have been [filed](#), but very few seem likely to collect the requisite signatures. Organizers for an [initiative](#) to decriminalize possession of most controlled substances [announced](#) on June 30 that they would not continue to collect signatures for the November ballot. The initiative would have diverted a share of cannabis revenues and imposed new responsibilities for law enforcement officers, presumably presenting a fiscal impact to local governments.

### **WSAC Interim Workgroups**

WSAC Legislative Steering Committee (LSC) members will be convening several legislative workgroups on potential policy topics for the 2023 legislative session. These workgroups come out of ideas generated during the May LSC planning meeting and are organized by policy staff lead. Workgroups include:

- Infrastructure
- Fiscal and Governance
- Environment and Land Use
- Social Justice and Equity, encompassing Public Health, Human Services, Public Safety, and Juvenile Detention Issues

Three workgroups have convened:

The **Fiscal/Governance group** has convened once and will continue to meet bi-monthly. The group is considering several topics, including legislation to increase the 1% property tax limit, legislation to increase counties' share of cannabis revenue, the extension of the .09 program (HB 1333), County seat meeting flexibility (SB 5514), and several other returning issues. The group decided to punt consideration of cannabis revenue changes until more was known about I-1922, decriminalizing possession of controlled substances, which diverted a share of cannabis revenues; however, since then, campaign organizers announced that the initiative will not proceed. The next meeting will be Friday, July 15.

The **Social Justice and Equity group** met twice. This workgroup covers an expanse of interconnected topics, including jail funding, indigent defense, veteran's services, juvenile detention, *State v. Blake* response, and clarification of HB 1152 (restructuring County Boards of Health). At the first meeting, the group pulled indigent defense funding off the list of consideration because the Association plans to initiate litigation before session. Issues that generated the most interest were related to veteran's services and jail funding. Several members of the group articulated the need for additional state funding assistance for veteran's services, and some felt that providing funding for veteran's service officers should be a WSAC priority for next session, though this is a major push by NACO at the federal level. The group also considered whether to push on legislation to remove the veteran's levy outside the \$1.50 limit or simply ask the state to provide greater funding. There was no decision on this point.

Jail funding has been identified as the top priority for this group. Staff pointed out that the legislative jail standards work group is going to start its work, which will likely increase costs for counties. At the second meeting, the group divided this topic into three separate requests, prioritized in the following order: 1. Funding request for the cost of updating facilities and maintaining the jails; 2. Legislation to create a fee for state agencies bringing individuals into the jails; and 3. Asking the Legislature to provide ongoing funding to attract and maintain corrections workforce.

The group also addressed juvenile detention topics, including regionalization of juvenile facilities and potential expansion of age range encompassed by "juvenile." The group did not come to conclusion on any potential regionalization priorities; however, WSAC will be hosting a Virtual Assembly session on this topic on July 19. WSAC staff shared that proponents of legislation to expand the definition of juvenile don't intend to reintroduce the proposal at this point. There will be a final meeting to refine the group's list of proposals in August.

The **Infrastructure group** has met twice and has considered several topics, including requesting increased spending authority for loans from the Public Works Assistance Account, taking a position on a Road Usage Charge (RUC), broadband needs, establishing a federal funding swap program, and a study documenting the state's alternative energy sources/electrical grid resiliency. The group will be elevating almost every topic considered to the LSC as an issue of highest priority. The group will also be recommending that WSAC develop a proactive position on the RUC since they believe the Legislature will continue moving this direction. The work group is dominated by members who are opposed to a RUC, but there continues to be discussion about articulating a position that describes the need for county revenue if a RUC is implemented rather than simple opposition.

The **Environment and Land Use group** will be meeting in the next several weeks.