

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**Economic and Revenue Update**

The Washington State Economic and Revenue Forecast Council (ERFC) released an update of the state's economic and revenue forecast in June. Since the March forecast, state General Fund revenue collections have come in only half a percent higher than forecasted. The small forecast variance, coupled with small changes in the economic forecast, would have produced slight changes in forecasted revenue. These changes, however, were outweighed by the effects of a new operating budget and other legislation, including tax and fee increases, that passed in the 2019 legislative session subsequent to the March forecast. In addition, a \$70 million refund expected to occur between the release of the forecast and the end of June has reduced total forecasted revenue for the 2017-2019 biennium.

The total forecast increase for the 2019-2021 biennium was \$195.5 million and the total for the 2021-2023 biennium was \$346.7 million. Of these amounts, legislative changes added \$109.3 million to projected collections for the 2019-2021 biennium and \$282.3 million for the 2021-2023 biennium. The economic and revenue forecasts are updated quarterly. The next update to the revenue forecast will be on September 25.

Washington's Population

On June 28, the Office of Financial Management (OFM), estimated that 7,546,400 people reside in the State of Washington as of April 1. Strong population growth continues in the state, adding 118,800 people over the past year which is a 1.6% increase. Migration continues to be the primary driver behind Washington's population growth. From 2018 to 2019, net migration (people moving in minus people moving out) to Washington totaled 90,100, which is 3,300 more than last year. Net migration accounted for 76% of the state's population growth, with natural increase (births minus deaths) responsible for the other 24%. Similar to recent years, population growth remains concentrated in the five largest metropolitan counties—Clark, King, Pierce, Snohomish and Spokane. However, momentum continues

to shift to other metropolitan and non-metropolitan counties. The top 10 cities for population growth are Seattle, Bellevue, Tacoma, Spokane, Kennewick, Redmond, Vancouver, Kirkland, Pasco, and Bellingham.

The state added 45,300 housing units in 2019, compared to 42,200 in 2018, which is an increase of 7.3%. 55% of all new units built in the past year were multi-family units. The state's housing stock has grown by an average of 31,700 units per year since 2010, which is 27% below the prior decade average of 43,500 units per year. More than 71% of all new housing units this decade were built in one of the state's five largest metropolitan counties. King County leads all counties with 104,500 new housing units, or 37% of the state total since 2010.

A Roadmap to Washington's Future: GMA Reform on the Horizon

In 2017, the Washington State Legislature allocated funds to the William D. Ruckelshaus Center for a two-year project to create a Road Map to Washington's Future. The purpose of the project was to articulate a vision of Washington's desired future and identify additions, revisions, or clarifications to the state's growth management and planning framework needed to reach that future. Legislators often cited the pending report as a reason to wait on making any substantive changes to the Growth Management Act (GMA). On June 30 the final report was submitted to the Legislature and is now available online. The nearly 900-page report synthesizes responses from study participants who shared what is working well and what is not working well within the growth planning framework. For items listed as not working well, the study recommends improving fiscal tools for affordable housing such as increasing affordable multifamily tax exemption programs and allowing tax increment financing (specifically for affordable housing development). This report creates an opportunity to advance legislation in response to the study recommendations.

Association of Washington Business (AWB) – Housing Forum

AWB held a Housing Forum on July 8 in Bellevue to facilitate a policy discussion on housing availability and affordability across Washington State. The forum allowed attendees to engage with a variety of housing industry stakeholders, including legislators, economists, builders and bankers, local elected officials, and more. Several of the sessions involved panel speakers that covered topics such as rising house costs, costs of building a home and managing Washington's growth, infrastructure needs, and land availability. The AWB partnered with the Association of Washington Cities, Building Industry Association of Washington, Greater Spokane Inc., Rental Housing Association of Washington, Seattle Metropolitan Chamber of Commerce, Washington Relators, Washington Roundtable, Washington Ports and the Washington State Associations of Counties.

House Local Government Committee

The House Local Government Committee will meet for a work session on July 29 at Federal Way City Hall to discuss the Ruckelshaus Study discussed above (A Road Map to Washington's Future), regarding how well the GMA has met the challenges of growth and change in local jurisdictions since its enactment. There will be an overview of the permitting processes, challenges, and recommendations to streamline current local government permitting processes.

Washington Referendum Measure 88

This measure would require a statewide vote on Initiative 1000 and would require I-1000, which was approved by the state Legislature on April 28 to *instead* be placed on the 2019 ballot for a statewide vote.

I-1000 repeals Initiative 200, a measure approved by Washington voters 20 years ago. I-200 blocked the government from giving preferential treatment to, or discriminating against, people and groups on the basis of sex, ethnicity, color, race or national origin.

Early in the 2019 legislative session, I-1000 supporters submitted approximately 400,000 signatures to the Legislature. The Legislature chose to enact the initiative rather than refer it for a public vote. Referendum 88 would reverse that action and allow voters to decide whether or not to enact policies included in I-1000.

I-1000 was designed to allow affirmative action without the use of quotas in Washington. This means that characteristics such as race, sex, color, ethnicity, national origin, age, sexual orientation, disability, or veteran status can be used as factors when considering a person for education or employment opportunities. The measure was designed to create a Governor's Commission on Diversity, Equity and inclusion which is responsible for ensuring compliance with the measure and is required to issue an annual report on the progress of state agencies in achieving the measure's goal of "guaranteeing every resident of Washington state equal opportunity and access to public education, public employment".

The State Legislature approved I-1000 largely along party lines. 56-42 in the House and 26-22 in the Senate.

Autonomous Vehicle (AV) Work Group

The AV Work Group Executive Committee met June 28 to review and enact a budget and work plan for the biennium, discuss potential impacts of AV's on the disabled community and receive subcommittee updates. The committee plans to meet again September 26.

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