

## CITY COUNCIL STUDY SESSION

Draft 2021 State Legislative Agenda

Joyce Nichols, Assistant City Manager, 452-4225  
*City Manager's Office*

## DIRECTION NEEDED FROM COUNCIL

### DIRECTION

Staff is seeking Council feedback and direction on the Draft 2021 State Legislative Agenda and whether the preliminary positions are the right ones to include in the agenda and address the City's priorities.

## RECOMMENDATION

N/A

## BACKGROUND & ANALYSIS

Each year the City Council adopts policies related to the State Legislature:

**Legislative Agenda** – short list of priority items that will be the focus of the City's efforts in Olympia each year. A new document is produced each year for Council approval. The draft agenda (Attachment A) is used to communicate key issues of interest and concern to the City's legislative delegation. The issues proposed for inclusion in the Draft are those preliminarily identified by staff as the most important for the City to pursue during the 2021 legislative session or those that are likely to be pursued by others. While the City accomplished many of the items on the 2020 legislative agenda, some of the key priorities are carried over for issues that remain unresolved. In many cases, the proposed policy positions are protective of the City's authority and revenue base.

As a result of the impacts of the COVID-19 pandemic, the 2021 session of the State Legislature will be conducted almost entirely in a virtual format. Legislative leaders have stated their priorities for the session, including:

- Social and criminal justice
- Recovering from COVID-19
- Transportation investments
- Affordable housing, homelessness and human services
- Climate and environment
- Capital budget requests

The Draft 2021 State Legislative Agenda is organized with policy language reflecting the priorities above. Specific policy language is proposed regarding social and criminal justice issues and new financial tools to help address the economic recovery as a result of the COVID-19 pandemic. In addition, the proposed policies refine the City's transportation priorities for inclusion in a potential statewide transportation funding

package. These include support for construction funds for the SR 520/124<sup>th</sup> Avenue NE interchange project, funding for multi-modal projects, funding the I-405 Master Plan projects and improvements to ensure reliability on the corridor for bus rapid transit scheduled to open in 2024. In addition, the City continues to support incentives for smart mobility technologies, including electric/autonomous vehicles and shared mobility options.

The affordable housing and homelessness section of the draft legislative agenda reflects strategies in the City's Affordable Housing Strategy and encourages state investments in treatment and prevention programs to address the root causes of homelessness, clarify the language in HB 1590 to explicitly include purchase/acquisition of existing facilities to address homelessness, and funding for human services.

**Statement of Policy** – a comprehensive list of legislative positions covering a broad range of issues developed over time. These issues may or may not surface during the legislative session. The Statement of Policy is carried forward each year with changes to remove items that have been resolved or are no longer policy positions of the Council and to add new policies as appropriate. The Statement of Policy has grown over the years to encompass many policy issues and is used by City staff to provide policy direction as issues are considered by the Legislature. The revised Statement of Policy is updated following Council adoption of the legislative agenda.

## **2021 Legislative Session**

The 2021 session of the State Legislature begins January 11. This year is a “long” session that runs for 105 calendar days, ending on April 25. During long sessions, the Legislature adopts new biennial operating, transportation and capital budgets. As noted above, the 2021 session will be held in a mostly virtual format due to COVID-19 pandemic restrictions.

**Governor's Proposed 2021-2023 Budget:** Governor Jay Inslee released his proposed 2021-2023 biennial budget in December and his proposals will be introduced early in the 2021 state legislative session. The Governor's budget is considered the starting point for funding discussions. The House and Senate will also develop budget proposals for release in March and the two chambers will then negotiate on a final budget proposal that will be sent to the Governor for his signature.

In late December, President Donald Trump signed legislation approving an additional COVID-19 relief package; this action occurred after the Governor released his proposed budget. Additional federal funding directed to states will influence how the two chambers deal with elements of the Governor's proposed budgets as they develop their budgets.

**2021-2023 Budget Proposals:** The Governor's proposed operating budget includes using \$1.6 billion in state reserves along with a capital gains tax and a new tax on health insurance carriers to invest \$1.7 billion in new programs. The capital gains tax proposal would implement a 9 percent tax on capital gains earned above \$25,000 for individuals and \$50,000 for joint filers on the sales of stocks, bonds, and other assets (excludes sole proprietor businesses, retirement accounts, homes, farms, and forestry). It would go into effect the second year of the 2021-2023 biennium and would raise an estimated \$3.5 billion over the next four years or approximately \$1.2 billion per year.

The Governor's capital budget proposes to use future bonding capacity to create a larger than usual investments in capital projects to stimulate the economy. Bond capacity for the 2021-2023 Capital Budget is

estimated at \$3.3 billion and would authorize up to \$4.7 billion in bonding capacity. This would create a larger capital budget in 2021-2023 but would reduce bond capacity in future years' capital budgets. It is unclear whether the Legislature will endorse this approach.

The Governor's proposed transportation budget would fund additional transportation investments using revenue generated through a cap-and-trade proposal that would reduce greenhouse gas emissions. No new transportation projects are included in this proposal as it would increase funds for existing grant programs such as \$724 million to replace state-owned fish culverts and increased funding for transportation preservation and maintenance uses.

**Equity and Justice and Climate Policy:** The Governor cited two high priority issues in his proposed budget and would allocate \$365 million for equity-related policies and a climate package to reduce 30 million metric tons of emissions by 2030 – a 35 percent reduction. The Governor was joined by Representative Joe Fitzgibbon (D-Burien), Senator Reuven Carlyle (D-Seattle), and Senator Rebecca Saldana (D-Seattle) in announcing the Climate Commitment Act that includes a statewide cap and invest system and implements a low carbon fuel standard to reduce greenhouse gas emissions. The proposed cap and invest system would invest funds in clean transportation, healthy homes and clean business, and clean energy. The low carbon fuel standard includes a 10 percent reduction in carbon in fuel by 2028 and 20 percent by 2035.

**Affordable Housing and Homelessness Prevention:** The Governor's proposed budget makes substantial investments in affordable housing and preventing homelessness. He is proposing "early action" legislation that would withdraw \$200 million from the budget stabilization account—the "rainy day fund"—for business assistance grants and rental assistance.

**Rental Assistance:** The Governor proposes allocating \$164 million in rental assistance through June 30, 2021. An additional \$164 million would be allocated in 2021-2023 to provide this assistance into the next biennium, for a total of \$328 million. Additionally, \$5 million would be allocated to Washington's Landlord Mitigation program to offer up to \$1,000 grants to landlords for move-in upgrades or to cover up to 14 days of lost rent and reimburse up to \$5,000 for damages caused by tenants. Finally, \$10 million is proposed for grants to reduce utility connection fees.

**Foreclosure Assistance:** The Governor proposes allocated \$17 million to serve the increasing number of homeowners facing foreclosure as a result of the COVID-19 pandemic. This funding would be allocated through the Foreclosure Fairness Program.

**Affordable Housing:** The Governor's proposed capital budget includes significant funding for affordable housing and homeless shelters, including:

- \$250 million for Housing Trust fund projects selected through competitive grants.
- \$70 million for the Housing Trust Fund for eligible entities to acquire hotels or motels to convert into shelters.
- \$50 million to convert basic shelters to enhanced shelters.

As noted above, the Governor's proposed budget was developed prior to the President signing the House and Senate-passed federal relief package. The federal package includes \$25 billion for rental assistance

across the country; it is unclear if, how and/or whether early action legislation other assistance investments proposed by the Governor will be allocated once the federal funds are available.

**Social and Criminal Justice:** The Governor's equity proposals include several elements to advance social and criminal justice reforms. His budget proposes and fully funds an Office of Independent Investigations for instances of police use of deadly force. His proposal also includes \$10.3 million in grant funding for local law enforcement jurisdictions to change approaches to policing—to develop partnerships with mental health professionals for alternative emergency response; to divert individuals experiencing behavioral health and substance use disorders from arrest and jail; and to establish body camera programs. Funding is also provided to the Washington Association of Sheriff's and Police Chiefs (WASPC) to establish a system to collect statewide data on police use of deadly force. The proposed budget also includes funding to redirect calls from law enforcement to mental health professionals; \$8 million would fund enhanced mobile crisis teams and \$2 million would fund co-responder grants.

**Human Services Programs and Funding:** The Governor's proposed budget makes substantial investments in the state's human services safety net including increased investments in behavioral health and significant reforms in the Department of Corrections to reduce the total time in confinement.

**Culvert, Fish and Habitat Funding:** The Governor's proposed capital budget includes \$39 million to fund 35 local fish barrier removal projects through the Brian Abbott Fish Barrier Removal Board. Bellevue's Coal Creek project is ranked #71 and will not likely receive funding unless the Legislature acts to nearly double the amount of funding allocated to the Board.

**Parks and Recreation Funding:** The Governor proposes funding of \$100 million for the Washington Wildlife and Recreation Program. At this funding level, Bellevue would receive \$1.85 million for the Lake Sammamish Property Acquisition project through the water access category. The City is also listed as an alternate to receive grant funding for the Eastrail to Mountains to Sound Trail Connector in the Trails category.

**Basic Law Enforcement Academy:** \$1.5 million is allocated in 2022 and 2023 to provide five additional statewide basic law enforcement academy trainings in each fiscal year. This would increase the number of classes from 10 to 15 and would provide training for an additional 150 police recruits per fiscal year.

## **POLICY & FISCAL IMPACTS**

The State Legislature addresses a range of policy issues of interest to the City. Council may wish to provide direction to staff regarding specific legislative proposals.

## **OPTIONS**

N/A

## **ATTACHMENTS & AVAILABLE DOCUMENTS**

A. Draft 2021 State Legislative Agenda

**AVAILABLE IN COUNCIL LIBRARY**

N/A