



Washington State proposed budgets FY 2017-19 Selected impacts on cities

*This summary describes some impacts to cities in the Governor's proposed budgets for FY 2017-19.
For more information, please visit the Legislative Evaluation and Accountability Program: <http://leap.leg.wa.gov/>*

	As proposed by Governor 12/14/2016	As passed by Senate 3/23/2017
State Shared Revenues		
Liquor Profits (Liquor Revolving Account)	Fully funded at \$98.9 million.	Same as Governor's proposal.
Liquor Taxes (Liquor Excise Tax Account)	Fully funded at \$56.1 million.	Same as Governor's proposal.
Marijuana Excise Tax	Fully funded at \$30 million.	Same as Governor's proposal.
Streamlined Sales Tax Mitigation	Fully funded at \$45.7 million.	Same as Governor's proposal.
Municipal Criminal Justice Assistance Account	Fully funded at \$36.9 million.	Fully funded at \$38.1 million.
City-County Assistance Account (6050)	Fully funded at \$27.2 million.	Same as Governor's proposal.
Annexation Sales Tax Credit	Left intact.	Same as Governor's proposal.
Fire Insurance Premium Tax	Fully funded at \$9.9 million.	Funded at \$9.9 million; new distribution formula for the 2017-19 and 2019-21 biennia of \$2000 per firefighter eligible to receive benefits under the fund, once jurisdiction has demonstrated that it levies \$0.225 pension levy and that levy is not sufficient to meet actuarial soundness; excess distribution to disaster response.
Capital Budget		
Public Works Trust Fund	Transfers all revenues from the Public Works Assistance Account to the Education Legacy Trust Account (\$253 million) and sweeps resources from loan repayments. Proposes permanent diversion of taxes and loan repayments. \$5 million for emergency loans and \$14 million for pre-construction loans from the State Construction Account.	Proposes permanent diversions of taxes, but retains some loan repayments. Permanent diversion of taxes equates to \$251 million in the 2019-21 biennium. \$127 million in the 2017-19 biennium and \$20 million in the 2019-21 biennium are redirected from PWAA loan repayment resources. This leaves resources for \$100 million in new projects in the 2017-19 biennium and \$100 million for the 2019-21 biennium. (more details pending capital budget release.)
Stormwater Financial Assistance Program	\$50 million (Including \$30 million to restore funding for previously approved grants). Budget summary documents say \$70 million for SFAP. We're still working to sort out this discrepancy.	(capital budget not yet released)
Remedial Action Grants (Toxic Cleanups)	\$10.4 million	(capital budget not yet released)
Coordinated Prevention Grants	\$10 million	(capital budget not yet released)
Eastern WA Clean Sites Initiative (Toxic cleanups)	\$4.1 million (including \$2.4 million for previously approved grants)	(capital budget not yet released)

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Clean-up Toxic Sites - Puget Sound	\$12.8 million (including \$2.8 million for previously approved grants)	(capital budget not yet released)
Drinking Water State Revolving Fund Loan Program	\$160 million	(capital budget not yet released)
Water Pollution Control Revolving Loan Program	\$210 million	(capital budget not yet released)
Centennial Clean Water Grant program	\$50 million	(capital budget not yet released)
Community Economic Revitalization Board	No new appropriations.	(capital budget not yet released)
Puget Sound Restoration and Salmon Recovery Grants	Puget Sound Acquisition and Restoration - \$50 million, Puget Sound Estuary and Salmon Restoration - \$10 million, Salmon Recovery Funding Board (SRF Board) grants: \$80 million (includes \$50 million in federal funds).	(capital budget not yet released)
Washington Wildlife & Recreation Program	\$100 million	(capital budget not yet released)
Floodplain Management and Control Grants	Floodplains by Design - \$20.3 million, Catastrophic Flood Relief: \$60 million – of which \$30.4 million is targeted toward the Chehalis Basin and the other \$29.6 for local priority flood protection and habitat restoration projects.	(capital budget not yet released)
Fish Barrier Removal Board	\$19.7 million for 13 projects	(capital budget not yet released)
Housing Trust Fund	\$91 million	(capital budget not yet released)

Energy Efficiency and Alternative Energy Grants	\$20 million - \$15.75 million for energy efficiency grants (20% must go to cities/towns with fewer than 5,000 residents).	(capital budget not yet released)
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Programs

Pensions	Rates adjusted to reflect pension contribution rates adopted by the Pension Funding Council: PERS employer rate increases from 11.00 to 12.52% and PSERS employer rate increases from 11.36 to 11.76%. In addition, local governments will be expected to include the cost of the state's pension contribution in what they charge for reimbursed activities performed by their personnel, such as providing traffic control for construction projects or security for special events, and forward it, along with the contributions they make, to the pension fund.	LEOFF 2: Eliminates the state contribution rate. Employer share is increased from 30% to 50%, with exception of fire districts. Increased costs to all effected LEOFF employers of \$109M. The 2017-2021 LEOFF 2 rates would be changed to 8.75% for members and 8.75% for employers. These rates exclude the administrative fee on the employer contribution, which is currently .0018%. Also, the state intends to fund the Benefits Improvement Account obligation of \$50M through alternate means, including trafers from the LEOFF 2 fund. DRS: Suspends 0.18 percent surcharge on employers for Department of Retirement Systems (DRS) and actuary administration and instead covers those costs with investment returns. SERS: Includes surcharge on employer contributions related to one-time payment of \$700M contribution for PERS 1 unfunded liability (SB 5900).
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Training for Law Enforcement	Employing agencies will continue to directly pay 25% of the cost to send law enforcement and correctional officers to training. Agencies will also continue to pay the costs of ammunition. Eight additional classes added in FY 2017, four additional classes in FY 2018, and another four additional classes in FY 2019. An additional four classes in FY 2018 and FY 2019 can be offered if local law enforcement agencies agree to directly pay the full cost.	Funding provided for eight additional Basic Law Enforcement Academies in each fiscal year. Employing agencies will continue to pay a 25% share. \$1.7M for 2018, \$1.7M in 2019. 3.4M for 2017-19 biennium.
Community Supervision		Eliminates community supervision for offenders with only local jail sentences, except for violent or sex offenses. Allows individuals to earn good time credit and requires supervision for multiple sentences to be served concurrently unless ordered by the court.
Municipal Research and Services Center	Fully funded.	Fully funded. Commerce must provide report to legislature by November 1, 2018 with a plan for MRSC to become self-sustaining without a state appropriation. If the report is not received by November 1, 2018, \$1.4 million of the state appropriation will lapse.
Auto Theft Prevention Authority	Funded at \$8.2 million (an increase of \$500,000 over last biennium).	Same as Governor's proposal.
Public Defense Grants	Funded at \$900,000 per year (same as last biennium).	Same as Governor's proposal.
Gang Prevention Grants	Funded at \$500,000 per year (same as last biennium).	Same as Governor's proposal.
Sex Offender Address Registration	Funded at \$5 million per year (same as last biennium).	Same as Governor's proposal.
Impaired Driver Safety Account	Funded at \$1.4 million (same as last biennium),	Same as Governor's proposal.
Public Health	Funded at \$73 million (same as last biennium).	Funded at \$73 million, but provides that counties and health districts that have safe injection sites located within their territory or area will not receive a distribution.

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Growth Management and Shoreline Management Activities	Shoreline management grants to local governments reduced by \$1.8 million for the biennium.	Redirects priority for Growth Management Act grants to providing technical assistance to smaller cities and counties; provides \$600,000 to the Ruckelshaus center to prepare a roadmap for Washington's future that recommends improvements to the state's growth planning framework and identifies areas of agreement for reforms. The roadmap must include a comprehensive review of the growth management act, the state environmental policy act, and shoreline management act and must also include regional workshops across the state to engage citizen and community involvement.
Local Government Fiscal Note Program	Fully funds.	Eliminates funding for local government fiscal notes.
Homeslessness and Housing Programs		Reduces funding to Housing and Essential Needs program to \$10 million and replaces some reductions with Family Homelessness Assistance. Restricts ability of the state to participate in the Medicaid transformation demonstration project (1115 Waiver).
TANF		Reductions in Temporary Assistance to Needy Families (TANF)/WorkFirst Exemptions: \$32 million. Utilization of all WorkFirst (temporary cash assistance program) fund balance: \$63M