

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

New Law Effective Date is July 25: Bills enacted by the 2021 Legislature became effective on July 25, unless otherwise stated in the bill.

Revenue Forecast Update: On June 23, the state Economic and Revenue Forecast Council provided a quarterly update. State economic recovery remains strong; the state is projected to receive over \$2.2 billion in additional revenues over the remainder of the 2019-21 biennium (ending June 30) and through the 2021-23 biennium (beginning July 1). Sales, business and occupation, and utility tax collections remain much higher than anticipated while real estate excise tax collections continue to increase.

For the 2019-21 biennium, the state is estimated to receive \$807.7 million more than projected at the last quarterly update in March. This increase accounts for a \$2 million reduction in projected revenues due to the cost of new legislation implemented in the 2021 session, including the Working Families Tax Credit. For the next biennium (2021-23), the state is projected to receive an additional \$1.239 billion and an additional \$1.2 billion in the 2023-25 biennium. Revenues are expected to grow 15.4 percent between the 2017-19 and 2019-21 biennia and 9.9 percent between the 2019-21 and 2021-23 biennia. Forecasted general fund revenues now total:

- 2019-21 biennium: \$50.848 billion
- 2021-23 biennium: \$55.611 billion
- 2023-25 biennium: \$58.979 billion

Additional details can be found [here](#).

Update on Governor Issued Proclamations:

- *Eviction Moratorium Extended:* On June 24, Governor Jay Inslee announced a final extension of the eviction moratorium to September 30. The extension is intended to provide additional time for implementation of the housing stability programs, including funding, that were put into place by the 2021 Legislature. The proclamation can be found [here](#), and the press release can be found [here](#).
- *Open Public Meetings Act (OPMA):* On June 29, Governor Inslee announced that Proclamation [20-28](#) would remain in effect for public meetings subject to OPMA, but capacity limits, physical distancing, and most other restrictions related to the in-person component of public meetings have been lifted based on an update to the [Miscellaneous Venues guidance](#). Additional information can be found [here](#).
- *Utility Shutoff Moratorium Extended:* On July 2, Governor Inslee announced a final extension of the utility shutoff moratorium to September 30 to ensure alignment with the extension of the eviction moratorium. The proclamation can be found [here](#), and the press release can be found [here](#).

Transportation Revenue Package Discussions: Legislators continue to discuss the possibility of meeting in a special session later this year to adopt a transportation revenue package. House and Senate Democrat Leadership indicated that they will negotiate the details of a transportation revenue package throughout the summer months. Details about these negotiations remain unclear.

Washington State Department of Transportation's (WSDOT) I-405/167 Executive Advisory Group (EAG): During the 2021 Legislative Session, Representative Davina Duerr (D-Bothell) and Representative Vandana Slatter (D-Bellevue) led the effort to identify solutions to complete projects along I-405 on-schedule despite the significant decline in toll revenue collections throughout the pandemic. Part of their solution directed WSDOT to explore various funding solutions over the interim. On June 8, WSDOT's I-405/167 EAG held its first meeting since the legislature adjourned in April. The agenda included updates from Sound Transit on its project delivery schedule, the Office of the State Treasurer on financial assumptions and bonding, WSDOT's Toll Division on tolling, traffic, and revenue as well as a round table discussion with EAG members that highlighted the importance of completing the I-405/167 corridor on-schedule. The EAG will meet throughout the interim to identify and discuss potential solutions. Additional action will likely need to occur in the 2022 Legislative Session. The archived agenda and presentation can be found [here](#).

Referendums and Court Challenges from the 2021 Legislature: The Legislature took bold action on several controversial items, many of which are now being challenged via referendum or court challenges. Referendum measures call on voters to approve or reject bills enacted by the Legislature. In order to be included on the November ballot, each referendum needed to collect 162,258 valid signatures by July 24.

- Capital Gains Tax – The Legislature imposed a 7 percent capital gains tax, structured as an excise tax on the sale of any capital asset over \$250,000. Two lawsuits have been filed to

challenge the tax – one filed by the Freedom Foundation, and a second filed by Former Attorney General and gubernatorial candidate Rob McKenna on behalf of a group of aggrieved taxpayers. The cases will likely be combined. Attorney General Bob Ferguson will defend the tax. He asked the court to dismiss the two challenges on the basis that the tax is not effective until 2022 and, therefore, the plaintiffs have not yet paid the tax and lack standing to bring the case forward. Both cases have been filed in Douglas County Superior Court. Ferguson requested that they be moved to Thurston County Superior Court. Because the bill enacting the tax has an emergency clause on it, it cannot be challenged through a referendum.

- Low Carbon Fuel Standard/Cap and Invest: Tim Eyman filed two referenda - one repealing portions of the bill establishing the low carbon fuel standard (R-94), and the other, repealing portions of the bill establishing the cap and invest program (R-95).

Police Reform Discussions Continue: During the 2021 Legislative Session, a package of over a dozen police reform bills passed into law. Legislators are discussing the need to further refine and improve some of the laws. Additionally, there are three bills that did not pass in 2021 that are likely to be revisited in 2022:

- House Bill 1202, creating a state civil cause of action for police misconduct
- House Bill 1203, requiring community oversight boards of law enforcement agencies
- House Bill 1507, authorizing independent prosecutions

Social and Criminal Justice Implementation Funding: The 2021-23 Operating Budget included a one-time \$20 million dollar appropriation to cities to offset new costs related to police reform legislation that was passed during the 2021 legislative session. The allocation is estimated to be \$4 per capita and will be disbursed directly to the city from the State Treasurer's office by the end of July.

2021 Redistricting and Local Redistricting Deadlines: Redistricting occurs every ten years and is the process of adjusting the boundary lines of each congressional and legislative district to ensure that an equal number of people are in each district. Typically, once the U.S. Census is complete, the Redistricting Commission will be appointed. However, due to the impacts of COVID-19, the release of data has been delayed several months, and the U.S. Census Bureau [announced](#) it will deliver redistricting data to all states by mid to late August.

The Redistricting Commission began meeting in February. In preparation for the release of data, the Commission is conducting public outreach meetings to solicit input from Washingtonians around the state. There are five members of the Commission. Four are appointed by the two major caucuses in the House and Senate. The fifth member is a non-partisan, non-voting Chair who is selected by the four appointed commissioners.

The current members of the Commission include:

- Sarah Augustine, Chair
- Joe Fain, Senate Republican Caucus Appointee

- Paul Graves, House Republican Caucus Appointee
- April Sims, House Democratic Caucus Appointee
- Brady Walkinshaw, Senate Democratic Caucus Appointee

With the anticipation of the preliminary U.S. Census data on August 16, Commissioners will create their first preliminary district maps by September 30. The public will be able to comment on these maps between October 1 and October 15. During that 15-day period, the Commission could use this time to hold face-to-face meetings if permitted and desired. Lastly, the negotiation period would take place between October 15 and November 15.

The district maps must be approved by three of the four voting Commission members. If an agreement cannot be reached, the Washington State Supreme Court will instead develop new district maps. The district maps become final within 30 days after the beginning of the next special or regular legislative session. The Legislature may only make changes that affect no more than 2 percent of a district's population and are approved by two-thirds of the members of each legislative chamber. For more information on the Redistricting Commission and their progress, click [here](#).

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