

**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****STATE LEGISLATIVE UPDATE**

During the first week of the legislative session, legislators were sworn in, Governor Jay Inslee gave his "State of the State" speech at a joint session of the Legislature, and committees began holding public hearings on bills. The Governor's speech highlighted his priorities and some of the issues the Legislature will consider this session, including climate change, clean energy, mental health reforms, early learning, rural broadband, and saving the Resident Puget Sound Orcas.

The Legislature will continue to meet in committees, holding background briefings and public hearings on proposed legislation. Bills need to be heard and passed out of any policy committee by Friday, February 22 to remain under consideration this session. This deadline is commonly referred to as the "policy committee cutoff". If proposed legislation has an impact on the state budget or other fiscal implications, the bill will be referred to a fiscal committee for further consideration before being advanced to the entire House or Senate.

**Transportation**

**Revenue Package Receives a Hearing:** Senator Steve Hobbs, (D-Lake Stevens), who chairs the Senate Transportation Committee, shared a draft gas tax increase and carbon tax proposal to fund a new round of transportation investments. Senator Hobbs scheduled a work session in the Senate Transportation Committee last week to receive feedback from the public. Concepts for the transportation package include increasing revenue through the following mechanisms:

- \$15 flat rate carbon fee
- A 6-cent per gallon increase in the gas tax

- A statewide transportation impact fee of \$2.50/square foot for commercial buildings; \$1/square foot for residential and manufacturing buildings
- Sales tax increase on auto part sales
- Sales tax increase on bicycles
- Sales tax increase on rental cars
- Increase in the electric vehicle fee
- Variety of additional fee increases

These revenue mechanisms are estimated to raise just over \$17 billion over 10 years. Of the \$17 billion, \$500 million is proposed to be spent on maintenance, \$1 billion on preservation, \$3.1 billion on replacing culverts that are barriers to fish passage, with the remainder to be spent on other projects and grant programs.

### **Affordable Housing**

Last week, the Association of Washington Cities (AWC) provided testimony on affordable housing and homelessness issues impacting cities before the Senate Housing Stability and Affordability Committee. Two panels composed of city officials presented information on the challenges and impacts of the shortage of affordable housing and the increasing numbers of homeless people. The first panel included representatives of larger cities: Tacoma Economic Development Director Jeff Robinson; Olympia City Councilmember Jessica Bateman; Everett Economic Development Director Dan Erniessee; and Kirkland City Councilmember Jay Arnold. The second panel included representatives from smaller cities/areas: Chelan Mayor Mike Cooney; White Salmon Mayor David Poucher; Walla Walla City Councilmember Riley Clubb and Wenatchee Valley Chamber of Commerce Executive Director Shiloh Burgess.

In addition to the work session, multiple affordable housing bills scheduled for hearings:

- ***Real Estate Excise Tax (REET) Revenue for Affordable Housing:*** Senate Bill 5195, sponsored by Senator Patty Kuderer (D-Bellevue) and House Bill 1219, sponsored by Representative Amy Walen (D-Kirkland), would authorize cities to utilize the second quarter-cent REET revenue for affordable housing at the discretion of the jurisdiction. A public hearing was held on the Senate version of the bill in the Senate Committee on Housing Stability and Affordability.
- ***Habitat for Humanity Housing Tax Exemption:*** Senate Bill 5025, sponsored by Senator Mona Das (D-Covington), would create a sales and use and excise tax exemption on the construction of single-family and multi-family homes constructed by Habitat for Humanity and similar organizations. The bill was heard last week in the Senate Committee on Housing Stability and Affordability.

Additionally, a number of bills were introduced this first week of the legislative session that have not yet been scheduled for a public hearing:

- ***Additional Real Estate Excise Tax (REET) Authority:*** Senator Jeannie Darneille (D-Tacoma) is sponsoring Senate Bill 5357. The bill would authorize cities to increase the REET by up to an additional .50 percent to fund affordable housing. The bill is not yet scheduled for a public hearing.
- ***Credit Against State Sales Tax for Affordable Housing:*** House Bill 1406, sponsored by Representative June Robinson (D-Everett), was introduced last week. The bill would allow the City of Bellevue to impose a .01 credit against the state sales tax to acquire, rehabilitate, or construct affordable housing or fund the operations and maintenance of new units of affordable or supportive housing. The housing and services may only be provided to persons whose income is at or below 60% of the county average median income (AMI) that is 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 redirected for another purpose. This bill is not yet scheduled for hearing.
- ***Condominium Liability Reform:*** It is likely that several bills will be introduced making reforms to the Condominium Liability Act. One bill has already been introduced by Senator Mike Padden (R- Spokane Valley). Senate Bill 5219 states that condominium construction warranties would not apply to condominiums with fewer than seven units. The goal is to encourage construction of smaller developments by treating them similar to single-family homes by removing them from the warranty/liability provisions in state law. The bill has broad, bipartisan support and is likely to advance through the legislative process. The bill is not yet scheduled for a public hearing.

In addition to Senate Bill 5219, there will also be a second bill(s) that will likely propose wholesale changes to reform the construction warranties liability issue.

## **Homelessness and Human Services**

Making reforms to the state's mental health system is one of the largest challenges the Legislature faces this session. There were hearings last week on several proposals that aim to address this challenging issue, including:

- ***Responding to the Opioid Epidemic:*** The Governor requested Senate Bill 5380, sponsored by Senator Annette Cleveland (D-Vancouver), and House Bill 1331, sponsored by Representative Eileen Cody (D-Seattle), in response to the opioid epidemic.

The Senate version of the legislation would make a series of statutory changes to combat the opioid epidemic including: ensuring that patients are notified of their right to refuse opioids; allowing a pharmacist to only partially fill a prescription for opioids if requested by the patient; increasing warnings around the use of opioids; expanding access to opioid overdose reversal medications; improving the prescription drug monitoring program; requiring therapeutic courts to

allow medication-assisted treatment for participants; authorizing a law enforcement assisted diversion pilot program for cities and counties; and requiring opioid treatment in city and county jails.

- **Responding to the Trueblood Decision Settlement:** The Governor requested introduction of Senate Bill 5444, sponsored by Senator Manka Dhingra (D-Redmond). The bill would implement changes to competency evaluations and restoration services for people suffering from behavioral health disorders. The proposal is consistent with the requirements agreed to in the *Trueblood* settlement agreement based on the State Supreme Court decision.
- **Behavioral Health Integration:** Senate Bill 5432, sponsored by Senator Manka Dhingra (D-Redmond), and House Bill 1393, sponsored by Representative Eileen Cody (D-Seattle), propose changes to state statutes to ensure that the state's behavioral health system is fully integrated. This legislation builds on work from previous legislative sessions that blend mental and behavioral health services with physical health services.

## General Government

**Wrongful Death Legislation:** House Bill 1135, sponsored by Representative Sharon Tomiko Santos (D-Seattle) and Senate Bill 5163, sponsored by Senator Bob Hasegawa (D-Seattle), addresses wrongful injury or death. The bill is identical to bills introduced last session, **except** that it would also be applied retroactively. It expands the beneficiaries of a wrongful death action by removing dependence and residency requirements for parents and siblings. A parent or sibling may be a beneficiary of a wrongful death action if there is no spouse, domestic partner, or child, without having to show dependent on the deceased and regardless of whether the parent or sibling resided in the United States at the time of death. The Association of Washington Cities is opposed to the legislation and Bellevue opposed the bills in the 2018 session.

**Prevailing Wage for Landscape Laborers:** The 2018 Legislature passed Senate Bill 5493 requiring the Department of Labor and Industries (L&I) to use comparable collective bargaining agreements to establish the prevailing wage for trades/occupations in a geographic region. This was a change from the previous practice of using wage and hour surveys to establish the prevailing wage for trades/occupations. As a result, the prevailing wage for landscape laborers more than doubled. Rates jumped from \$17.87 per hour to \$37.67, a 110% increase. The Association of Washington Cities has received feedback from multiple legislators and jurisdictions (including Bellevue) that they want to see this issue addressed and adjusted via rulemaking rather than legislatively. L&I is exploring whether it can use rulemaking to distinguish landscape maintenance from landscape construction in order to mitigate the impact of the changes in prevailing wage.

**Increased Funding for Indigent Defense:** House Bill 1086, sponsored by Representative Mike Chapman (D-Port Angeles), would increase appropriations to cities and counties for public defense. Beginning in fiscal year 2020, the proposal would direct the state to appropriate funds to cities and counties for no less than 10% of the cost of public defense services. The percentage of state funding

would increase by 10% each year until 2029 when the appropriation would reach 100% of the cost of public defense services.

The bill eliminates current distribution formulas for public defense funds and directs the Office of Public Defense to establish policies for distribution of funds to eligible cities and counties. The House version of the bill was recently heard in the House Civil Rights and Judiciary Committee and is scheduled for executive action. The Senate version, Senate Bill 5098, sponsored by Senator John Braun (R-Centralia), will be heard in the Senate Law and Justice Committee. The City of Bellevue supports this increased funding bill and will sign in to support the legislation.

**Local Option Funding Tools for Park Maintenance and Operations:** Representative Carolyn Eslick (R-Sultan) is the sponsor of House Bill 1371, which would create local options to fund parks. The bill would allow jurisdictions to establish a local taxing district called a Park Benefit District to fund the maintenance, operation, and expansion of parks. The Park Benefit District would have the authority to impose a .1% sales tax increase with voter approval, establish a park improvement district that mirrors local improvement districts, and impose impact fees. The bill was introduced last week and has not yet been scheduled for a public hearing.

## **Public Safety**

**Police Use of Force:** House Bill 1064 sponsored by Representative Roger Goodman (D-Kirkland), and Senate Bill 5029 sponsored by Senator David Frockt (D-Seattle), would amend Initiative 940 regarding police use of force, which voters approved in the November General election. I-940 contains provisions on law enforcement training, rendering of first aid, criminal liability standards for using deadly force, and investigations. The legislation contains the same amendments to the initiative that were agreed to last session 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.

The House Public Safety Committee unanimously voted to support the bill and referred the bill to the House Appropriations Committee for its consideration. The Senate bill also passed unanimously out of the Senate Committee on Law and Justice and has been referred to the Senate Rules Committee.

**Basic Law Enforcement Academy Legislation:** In addition to seeking funding for nine additional Basic Law Enforcement Academy (BLEA) classes in each fiscal year, legislation is proposed to ensure that new officers are trained in a timely manner. House Bill 1253, sponsored by Representative Shelley Kloba (D-Kirkland), requires an officer to begin training at the academy within two months of being hired, rather than six. This policy change is a mechanism to address the critical need for timely training of officers. The bill is supported by the Association of Washington Cities, the City of Bellevue and many other jurisdictions.

## **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