

**CITY COUNCIL STUDY SESSION**

State Legislative Update

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**DIRECTION NEEDED FROM COUNCIL****INFORMATION  
ONLY**

No action is required; this is an informational briefing. The State Legislature addresses a range of policy issues of interest to the City. Council may wish to provide direction to staff regarding legislative proposals.

**RECOMMENDATION**

N/A

**BACKGROUND & ANALYSIS****Statewide Voters Approve Three Initiatives**

Three statewide initiatives were approved by voters in the November 6 General Election in a year with a near-record turnout among voters. I-634 was approved and preempts city authority to tax grocery items, including soda. I-639 was approved and will impose gun safety measures. I-940 was also approved and will make changes in police use of force. The only initiative not approved by voters was I-1631 which would have imposed a carbon tax.

**Some Election Results Remain Tentative Pending Mandatory Recounts**

Based on preliminary results from the November 6 election, Democrats will maintain and increase their majorities in the State Senate and State House of Representatives for the 2019-2020 legislative sessions. The House of Representatives will have 57 Democrats and 41 Republicans, and the State Senate will likely include 28 Democrats and 21 Republicans, however recounts are underway in two close races.

There were a number of legislators who retired or who chose not to seek re-election resulting in a total of 28 new legislators who will serve in the 2019 legislative session. The City of Bellevue will be represented by two of these new members. My-Linh Thai won the 41<sup>st</sup> State Legislative District House seat previously held by Representative Judy Clibborn, who is retiring, and Amy Walen who won the 48<sup>th</sup> Legislative District House seat previously held by Representative Joan McBride, who is also retiring.

The list below includes positions held by Republicans that will be filled by Democrats, including:

## State Senate

- **26<sup>th</sup> State Legislative District (Gig Harbor, Port Orchard)** - This seat was previously held by Republican State Senator Jan Angel who chose not to run for a re-election leaving an open seat. Democrat candidate Emily Randall won against Republican Marty McClendon.
- **30<sup>th</sup> State Legislative District (Federal Way)** - Democrat challenger Claire Wilson won against Republican incumbent Senator Mark Miloscia.
- **47<sup>th</sup> State Legislative District (Kent, Covington, Auburn)** – Democrat challenger Mona Das won against Republican incumbent Senator Joe Fain.

## State House of Representatives

- **5<sup>th</sup> State Legislative District (Issaquah, Maple Valley, North Bend)** – Democrats won both House seats in this district, which were previously held by Republicans. Democrat challenger Lisa Callan won against Republican incumbent Representative Paul Graves, and Democrat candidate Bill Ramos won against Republican candidate Chad Magendanz.
- **10<sup>th</sup> State Legislative District (Whidbey Island, Camano)** – Democrat challenger Dave Paul won against Republican incumbent Dave Hayes.
- **28<sup>th</sup> State Legislative District (Lakewood, University Place, DuPont)** – Democrat challenger Mari Leavitt won against Republican incumbent Dick Muri.
- **44<sup>th</sup> State Legislative District (Mill Creek, Lake Stevens)** – Democrat challenger Jared Mead won against Republican incumbent Representative Mark Harmsworth.
- **42<sup>nd</sup> State Legislative District (Ferndale, Lynden)** – Democrat challenger Sharon Shewmake won against Republican incumbent Representative Vincent Buys.
- **47<sup>th</sup> State Legislative District (Kent, Covington)** – Democrat challenger Debra Entenman won against Republican incumbent Representative Mark Hargrove.

## Legislature Now Organizing and Making Committee/Caucus Appointments

The Legislature is discussing committee assignments, committee chairs and caucus appointments. These changes may result in the addition, elimination, or combining of committees and adjustments to which legislators sit on or chair which committees. This is also a time when current leadership is affirmed, or leadership changes are made. More announcements are expected in the next couple weeks around specific committee assignments. The following announcements regarding leadership have been made as of this writing:

- **Senate Majority Leader** – Previous Senate Democrat Majority Leader, Senator Sharon Nelson, chose not to seek re-election. Senate Democrats selected Senator Andy Billig from Spokane to serve as Senate Majority Leader. They have yet to announce the remainder of their leadership team.
- **Senate Republican Leadership** – Senate Republicans have named their leadership team:
  - **Leader:** Senator Mark Schoesler

- **Caucus Chair:** Senator Randi Becker
  - **Floor Leader:** Senator Shelly Short
  - **Whip:** Senator Ann Rivers
  - **Deputy Leader:** Senator Sharon Brown
  - **Caucus Vice Chair:** Senator Judy Warnick
  - **Deputy Floor Leader:** Senator Brad Hawkins
  - **Deputy Whip:** Senator Barbara Bailey
- **House Democrat Leadership** – Longtime Speaker of the House Frank Chopp announced that he will step down as Speaker after the 2019 legislative session and will work to provide an orderly leadership transition. It's unclear who will be selected as the new Speaker at the end of the 2019 legislative session. The following leadership selections have also been made:
    - **Leader:** Representative Pat Sullivan
    - **Caucus Chair:** Representative Eric Pettigrew
    - **Floor Leader:** Representative Monica Stonier
    - **Whip:** Representative Marcus Riccelli
    - **Speaker Pro Tempore:** Representative John Lovick
    - **Deputy Speaker Pro Tempore:** Representative Tina Orwall
- **House Republican Leadership** – House Republicans also selected their leadership team:
    - **Leader:** Representative JT Wilcox
    - **Deputy Leader:** Representative Joel Kretz
    - **Caucus Chair:** Representative Paul Harris
    - **Vice Caucus Chair:** Representative Gina Mosbrucker
    - **Whip:** Representative Dan Griffey
    - **Assistant Floor Leader:** Representative Jacquelin Maycumber
    - **Assistant Floor Leader:** Representative Dan MacEwen

### **2019-21 State Budget Outlook**

Governor Jay Inslee's office is developing his 2019-2021 Operating, Capital, and Transportation budget proposals which are scheduled to be released the week of December 10. Senior staff from the Office of Financial Management (OFM) provided an update on the budget and outlined challenges. According to the OFM report, Operating Budget revenues have increased, however, the forecasted cost of maintaining existing services has increased, resulting in a projected \$300 million budget deficit prior to making any investments. Beyond maintaining existing services, there is a pressing need to invest in the state's mental health system. According to staff from the Office of Financial Management, once those additional investments are accounted for, the budget deficit is projected to be about \$1 billion. The Governor will look at fund transfers—likely from the Budget Stabilization Account, commonly referred to as the “rainy day fund”—and new revenue sources such as a capital gains tax, adjustments to property tax, and carbon pricing. It is unclear which, if any, of these revenue sources will be included in his proposal.

The Capital Budget is estimated to have \$3 billion in bond capacity available, not including cash accounts such as the Public Works Trust Fund or the Model Toxics Control Account (MCTA). There are many demands on this revenue. State agencies, which includes K-12 school construction requests, submitted \$6 billion in Capital Budget requests. Western and Eastern State Hospitals, and several Department of Corrections facilities are also in need of urgent capital repairs.

Revenues for the Transportation Budget are coming in below forecasted levels. The Governor is likely to recommend adjustments to project schedules to accommodate declining revenue.

### **2019 Session Preview**

The 2019 Legislative Session begins Monday, January 14 and is scheduled to last 105 days including holidays and weekends. Below is a summary of many of the issues that will be discussed and debated during the upcoming session:

#### ***Affordable Housing, Human Services and Homelessness***

The Governor's budget proposal will likely include a package of bills to reform the state's mental health system. While details have not been released, the overarching vision is to establish community-based facilities to provide mental and behavioral health services. These community-based facilities would be designed to relieve pressure on Western and Eastern State Hospitals.

Additionally, it is anticipated that dozens of legislative proposals around affordable housing will be introduced during the 2019 legislative session. The House Democratic Caucus has indicated it intends to introduce a package of bills. While specific bills have not been identified, there are discussions around the following proposals:

- Credit Against the State Sales Tax - Representative Nicole Macri (D-Seattle) and Representative June Robinson (D-Everett) intend to introduce a "redraft" of House Bill 2437 introduced during the 2018 legislative session. The bill would authorize counties and cities to use a credit against the state sales tax to bond for constructing affordable housing. Details of the bill are under discussion but have not been finalized, specifically around what authority would be available to counties versus cities.
- Real Estate Excise Tax (REET) Flexibility for Affordable Housing – The City of Kirkland is requesting legislation removing the 2022 expiration date on a city's authority to utilize local REET revenues for affordable housing, as long as other capital projects have adequate funding.

Additionally, Senate Republicans have announced they will introduce a package of bills on affordable housing. At this time, their package includes 17 bills aimed at helping reduce homelessness in the state. Again, details around the specific bills have yet to be released, however some of the concepts that have been mentioned include:

- State property tax exemption for disabled veterans, senior citizens and disabled individuals if a person's home is valued below the county median or the combined annual household income is below \$100,000, and in the case of senior citizens, the person has lived in the state for at least 15 years.
- Loosening regulations on "tiny-homes".

## **Transportation**

### **Discussions around a Transportation "Mini Package"**

Senate Transportation Committee Chair, Senator Steve Hobbs (D-Lake Stevens), has indicated that he intends to introduce a "mini transportation package" to make a round of investments in transportation projects that were not included in the Connecting Washington package approved by the Legislature in 2015. The package may include a 5-cent per gallon increase in the state gas tax, a carbon tax, and increased taxes on electric vehicles. While voters rejected I-1631, which would have imposed a carbon tax, Senator Hobbs and other proponents of the mini transportation package argue that a carbon tax would be better received if the revenue was allocated to specific transportation investments.

### **Regulating Transportation Network Companies (TNCs)**

The Legislature has previously considered proposals that would preempt local control and establish a statewide regulatory framework for transportation network companies such as Uber and Lyft. Cities have expressed concerns about these efforts but have indicated that a statewide regulatory framework would be acceptable if it honors existing regulations developed at the local level. King County is leading a stakeholder process that includes representatives from TNCs, law enforcement, labor, cities, and counties to develop a legislative proposal.

Additionally, the Joint Transportation Committee (JTC) was directed by the Legislature to develop a report on and recommendations on how best to regulate TNCs and taxis. The report includes findings around the current regulatory framework, information on other states' regulatory frameworks, conducting background checks on drivers, and key policy questions that need to be addressed. The final report is not likely to be completed in time to include recommended actions for the 2019 Legislature.

### **Autonomous Vehicle Task Force**

The State Transportation Commission convened an Autonomous Vehicle Task Force earlier this year. The task force structure includes an executive committee and five subcommittees. The task force will report on its efforts to develop a five-year work plan during the early weeks of the 2019 session.

## **General Government**

### **Prevailing Wage Legislation**

The 2018 Legislature passed Senate Bill 5493 that required the Department of Labor and Industries (L&I) to use comparable collective bargaining agreements to establish the prevailing wage for

trades/occupations in specific geographic regions, rather than the previous practice of using wage and hour surveys to determine the prevailing wage. The bill says that if there are multiple collective bargaining agreements for that trade/occupation in the geographic region, that the collective bargaining agreement with the highest rate will be used to set the prevailing wage.

The L&I Department's interpretation and implementation of the bill has resulted in some serious unintended consequences. One of those unintended consequences is that L&I utilized a broad definition of "landscape laborers" that more than doubled the prevailing wage rate for that category. In some areas of the state, rates jumped from \$17.87 per hour to \$37.67 per hour—an 110% increase. Many cities, including Bellevue will be negatively impacted if this interpretation of the statute is allowed to stand. There will likely be legislation that addresses this unintended significant increase, as well as other issues that have arisen with the implementation of Senate Bill 5493. Specific legislative language is not yet available.

### **Public Works Assistance Account**

One of the Association of Washington Cities' (AWC) top legislative priorities is to restore revenue streams to the Public Works Trust Fund that were diverted to the state's Operating Budget over several legislative sessions. There were three original revenue sources for the fund: 4% of the Real Estate Excise Tax (REET), a portion of the Solid Waste Tax, and loan repayments. The REET and Solid Waste Tax were statutorily redirected to the Education Legacy Fund until 2023. The AWC is working to redirect the REET revenues (approx. \$80 million/biennium) back into the fund and ensure that loan repayments remain with the account. This proposal would pull money out of the Education Legacy Fund which will be the subject of much debate and may not be acceptable to Legislators. To increase its viability, the AWC is considering emphasizing that the revenue could be dedicated to specific purposes such as replacing culverts or building infrastructure to support affordable housing.

### **Legislative Task Force on Public Records**

The 2018 Legislature established a Task Force to make recommendations to the 2019 Legislature regarding the disclosure of legislative public records and the applicability of public records statutes to the Legislature. The Task Force has met twice and has reached consensus around three principles: 1) any disclosure regulations should strive for maximum transparency; 2) alternative dispute resolution for public records disputes should be considered; and 3) an exemption should exist for constituent correspondence with legislators. While there will likely be legislation introduced this coming session, no specific details are available at this time.

### **Public Safety**

#### **Funding for the Basic Law Enforcement Academy**

The Criminal Justice Training Commission has requested \$4.5 million for the 2019-2021 biennium to fund 19 Basic Law Enforcement Academy training courses for new law enforcement officers. Many legislators, including all members of the 41<sup>st</sup> and 48<sup>th</sup> districts that represent Bellevue and other Eastside cities, sent a letter to Governor Inslee supporting this request and urging the Governor to include the funding in his budget proposal. In addition to this budget request, a bill will be introduced

that would change the statutory waiting time for a new- hire to complete training within two months rather than six months. This funding request is important to Bellevue because it allows newly-hired police officers to receive training closer to their hire date.

### **Use of Police Force**

The Legislature is likely to consider amendments to I-940 regarding police use of force, which was approved by voters in the November 6 General Election. I-940 contains several provisions pertaining to law enforcement training, rendering of first aid, criminal liability standards for using deadly force, and investigations.

I-940 was filed as an initiative to the 2018 Legislature. If the Legislature had enacted it through standard procedures it would not have been included on the November ballot. However, the Legislature used a unique procedural move, wherein they enacted amendments to the initiative prior to approving the initiative itself. After the Legislative session, the State Supreme Court ruled that as a result of this procedural move, the initiative needed to be included on the November ballot for a vote and ruled that the enacted amendments were invalid.

The 2019 Legislature is expected to reconsider the amendments to the initiative that were agreed to by a large group of stakeholders including the Washington Association of Sheriffs and Police Chiefs, De-Escalate Washington, and tribal governments. The agreed upon amendments address law enforcement training, duty to render first aid, independent investigations, and rulemaking.

### **POLICY & FISCAL IMPACTS**

The State Legislature addresses a range of policy issues of interest to the City.

### **OPTIONS**

N/A

### **ATTACHMENTS & AVAILABLE DOCUMENTS**

N/A

### **AVAILABLE IN COUNCIL LIBRARY**

N/A