

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

The first day of the 2021 legislative session began with the State Capitol building protected by perimeter fencing and members of the National Guard as legislators entered to meet in person for one day. Socially distanced, and wearing N-95 masks, legislators debated and adopted rules to allow for a "virtual" legislative session. Republicans challenged and voted against the virtual format, arguing it would result in limited public access and transparency. The rules passed despite the opposition.

The legislators are meeting in committees using the virtual format, holding public hearings and work sessions. The new rules require all committees to meet in the virtual format. People may submit testimony, written comments, and/or express a position by "signing in" on a bill. Prior to this rule change, a person had to be on the capitol campus to sign-in. While committee members will be able to see this input, the public will not be able to see the written comments or positions expressed in the sign-in process unless they make a formal public records request. This will make it challenging to see which stakeholders are supporting/opposing various legislative proposals. In the Senate, committees will need to provide two days' notice that they plan to vote on a bill and must submit proposed amendments to bills one day prior to voting on the bill. The House rules are less specific and leave more discretion to committee chairs.

The legislative process has key deadlines for bills to remain under consideration. A list of key deadlines is included below:

Session Cutoff Calendar

February 15	Policy Committee Deadline House of Origin
February 22	Fiscal Committee Deadline House of Origin
March 9	Chamber-of-Origin Deadline
March 26	Opposite Chamber Policy Committee Deadline
April 2	Opposite Chamber Fiscal Committee Deadline
April 11	Opposite Chamber Deadline
April 25	Session adjourns - Sine Die—Last day of session

Transportation Improvements: As you are aware, the transportation budget is facing significantly constrained revenues. The total estimated loss of transportation revenue due to the COVID-19 pandemic is \$523.6 million this biennium. Early estimates anticipate a loss of an additional \$234 million next biennium. As a result of the projected revenue losses, the Office of Financial Management (OFM) directed the Washington State Department of Transportation (WSDOT) to delay scheduled projects that are currently funded, but have not yet gone out to bid, until the Governor and Legislature agree on a plan for the 2021-2023 transportation budget. OFM, the Governor's Office, and WSDOT are seeking quick status updates on what projects are affected by this direction and will share that list. The delay is only in place until the Governor and Legislature agree on a plan for the 2021-2023 transportation budget and no projects will be permanently cancelled.

House Transportation Committee Releases Framework for Funding Package: House Transportation Committee Chair Jake Fey released a transportation revenue package proposal on January 19 that includes the following:

- The proposal raises \$26 billion over 16 years
- Revenue is not bonded; this means only a simple majority is needed to approve.
- Key revenues sources include:
 - 18-cent increase in the gas tax; phased in at 10 cents in 2021 and 8 cents in 2022; and indexed to inflation
 - Carbon fee of \$15 per ton in 2021-2023, \$20 per ton in 2023-2025, and \$25 per ton in 2025-2027; progress toward achieving desired carbon reductions will be measured
 - 1 percent increase in the rental car sales tax
 - Increases in various weight and user fees.
- Key investments include:
 - \$4.6 billion for maintenance and operations
 - \$3.496 million in culvert replacement projects
 - \$6.7 billion in state and local projects; specific projects to be determined

- \$8 billion for carbon reduction initiatives, including transit, bike/ped, and complete street grants.

Over the interim between the 2020 session and the start of the 2021 session, Representative Fey and other legislators held over 90 “listening sessions” across the state to hear from stakeholders about their priorities and needs for transportation investments. The package is the largest in state history. For comparison, the 2015 “Connecting Washington” statewide transportation funding package was \$16 billion over 26 years; revenue from that package is bonded; however, the gas tax revenues were not indexed to inflation in the 2015 package, but the new proposal does that. The package does not include specific projects. Instead, projects will be added in throughout the process as legislators commit their support to pass a new transportation revenue package.

Senate Transportation Chair Steve Hobbs (D-Everett) is expected to release his proposal for a transportation funding package soon. As noted later in this report, the Senate is holding a hearing on Senate Bill 5126, a cap-and-trade proposal, next week. The proposal would generate revenue that *could* be allocated to transportation. It is our understanding that the terms of the cap-and-trade proposal—whether and how much funding would be allocated to transportation—are still under discussion.

Affordable Housing, Homelessness and Human Services: **House Bill 1070** is sponsored by Representative Cindy Ryu (D-Shoreline). It would modify House Bill 1590 which passed in the 2020 legislative session and authorized counties/cities to increase the sales tax by one-tenth of one percent by councilmanic action to fund affordable housing and homelessness projects and services. As you know, Bellevue adopted the increase last year and is developing an action plan for expenditure of the funds. House Bill 1070 would clarify that the revenue from the sales tax increase could be used for the *acquisition of existing buildings* for emergency, transitional and supportive housing. This clarification would ensure that this tool could be used in an expeditious way to create more shelter spaces and supportive services for people who are experiencing homelessness and low-income people. Bellevue supports this bill.

Senate Bill 5012 is one of several proposals that would provide funding affordable housing and preventing homelessness. Sponsored by Senator Liz Lovelett (D-Anacortes), the bill was heard in the Senate Housing and Local Government Committee. This legislation would provide a local option for cities and counties to impose a sales tax of not greater than 10 percent on short-term rentals. The increase would be enacted by councilmanic vote and the funding would be dedicated to cover operating and capital costs of affordable housing.

Senate Bill 5160, proposed by Senator Patty Kuderer (D-Bellevue), would prevent landlords from terminating a tenancy until two years after a public health emergency, except under specific circumstances. Additionally, landlords would be required to offer repayment plans for past due rent before taking any type of collection action; landlords would be required to provide notice to the dispute resolution center in the county the dwelling is located if a 14-day notice to pay or vacate the premises is

issued; and, landlords would be provided access to a rental assistance program; however, no specific reference to the amount of funding available in the account is referenced in the bill.

House Bill 1108, sponsored by Representative Tina Orwall (D-Des Moines), would maintain funding for the Foreclosure Fairness Program which provides mediation services to people facing foreclosure so they can access assistance and better negotiate with financial institutions. The program is funded by fees paid by financial institutions when they file documents initiating a foreclosure. Due to the eviction and foreclosure moratoriums imposed through the pandemic, the program will run out of funding in February. To continue funding for this program, this bill would require financial institutions to pay a fee in 2021 based on the amount they paid in 2019, rather than the 2020 amount.

House Bill 1035, sponsored by Representative Shelly Kloba (D-Kirkland), would provide local governments with the option to establish an affordable housing incentive program to grant relief and preserve affordable housing. The bill would allow a six-year property tax exemption for multi-family housing, mobile homes and some single-family properties.

Climate and the Environment: A top priority of the Governor and Legislature this year is to advance proposals that respond to climate change and environmental sustainability. Several proposals have been introduced, with many seeing early action in the House Environment and Energy Committee. Representative Joe Fitzgibbon (D-Burien) is sponsoring two bills to respond to climate change and promote environmental sustainability. **House Bill 1091** would enact a statewide Low Carbon Fuel Standard aimed at reducing the carbon intensity of transportation fuels. **House Bill 1050** would reduce the carbon intensity of buildings by strengthening standards to phase out hydrofluorocarbons (HFCs) which are industrial chemicals primarily used for cooling and refrigeration.

Senate Bill 5126 was introduced by Senator Reuven Carlyle (D-Seattle) in partnership with Governor Inslee as part of the Governor's requested legislation. The bill would establish a cap on greenhouse gas emissions for emitting industries in the state and would authorize the Department of Ecology to administer compliance. As noted above, there is discussion of allocating a portion of the revenue to transportation.

Social and Criminal Justice Reform: More than a dozen bills have been introduced on this topic. **Senate Bill 5066** would create a duty for an officer to intervene if another officer is engaging in excessive use of force against another person. **House Bill 1088** would direct the Washington Association of Prosecuting Attorneys to update best practices regarding impeachment disclosures for officers. **House Bill 1000** would establish a grant program to fund three pilot programs to provide behavioral health and suicide prevention services to law enforcement officers. **House Bill 1001** would establish a professional development outreach program to assist in recruiting law enforcement personnel.

Several proposals on social and criminal justice reform matters received hearings during the first week of the session. These proposals will evolve as the session continues.

- The House Public Safety Committee held a public hearing on **House Bill 1054** that would ban chokeholds, neck restraints, purchase of certain types of military equipment, use of tear gas, use of K-9 units to apprehend and arrest, badge concealment, “no-knock” warrants, and limits on vehicular pursuits. Requests were made for amendments to the proposal and committee Chair Representative Roger Goodman (D-Kirkland) indicated that the committee would be working on revisions to the bill.
- **House Bill 1089** would authorize the State Auditor to conduct an audit of any agency involved in a deadly force investigation or at the request of the Criminal Justice Training Commission. Following a hearing in the House Public Safety Committee, Representative Bill Ramos (D-Issaquah) is working with stakeholders to address technical concerns with the bill. Concerns included the scope of the audit, clarification on the type of audit, and the role of the Criminal Justice Training Commission in requesting an audit of an agency’s compliance with training requirements. Aside from the technical issues, most stakeholders expressed support for the concept. There would be a cost to the state to set up the office and to local agencies which will be discussed when the bill is referred to the House Appropriations Committee.
- **House Bill 1082** would create a process to decertify peace officers and corrections officers through the Criminal Justice Training Center. The bill was heard in the House Public Safety Committee but has not been scheduled for a vote. **Senate Bill 5051**, the companion bill in the Senate, is scheduled for a public hearing next week in the Senate Law and Justice Committee.
- **House Bill 1092** is sponsored by Representative John Lovick (D-Mill Creek) and Representative Roger Goodman (D-Kirkland) at the request of the Attorney General’s Office. The bill would require law enforcement agencies to submit quarterly data on incidents including: fatalities involving a person connected to the use of force by a law enforcement officer; bodily harm of a person connected to the use of force by a law enforcement officer; and the use of firearms, chokeholds, taser, tear gas, canine, vehicle or other tools in the line of duty. Agencies would be required to report information such as the date, time, and location of the incident as well as demographic information for the individual and the officer. Information collected as part of these reporting requirements would be made publicly available via a state website. The bill has been significantly amended since its introduction and while support for collecting the data was expressed at a hearing on the bill, it is likely to be amended further before being approved by the House Public Safety Committee.
- **Senate Bill 5055 and Senate Bill 5134** are proposals that would make changes to the collective bargaining process for law enforcement. Both proposals are controversial.

Preserve Fiscal Sustainability and Local Control: **House Bill 1069**, sponsored by Representative Gerry Pollet (D-Seattle) and Representative Davina Duerr (D-Bothell), would provide cities an option to increase flexibility in the use of existing revenues on a temporary basis to provide critical services in response to the COVID-19 pandemic. The bill proposes flexibility for the use of revenue from the criminal justice sales tax, lodging tax, and real estate excise tax (REET) through December 31, 2023.

Additionally, the bill would grant flexibility in how levy funds are used and in utility liens. The bill was heard and voted out of the House Local Government Committee with amendments. One amendment removed provisions that would have allowed use of lodging tax revenues for housing and rental assistance. The bill would still allow criminal justice sales tax revenue to be used toward reducing homelessness or improving behavioral health and would allow the REET to be used to provide services to residents of affordable housing or shelters. This bill will likely see more amendments as it moves through the legislative process.

Other Bills of Interest

Councilmanic Sales Tax Increase for Cultural Access: 4Culture has requested **House Bill 1058** that would authorize King County to impose a .01 percent sales tax by councilmanic vote to increase funding for arts and cultural programs. Authority to impose this tax now requires voter approval. King County voters considered and rejected a sales tax proposal for the arts in 2018. 4Culture was formed in 1965 and is the cultural funding and support agency for King County. It is supported by lodging taxes and the 1% for Art ordinance. 4Culture is a tax-exempt public development authority (PDA) governed by a 15-member board. It supports four program areas: arts, heritage, preservation and public art. The arts industry, like others, has struggled through the pandemic. Proponents of the bill are seeking councilmanic taxing authority to increase revenues to assist the recovery of the arts industry. Concerns have been raised regarding potentially increasing a regressive tax.

Tax Increment Financing: House Bill 1189, sponsored by Representative Davina Duerr (D-Bothell) and **Senate Bill 5211**, sponsored by Senator David Frockt (D-Seattle) that would authorize tax increment financing (TIF) in the state. Bellevue is working with a coalition that includes the Association of Washington Cities (AWC), the Washington Economic Development Association, and others to support authorizing use of this tool to allow a city, county, or port to create a financing area that would fund infrastructure projects to support development and/or redevelopment. The bill would allow property tax revenue collected within the financing area to continue to be collected for its existing purposes.

However, growth in property tax revenue resulting from the development/redevelopment would be used to pay back bonds issued to fund the public infrastructure associated with the development/redevelopment project. Once the bonds are paid the increment area dissolves and the growth in property tax collections revert to the typical distribution among state and local governments. The state constitution does not allow use of TIF and in order to fully implement the legislation, an amendment would need to be approved by voters statewide. The bill is part of an overall strategy to help the state recover from the pandemic. It does not contain a tax increase and does not impact the state budget. Bellevue's 2021 State Legislative Agenda supports adding this economic development tool.

COVID-19 Pandemic Response: Senate Bill 5114, sponsored by Senator John Braun (R-Centralia) and several other members of the Senate Republican Party, would move the entire state into Phase 2 of the Governor's Healthy Washington Roadmap to Recovery plan that was announced earlier this month. As of last week, the Washington State Department of Health announced by the Governor on

January 5, 2021. As of January 15, the Washington State Department of Health staff said that all regions will remain in Phase 1 until January 25.

House Bill 1152, introduced by Representative Marcus Riccelli (D-Spokane), in partnership with Governor Inslee, would restructure the state's framework for local public health districts. By January 1, 2023, counties would be required to form a comprehensive public health district which must be comprised of one or more counties serving a combined population of over 250,000 people. The structure, funding and performance measures of the new public health districts would be determined by a workgroup composed of local government representatives, legislators, and tribes. As drafted, counties with populations over 1,000,000 (King County) are not required to join with other counties, and any city with a population of 100,000 or more can join a county to form a comprehensive public health district. The bill would require cities to contribute funding for the district, but the amount and mechanism are not specified. Additionally, this bill would change the composition of local boards so at least half of the board is non-elected officials and requiring that at least half of the board be comprised of health professionals with active or retired-active licenses or trained and employed epidemiologists.

Child Care Affordability and Accessibility, "Fair Start for Kids Act": Senate Bill 5237 and House Bill 1213, were introduced by Senator Claire Wilson (D-Auburn) and Representative Tana Senn (D-Mercer Island). The bills would make childcare more affordable for families, stabilize and expand the diverse childcare workforce, support the expansion of childcare, and strengthen prevention and intervention services. The bills will be heard in the Senate Early Learning and K-12 Education Committee and House Children, Youth and Families Committee.

Adding Climate Considerations to GMA: House Bill 1099, sponsored by Representative Davina Duerr (D-Bothell), would add a climate change goal to city and county comprehensive plans. It would also update the transportation goal language to encourage multimodal transportation systems that reduce greenhouse gas (GHG) emissions and vehicle miles traveled. The bill would require WSDOT, the Department of Commerce and the Department of Ecology to publish guidelines that specify the proportionate reduction in GHG emissions within transportation planning organizations or metropolitan planning organizations (MPO's) such as the Puget Sound Regional Council. Several state agencies would be required to create a model climate change and resiliency element for cities and counties. Commerce would be required to update its shoreline master program guidelines to require the programs to address the impact of sea level rise and increased storm severity.

Open Public Meetings Act (OPMA) Amendment: House Bill 1056 is sponsored by the two leaders of the bipartisan Local Government Caucus, Representative Gerry Pollet (D-Seattle) and Representative Keith Goehner (R-Dryden). This bill would allow local governments to hold virtual meetings during an emergency where it is reasonably unsafe to meet in person, such as during the COVID-19 pandemic or a snowstorm, without having to wait for the Governor to make a proclamation or for the proclamation to be continuously extended by the Legislature. The bill does not allow for an in-person option when the Governor has ordered otherwise; only the reverse is allowed—meeting virtually when the Governor has NOT issued a proclamation specifically authorizing use of a virtual format.

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