

CITY COUNCIL STUDY SESSION ITEM

SUBJECT

State Legislative Update

STAFF CONTACT(S)

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POLICY ISSUES

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

ACTION

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DIRECTION

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INFORMATION ONLY

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No formal action is required; this is an informational briefing.

Council may wish to provide direction to staff regarding particular legislative proposals.

BACKGROUND/ANALYSIS

2017 Legislative Session Underway

The first week of the legislative session was marked with the pomp and circumstance of formal swearing-in ceremonies and the Governor's Inaugural Address, interwoven with the Legislature getting right to work with making recommendations on how to address K-12 education funding, introducing hundreds of bills, holding bill hearings and work sessions. Hearings will continue for the next month. Bills need to advance out of committee by February 17 in order continue to be considered this session.

Governor's Proposed Budgets

Prior to the beginning of the legislative session, the Governor released proposed Operating, Capital, and Transportation budgets. Last week, both the House and Senate held public hearings on the proposed budgets. This initiates the budget discussion in each chamber. Now, the Legislature will begin working on its budget proposals. The Senate will release its budget first, followed by the House, after the March revenue forecast.

K-12 Education Funding Task Force Recommendations: Disagreement Begins Early

On the first day of the legislative session, the Education Funding Task Force that has been meeting during the interim, submitted its recommendations to the Legislature. The Task Force was not able to reach agreement on a joint recommendation. Instead, two reports were presented; one from the Democrats and one from Republicans. How to fund the cost of a basic education is still an elusive target for the two parties.

The report submitted by the Democrats proposes investing \$7.3 billion in education over the next two biennia, identifying possible revenue sources, including: tax preference closures, B&O tax changes, state property tax changes, a capital gains excise tax, and carbon pricing. The report submitted by the Republicans outlined general guidelines as to what actions the Legislature should take to fund education, including: allocating revenue by dedicating current-law revenue growth to K-12 education and repairing

the regressive levy structure. Following release of these divergent recommendations, we are hearing that the release of these reports on the first day of session foreshadows a lengthy session, with special session(s) needed to reach agreement on K-12 funding and other budget issues. Meanwhile, the Legislature continues to be held in contempt by the State Supreme Court for failing to have a plan by 2018 to fully fund K-12 education.

Department of Revenue Task Force on Local Business Licensing & B&O Taxes Report

Over the legislative interim, the Department of Revenue convened a task force of city and business representatives to discuss changes to local business licensing and taxes. The Department shared the task force's final recommendations with the House Finance Committee recently, and House Finance Committee Chair, Rep. Kristine Lytton (D-Anacortes) and Ranking Member, Rep. Terry Nealey (R-Dayton), may introduce legislation on the topic. It is unclear whether the legislation will align with the task force recommendations. In an effort to encourage alignment with the task force recommendations, city advocates have drafted legislative language that mirrors key elements of the recommendations for consideration by the Chair and Ranking Member. Key recommendations of the task force include encouraging cities to join the state business licensing service (the ATLAS system) over the next five years, establishing a model ordinance defining what level of business engagement requires a business to get a business licensing, making it mandatory that cities adopt the model ordinance, and completing a feasibility study on a seamless interchange between the state business licensing system and FileLocal. As you recall, FileLocal is the multi-city business licensing and B&O tax portal developed and implemented by the four largest cities that collect a local B&O tax (Seattle, Bellevue, Tacoma and Everett).

Small Cell Wireless Facilities Deployment

As Bellevue staff noted in the City's Draft 2017 State Legislative Agenda, small cell wireless facility siting will again be an issue in the 2017 session. During the first week of session, the Senate Energy, Environment, and Telecommunications Committee held a work session on the deployment of small cell wireless and the associated infrastructure. At the work session, city representatives expressed a shared desire to efficiently deploy small cell wireless infrastructure. This desire, however, needs to be balanced with a public process that addresses community/neighborhood concerns such as aesthetics, size, and placement of the often large associated infrastructure impacts. Cities also argued against a "one-size-fits-all" statewide statute, and serious concerns with potential loss of the ability to control activities in its rights of way, the costs/process associated with permitting, loss of its rights as a property owner to negotiate the terms of all leases on city property. City representatives noted that the cities of Kenmore, Kirkland and Spokane have made modifications to their codes to provide for these installations and many cities (including Bellevue) have been working jointly with telecommunications companies to develop a master lease agreement and were surprised that statewide legislation is being pursued at this time.

Telecommunications industry representatives expressed a desire to deploy small cell wireless infrastructure quickly to support the current 4G network and to ramp up for 5G. They argued a state law is needed to provide greater standardization and permitting certainty, access to city rights of way and pole attachment costs. It is anticipated that the committee chair, Doug Erickson (R-Ferndale) will introduce a bill. Cities are working with the Association of Washington Cities on this issue.

Restoring State-Shared Revenues

While most of the state-shared revenues that was cut during the economic downturn have since been restored, there are two exceptions: liquor profit revenues and the Public Works Trust Fund. The Legislature is considering bills to restore revenues to both of these accounts. **House Bill 1113**, sponsored by Rep. Dave Hayes (R-Camano Island), would gradually restore the 50/50 sharing of liquor profit

revenues between the state and local governments that existed prior to 2012. **House Bill 1051**, sponsored by Rep. Richard DeBolt (R-Chehalis), relaunches the Public Works Trust Fund by making changes to the program and restoring revenue to the account. While these bills would be beneficial to cities, including Bellevue, it is highly unlikely either bill will become law while the Legislature is facing the challenge of meeting current expenses and addressing the K-12 funding issue.

Public Notices of Public Health, Safety, and Welfare Information in Languages other than English Senate Bill 5046, sponsored by Sen. Bob Hagegawa (D-Seattle), would require state agencies and local emergency management departments to provide public notices in languages other than English. This requirement would apply in communities where either 5% or 500 residents, whichever is fewer, primarily speak a language other than English or have limited English proficiency. The premise of this proposed legislation is good, but it could create a significant unfunded mandate for local government. Bellevue staff is reviewing this bill and attempting to get an estimate of the potential costs.

ALTERNATIVES

NA

RECOMMENDATION

NA

ATTACHMENT(S)

NA

AVAILABLE IN COUNCIL DOCUMENT LIBRARY

NA