From the Legislative Director

Legislature will debate policy bills on the floor over the next ten days - then home for Town Hall meetings

After spending the first seven weeks of session sifting and sorting through hundreds of bills, legislators’ attention now shifts to leadership, who will decide which policy bills are worth debating and which will be sent to the other chamber. March 11 at 5 pm is the deadline for a policy bill to be voted off the floor and sent across the Capitol for further consideration.

Numerous bills of interest to cities are described in this Legislative Bulletin. A few bills needing voices of support or opposition from home are highlighted in the Take Action section. Calls or notes to your legislators from home do make a big difference!

Bills impacting the state’s operating, transportation, or capital budgets are exempt from this deadline. Many times, these bills are not debated. They are decided upon late in the session during both open and closed-door budget discussions.

The exception to that this session has been the long anticipated Senate consideration of a statewide transportation funding and project reform package. Efforts to move that forward stalled late on Friday, February 27, over questions surrounding how many votes it takes to pass a revenue package. More on the transportation package and an unexpected hit to local sales taxes are more fully described in the Transportation section.

Even though most of AWC’s 2015 priorities have to do with budget decisions legislators will tackle later in the session, it doesn’t mean key leadership and those members and staff responsible for crafting budgets aren’t working on them now. By tradition, the House unveils their version of the budget first this year. We expect to see comprehensive general fund and capital budgets sometime during the week of March 23. We’ll then have a clearer idea about continued support - or not - of shared liquor money and Public Works Trust Fund revenues for infrastructure.

Before these budget proposals are unveiled, most legislators will be going home the weekend of March 14 to hold Town Hall meetings in and around their districts. AWC is working to compile a list of locations, and we’ll share that as meeting information becomes available. City officials are encouraged to attend, thank legislators for serving, and ask them about issues you care about. We have produced a new edition of our Operation: Strong Cities Pocket Guide aimed at helping you advocate for what matters. Connecting with your legislators at home during this part of session is more valuable than you might expect.
Budget and finance

What’s up with the state budget?
We’re nearing the half way mark of the 2015 legislative session, and last week a number of Senators introduced 22 title-only bills related to the biennial budget discussion (Senate bill numbers 6049-6070). Ways & Means Chair Senator Andy Hill (R-Redmond) sponsored 11 of these bills, Ranking Ways & Means Senator Jim Hargrove (D-Hoquiam) sponsored four, Assistant Ranking Ways & Means Senator Kevin Ranker (D-Orcas Island) sponsored six, and Education Chair Senator Steve Litzow (R-Mercer Island) sponsored one.

Meanwhile in the House, Appropriations Chair Representative Ross Hunter (D-Medina) sponsored 13 title-only bills relating to the biennial budget (House bill numbers 2168-2180). Last week, Representatives Chris Reykdal (D-Lacey) and Reuven Carlyle (D-Seattle) co-sponsored five title only bills relating to local governments. Rep. Carlyle also sponsored one title only bill relating to special purpose taxing districts.

So what’s a title-only bill? A title-only bill is a bill which contains nothing more than a title and a number. It is introduced in order to have a vehicle to add substance to at a later time.

All these title-only bills come at a time when the debate continues about whether the nearly $3 billion in new revenue forecasted for FY 2015-17 is adequate to cover: 1) current levels of state services; 2) McCleary basic education enhancements; 3) projected increased caseload pressures (such as public and medical assistance, corrections, long-term care, k-12 enrollment and foster care); and 4) other rising expenses and new issues (such as increased debt service payments, higher pension costs for public employees, the cost of recent disasters, mental health expenses, salary enhancements).

For insight into this debate, check out Sen. Hill’s paper, Windows Into the Budget - 2015 Budget Preview: The Deficit Myth?, and the House Democrats’ response to the Senate Republicans on revenue adequacy: Surplus or Deficit : Which is it?

What does this mean about the status of budget negotiations? In the end, all of these activities lead us to believe the budget discussion is getting underway early this year, and we’re hearing the House could release its budget proposal during the week of March 23. Stay tuned for ways to help cities stay in the conversation, advance our priorities, and prevent further erosion of funds.

Update on bills impacting state audits
This session, we’ve been writing about three bills related to the State Auditor’s Office. As of Friday’s key fiscal cutoff, two of those bills remain alive while another appears dead this session.

HB 2084, imposing a $500 fine on cities not filing their annual financial reports by October 1, passed the House Finance Committee last week, and the amended version of HB 1008, authorizing state audits of local government data storage and management practices cleared the House Government & Information and Technology Committee. Both bills need to pass the full House by March 11 to remain alive.
HB 2148, allowing audits to be conducted by a private entity and establishing an appeals process for state audits, did not fare as well. That bill did not come up for a vote in the House General Government & Technology Committee and appears dead for the session.

**Lodging tax reporting due March 15**

The 2013 legislation that maintained most uses of lodging tax revenue, HB 1253, requires cities and counties with a lodging tax to make annual reports to the Joint Legislative Audit & Review Committee (JLARC) instead of the Department of Commerce.

Lodging tax reports for 2014 are due to JLARC by March 15. If you have not created an account, please go to walodgdatacoll.net to do so. If you have created an account but not completed reporting all of your lodging tax uses, you will need to do so by March 15. After that date, municipalities may view information in their account but will no longer be able to enter or edit the information.

Check out AWC’s lodging tax resource page here. If you have any questions about the lodging tax reporting system, please call JLARC at 360-786-5171.

**Law and justice**

**Bills reimbursing cities for ground emergency medical transportation services on the move**

Currently the Health Care Authority of Washington reimburses providers (fire districts) for emergency medical transportation on a fee-for-service basis and through its managed care plans. Providers are reimbursed for ambulance transportation when a client receives needed emergency medical services. Services can range from basic to life support. It also covers non-emergency transportation when a client requires to be transported by a stretcher or gurney or when medical attention from trained medical personnel is available en-route.

HB 2007/SB 5840 creates a supplemental payment program for government owned and operated providers that provide emergency ground transportation services to Medicaid beneficiaries and creates an intergovernmental transfer program to fund increased managed care payments for public ground EMT services. This is a big deal for fire districts and cities who have seen Medicaid costs rise. These bills would provide $100 million in new money to public safety and more than $20 million in new revenue to the state’s general fund.

AWC is very supportive of these bills as they provide fire districts and cities much-needed financial support and is at no cost to the state. Contact your senator and representatives to voice your support today.
Law and justice bills to look out for, contact your legislator and voice your opposition today

Last week the Washington Association of Sheriffs and Police Chiefs (WASPC) released a legislative alert detailing bills it opposes. AWC is also opposed to these bills and asks that you contact your legislators to convey your concerns today. Those bills still alive after Friday’s fiscal cutoff include:

- **SB 5751** raises the standard of proof in civil asset forfeiture in drug cases from a preponderance of the evidence to clear, cogent and convincing. The bill is on the Senate floor. Please contact your senators to voice your opposition to this bill.

- **HB 1639** diminishes the open view doctrine by requiring a warrant for most uses of unmanned aerial vehicles. The bill is in the House Rules Committee. Please contact committee members to voice your opposition to this bill.

For questions regarding any of these pieces of legislation, please contact AWC’s Candice Bock.

Requirement for cities to pay for Basic Law Enforcement Academy brings strong response

Thank you to all of those who responded to our call to action last week to oppose **SB 5955**. The proposal would require cities to pay the full cost of sending an officer to the Basic Law Enforcement Academy (BLEA).

We had a strong response from city officials along with some powerful testimony during the Senate Ways & Means hearing. Thank you to Chief Jeff Myers of Hoquiam and Chief Steven Strachan of Bremerton for their excellent testimony. As a result of the response from city and county officials and the Washington Association of Sheriffs and Police Chiefs, we believe that the bill is unlikely to advance further this session. However, AWC staff will continue to monitor the bill.

Bills to limit cities’ authority to regulate fireworks keep moving

Two bills that would restrict the ability of cities and counties to regulate fireworks continue to make their way through the legislature. **HB 1702/SB 5914** have both advanced and now could be brought up for a vote in their respective houses at any time.

Currently, the Washington State Patrol’s director of fire protection sets minimum fire prevention standards for fireworks in Washington. Presently, for retail fireworks sales, local jurisdictions have discretion to pass more restrictive ordinances than the minimum state standards for retail fireworks sales and use. **HB 1702 and SB 5914** would limit our authority to pass stricter local regulations. The bills would limit local authority to adopt regulations only for the days and hours of sales and the types of fireworks sold. **HB 1702** has been amended to clarify that cities can still ban all fireworks, but the language in **SB 5914** calls into question whether or not cities could still ban. Also troubling is the timing of the bills. As currently drafted, they would take effect prior to this July 4 meaning that the new regulations would take effect without sufficient time for the state or locals to revise regulations and prepare for the new requirements.
Finally, the bills mandate that the state adopt the National Fire Protection Association (NFPA) code 1124 for the manufacture, transportation, storage, and retail sales of fireworks and pyrotechnic articles. There are some concerns about the use of this particular standard as the NFPA itself has removed this code from their recommended regulations.

We urge city officials to let your legislators know that public safety is our highest priority and cities need to retain the ability to adopt specific local regulations to ensure the safe and sane use of fireworks. Urge your local legislators to oppose these proposals.

Marijuana

State comparisons of marijuana markets

Two important marijuana bills up for hearing this week
The proposal to reconcile the medical and recreational marijuana markets, SSB 5052, passed the Senate and now is scheduled for a hearing in the House Health Care & Wellness Committee on March 5 at 8 am. AWC has supported this proposal as an important tool for bringing needed regulation into the medical marijuana market.

Also scheduled for hearing is HB 2136. This proposal by the Chair of the House Finance Committee, Rep. Reuven Carlyle (D-Seattle), was introduced last week as a title only bill. The proposed substitute language has now been made available. The bill includes numerous policy revisions as well as revenue sharing provisions.

The proposed language includes:
• A sales tax exemption for qualifying medical marijuana patients. (This is an exemption for the state and local sales tax but does not include an exemption from the marijuana excise tax.)
• A restructuring of the marijuana excise tax that collapses the tax into one 30% tax collected at the final retail sale of marijuana products.
• Allowing for local flexibility to reduce the current 1,000 foot buffer. Cities could adopt a buffer of between 1,000 and 100 feet from certain uses. The 1,000 foot buffer is still required for schools and playgrounds.
• Allowing the Liquor Control Board to contract with local law enforcement for activities to eradicate illegal marijuana production.
• Providing revenue sharing with cities and counties. The revenue sharing is set up as follows:
  • Once the state's General Fund has received $25 million in marijuana excise tax revenue, then 30% up to a maximum of $20 million per year will be distributed to cities and counties.
  • Counties will receive 60% and cities 40%. Distributions will be based on the taxable sales of the jurisdiction. Only jurisdictions that have retail sales will receive funding.
• Revenue sharing will sunset in 2022.
• At least $12 million is to be provided for distribution to cities and counties in the budget that is adopted for 2015-2017. If those funds are not appropriated in the budget, then the whole bill is null and void.

Additionally the bill requires that SSB 5052 be enacted for this bill to take effect.

While we are very pleased that revenue sharing is a component of the bill, we are concerned at the mechanisms tied to it. Particularly concerning are the provisions that limit revenue sharing to only jurisdictions with retail sales. This means that cities with only producers and processors will not see any funding. It also means cities who have no marijuana businesses, even if they have no ban, will not receive any funding. Also troubling is the sunset provision that ends revenue sharing in 2022.

HB 2136 will be heard in the House Finance Committee March 4 at 6 pm. AWC will be testifying to express our appreciation for the progress the bill represents, as well as express our concerns over the limitations in the revenue sharing proposal.

Open government
Priority public records bill advances, other dies after fiscal cutoff

AWC priority public records bill, HB 1684, advanced to the House Rules Committee after the Legislature’s Friday fiscal cutoff. HB 1086 failed to advance out of the House Appropriations Committee.

HB 1684 establishes charges for providing electronic data under the Public Records Act. Currently cities may charge a small fee for providing paper copies in response to a public records requests, but there is no authority to charge for an equivalent cost for electronic transmissions. However, there are costs associated with producing electronic copies of records similar to those of making a paper copy. The bill passed out of Appropriations late Friday night on a party line vote. We believe that there is bi-partisan support for the bill but will have to work hard to see that the bill passes out of the House Rules Committee. Please contact your local Representatives as well as members of the House Rules Committee and urge them to support this proposal.

HB 1086 would have provided a cost recovery mechanism so that local governments would no longer subsidize commercial activity through public records.

We appreciate the Legislature advancing our priority bill and encourage you to continue to let your legislator know cities support HB 1684.
Personnel

LEOFF benefits for remarried surviving spouse

HB 1194 allows a surviving spouse of a LEOFF 1 or 2 member killed in the line of duty to continue receiving worker’s compensation benefits even if the surviving spouse remarries. Last Friday, the House Appropriations Committee passed a substitute version of the bill providing that payments to remarried spouses are paid from the LEOFF system instead of the workers’ compensation system. The LEOFF 2 Board met on February 25 and voted to support this revised approach. AWC opposed the original version of the bill out of concerns that it could impact workers’ compensation rates for police and fire fighters, which have already seen double digit increases last year and proposed again this year. However, the substitute version of the bill pays for the cost of any benefits out of the LEOFF fund which has significant resources. AWC is now taking a neutral position on the bill since it will not likely have a fiscal impact.

Requiring cities to offer the state’s deferred compensation program

Last week, the Senate Ways & Means Committee passed a substitute version of SB 5435, which requires all cities and counties participating in state retirement systems to offer the state’s deferred compensation program. The substitute version specifies that employers who have a contract as of March 1, 2015, with a deferred compensation plan provider that limits the employer from offering another plan does not have to offer the state program until that contract expires. The substitute also allows employers with payroll and human resources systems able to automate a deferred compensation plan to consult with the Department of Retirement Systems about managing the contributions and limits within their own systems to ensure the most efficient administration of the plan. These changes address many of the concerns cities had with the proposal. However, AWC remains opposed to this unnecessary mandate. Cities already have the ability to offer the state program and see no need to mandate it, especially if it may add a new administrative burden.

Binding interest arbitration for unfair labor practices

Late last week, the bill allowing the Public Employment Relations Commission to order binding interest arbitration in the case of an unfair labor practice, HB 1230, was unexpectedly pulled to the House floor. The bill had been sent to the House Appropriations Committee where we anticipated another opportunity to express our concerns. Instead the Appropriations Committee was relieved of consideration and the bill sent to the House Rules Committee where it was quickly moved. It may now be voted on at any time. Due to the high costs associated with interest arbitration, AWC opposes any attempt at expansion of binding interest arbitration.
Transportation

After a few twists and turns transportation package passes off Senate floor

The Senate spent several hours on Friday, February 27, dealing with eleven bills associated with the Senate transportation package. The first order of business was to pass eight reform bills. Five of the eight bills enjoyed broad bipartisan support. The remaining three were controversial and passed with few or no democratic votes. **ESB 5993** dealing with prevailing wage and apprenticeship has been very controversial but was amended on the floor to garner wider support. **ESB 5991** deals with transfers out of the ELSA account for state stormwater and culvert obligations. AWC has been concerned about this bill and will continue to work to get it modified. **ESB 5994** deals with local permitting of WSDOT activities. There will likely be more work on this bill in the House, and AWC will be looking for feedback from cities.

An unpleasant surprise for local governments was an amendment adopted on the floor to **ESB 5990**. The underlying bill transferred the state sales tax paid on state transportation projects from the state general fund to the account that pays for transportation projects. It left the local portion of the sales tax untouched. The amendment sponsored by Sen. Doug Ericksen (R-Ferndale) creates an exemption for WSDOT paying sales tax on state transportation projects. As this redefines what is taxable, it affects the local share. AWC had been neutral on this bill but will now be actively working to get this provision changed.

There was another surprise when the Senate turned their attention to the revenue bill **SSB 5987**. Through amendments, Democrats attempted to change two provisions in the bill: 1) to give the full authority that Sound Transit requested; and 2) to remove the so called “poison pill” that made funding for transit and bike/ped activities contingent on the Governor not adopting a low carbon fuel standard. These two amendments were voted down on party lines. Just before a vote on final passage, a Democratic senator asked the Lieutenant Governor whether any of the taxes or fees in the bill would be subject to the 2/3 vote rule adopted by the Senate at the beginning of session (i.e. supermajority vote required to pass new kinds of taxes). The Senate deferred action on the bill until Monday.

On Monday, the Lieutenant Governor issued an opinion that the 2/3 vote rule did apply but then he followed-up with a ruling that the 2/3 rule is unconstitutional. After a short break the Senate returned to pass the revenue and spending bills. Now the transportation package will move to the House. As we have reported earlier we are not expecting quick action in the House.

House oil train bill passes out of fiscal committee

**SHB 1449** sponsored by Rep. Jessyn Farrell (D-Seattle) passed out of the House Finance Committee before fiscal committee cut-off. This bill is based on the Governor’s Marine and Oil Transportation Study and makes several changes to the regulation of oil transport in Washington.

The bill broadens the definition of oil for purposes of oil spill prevention, cleanup, and financial responsibility laws. It also requires that railroads transporting crude give advance notice to the Department of Ecology (DOE) when transporting oil. They are also required to provide the same financial assurances to DOE as oil refineries and terminals.

continued
Crude oil and petroleum that are transported by vessel on state waters are subject to a barrel tax. Under the bill, this tax is extended to oil shipments by rail and pipeline. These funds can be used for regulatory purposes at DOE as well as emergency preparedness activities by the Emergency Management Division at the state Military Department. Until June 30, 2019, the funds may also be used for oil and hazardous material response planning by local emergency response committees. These committees must annually review their plans and submit them to the state every five years. While not in the bill, the Governor’s budget also includes funds for local emergency response equipment.

Another bill on the same topic is making its way through the Senate. 2SSB 5057 sponsored by Senator Doug Ericksen (R-Ferndale) addresses some, but not all, of the issues in the House bill. The bill expands the definition of oil and extends the barrel tax to crude shipped by rail, but not pipeline. Grants are available for emergency response equipment for areas with the greatest need. It also requires DOE and the Utilities and Transportation Commission (UTC) to hold a symposium to discuss emergency spill prevention and response activities. It expands the UTC’s authority and allows first-class cities to opt-in to their regulatory program, but does not modify the UTC fee structure. Local emergency planning committees are required to update plans on a five year cycle.

We are encouraged by the efforts in both chambers and will remain engaged as differences are settled between the two bills.

**AWC Legislative Contacts**

During the legislative session, AWC’s lobbyists often are unable to return your phone calls immediately. If you have a legislative or specific issue question, please request AWC’s analyst staff, or send them an email directly.

Call AWC at (360) 753-4137 or 1-800-562-8981

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