

**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****November Election Results**

While the last remaining ballots continue to be counted, unofficial election results indicate a statewide voter turnout of just under 45 percent in the November 5, General Election. Election results will be certified by each county on November 26, and the Secretary of State will certify final statewide results by December 5.

Election results indicate that Washington State voters rejected Referendum 88 and approved Initiative 976. Additionally, several state lawmakers have indicated they intend to reconsider legislation to eliminate the dozen advisory votes included on the ballot. More on each of these items is included below:

**Referendum 88**

Results indicate that voters rejected R-88 50.54 percent to 49.46 percent. R-88 placed Initiative 1000 on the ballot. I-1000 would have allowed state and local governments to implement affirmative action laws, regulations, policies or procedures to encourage diversity in public employment, higher education and contracting. I-1000 was an initiative to the Legislature that the Legislature chose to enact. Rejection of R-88 voids the Legislature's action. Given voter feedback, it is unlikely the Legislature will bring up the issue during the 2020 legislative session.

**Initiative-976**

Results indicate that voters approved I-976 53 percent to 47 percent. The measure included the following:

- Limits motor vehicle license fees (car tab fees) to \$30 per year;
- Repeals or reduce certain motor vehicle weight fees;
- Repeals the authority for Transportation Benefit Districts (TBDs) to impose vehicle fees;
- Reduces electric vehicle fees to \$30 per year;

- Repeals the 0.3 percent tax on motor vehicle retail sales;
- Requires local motor vehicle excise taxes (MVET) to be calculated using the Kelley Blue Book base value of the vehicle;
- Conditionally repeals the Sound Transit 0.8 percent MVET, and;
- Requires the retirement or refinancing of Sound Transit-related bonds.

These changes will result in a significant reduction in state and local transportation funding. The state estimates lost revenue of \$588 million in the 2019-2021 biennium, \$677 million in the 2021-2023 biennium, and \$758 million in the 2023-2025 biennium.

Governor Jay Inslee issued a press release directing the Washington State Department of Transportation (WSDOT) to delay work on future project phases until the Legislature reviews and approves projects that are now scheduled to receive funding. For example, if a project is being designed, design work may continue, but the WSDOT may not proceed with any future phases, including engineering, right-of-way acquisition, or construction even if funding for those phases is now allocated. During the 2020 legislative session, the Legislature will re-evaluate the projects scheduled to receive funding through the Connecting Washington Program in 2019-2021 and assess which projects to delay or cut as part of its supplemental transportation budget.

The Department of Licensing (DOL) released initial guidance on the implementation of I-976 indicating that most provisions of I-976 go into effect on December 5. If an individual's vehicle registration expires on or before December 5, the previous fee rates apply and delaying payment will not change the amount owed.

In addition to the impact on the state's transportation budget, I-976 could result in cuts of up to \$328 million per year to Sound Transit. A report in the *Seattle Times* indicates that Sound Transit estimates that it could face a \$20 billion impact through 2041 from the combination of collecting \$6.95 billion less in car tab revenues, as well as the estimated cost of \$13 billion in higher future interest costs. The Sound Transit Board was expected to discuss the financial implications of I-976 at its November 21 Board meeting.

Meanwhile, the Association of Washington Cities (AWC), King County, the Washington State Transit Association, the City of Seattle and several other stakeholders filed a lawsuit seeking an injunction and determination of the constitutionality of I-976. The lawsuit argues that the initiative violates multiple provisions of the Washington State Constitution, including the single- subject rule.

### **Advisory Votes**

The November ballot included a dozen advisory votes on tax increases enacted by the Legislature in 2019. While many of the tax increases were enacted as part of a broader package that also included tax reductions, each tax increase is listed separately on the ballot. The results of the advisory votes do not change the law, but they can cause voter confusion. The appearance of the advisory votes on the ballot is the result of a Tim Eyman initiative approved in 2007. During the 2019 legislative session, the Legislature considered Senate Bill 5224, sponsored by Senator Patty Kuderer (D-Bellevue), which proposed to eliminate the advisory votes. While the bill passed the Senate, it did not pass in the House. It is likely that the Legislature will revisit the legislation during the 2020 session.

## **2020 Legislative Session Begins January 13**

The 2020 session of the State Legislature begins on Monday, January 13. As the second year of the two-year legislative cycle, 2020 will be a “short” session, scheduled to last 60 consecutive days. During the session, the Legislature will adopt supplemental operating, capital, and transportation budgets, that will amend the 2019-2021 budgets adopted earlier this year. Additionally, all bills introduced during the 2019 session remain under consideration during the 2020 session, along with newly-introduced bills.

## **Legislative Committee Days**

Both the House of Representatives and the Senate held committee days last week. While the Legislature was not formally in session during this time, legislators convened in Olympia and legislative committees held work sessions on emerging issues. Some specific topic areas included:

- The Senate Housing Stability and Affordability Committee discussed implementation of three bills that were enacted during the 2019 session:
  - Senate Bill 5600 - made several amendments to the Residential Landlord Tenant Act including requiring landlords to provide tenants 14-days, rather than 3-days’ notice to pay and vacate for default rent payments.
  - House Bill 1923 – established a grant program and series of incentives to encourage cities to take local action to increase density and/or develop an affordable housing action plan.
  - House Bill 1406 – authorized a credit against the state sales tax for cities and counties to receive state funding for affordable housing.

The Committee also heard a presentation on a comprehensive review of in-state and out-of-state local “just cause” eviction ordinances. Additionally, the Housing, Community Development and Veterans Committee in the House held a work session on Housing Affordability and Homelessness.

- Both the House and Senate Transportation Committees heard a presentation on the overview of the impacts of I-976. Additionally, the House Transportation Committee received an update on WSDOT’s tolling program.
- The Senate Ways and Means and House Appropriations Committees heard a presentation on the State’s November economic revenue forecast, providing the latest revenue forecast data that will inform development of the supplemental operating, capital, and transportation budgets.
- The Senate Local Government Committee held a work session on buildable lands and critical areas updates, a report on the “Many Roads to Washington’s Future”, and local government public works contract process study. The House Local Government Committee held a work

session on local mandates and revenue funding and interlocal agreements.

- The House Capital Budget Committee held a work session on the Housing Trust Fund, including program guidelines, the most recent funding cycle, and budget implementation.
- The House Environment and Energy Committee held a work session on electricity smart grid and grid security, reducing emissions from the transportation sector, and a policy-neutral reorganization of Title 70 RCW.

## **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