



Week 1

The Government Affairs Committee Prepares for the 2018 Legislative Session

The 2018 legislative session starts on January 8. When the Legislature starts anew there will be a significant change: Senate Democrats will be in control by a 25 to 24 vote margin due to November's election.

While there were several legislative elections on the last November ballot (7th District, 31st District, 37th District, 45th District, and 48th District), it was the State Senate race in the 45th District that received the most attention and which set records for money spent. Democrat Manka Dhingra won by a 55 to 44 percent margin. In a district that had previously been held by a Republican, her election caused the switch in control from Republican to Democratic.

With the change in control, the Senate committees will have new chairs. Sen. Christine Rolfes is the new chair of the budget writing committee, Ways and Means, and Sen. Steve Hobbs is the new chair of the Senate Transportation Committee. Sen. Hobbs recently held several meetings with various transportation stakeholders in preparation for the coming session.

The Senate Democratic Caucus recently released a list of priorities for next session. Senate Democratic priority bills filed so far include:

- The Voting Rights Act;
- The DISCLOSE Act, a bill to improve transparency in elections by reforming the disclosure of secret money (SB 5991);
- A ban on bump stocks, the device used during the Las Vegas mass shooting in October (SB 5992);
- A bill preventing price gouging of prescription generic drugs (SB 5995);
- A bill encouraging the disclosure and discussion of sexual harassment and assault in the workplace (SB 5996); and
- Breakfast After the Bell, a program aimed at reducing childhood hunger in our schools (SB 6002).

With the change in Senate control, there had been rumors of a one-day December special session to pass the 2017 capital budget that has been held hostage to the Hirst/water availability negotiation, but those rumors were misplaced optimism. When the Legislature does start up, hope is that the capital budget will be one of the first week's votes. Legislative leadership in both the House and Senate indicated they would negotiate the Hirst issue throughout December. The sticking point appears to be finding consensus in the House.

The State Supreme Court issued another ruling in the K-12 *McCleary* case. Essentially, the Court surmised that, while the State did act to fund basic education, they did not do so by the 2018 deadline-- an issue of timing rather than approach. There is little the Legislature can do about that since anything they enact next year would take effect at roughly the same time as their current solution, making the issue of timing moot.

The 2018 session is a 60-day session, and, with the Democrats controlling both the Governor's



mansion and the Legislature, no one expects it to run longer. Hence, larger issues like a carbon tax, capital gains tax, or an infrastructure package are unlikely--particularly given the impending 2018 general election where the entire House and half the Senate are up.

While major budget issues are not expected to dominate this session, the Government Affairs Committee (GAC) has identified a number of issues that we expect to come up this session. The GAC will continue to work with the Association of Washington Cities on ways to replace or replenish the Public Works Assistance Account. We are also working with AWC to explore ways to expand the use of job order contracting, and we are on the lookout for bills expected from the Association of General Contractors that seek to weaken protections provided by the *Mike Johnson* decision.

The GAC will restart weekly legislative update conference calls on Wednesday, January 10. Anyone interested in being part of the conversation should contact Jim Rioux at (360) 753-8484 or via e-mail at jrioux@ci.olympia.wa.us.

Week 2

Hirst and the Capital Budget are finally behind us.

Last week, the Legislature passed both a capital budget and a fix to the Hirst water issue. The Governor signed both last Friday. The capital budget, SB 6090, is essentially the same as HB 1075 from last year, containing funding for Floodplains by design, local projects, school construction money and legislative instruction on how to spend the VW diesel settlement monies. Its passage avoided the potential loss of millions in federal matching dollars.

Concerning the Hirst fix, the Legislature passed SB 6091, which will allow building permits to be issued with exempt wells. Certain watersheds must adopt Watershed restoration and enhancement plans (WRE). While this additional planning/process may seem cumbersome to local governments, counties and cities can again rely on Department of Ecology rules. As Sen. Van De Wege said during Senate debate, "everybody is unhappy with it fairly equally", which is generally the case with compromises.

Until a local plan is adopted, in WRIs 1,11,22,23,49,55 and 59, upon payment of a \$500 fee, wells can draw up to 3,000 gallons per day. In WRIs 7,8,9,10,12,13,14, and 15, upon payment of a \$500 fee, wells can draw up to 950 gallons per day. \$150 of the building permit fee stays with the local government while \$350 of the fee will be used in the WRIA for WRE planning and projects. The bill expresses the intent to provide \$300 million over 15 years for stream restoration and enhancement. There is a metering pilot in two WRIs already using meter on new wells (Kittitas and Dungeness). The State will pay the cost of the meters.

Now, that the Legislature has dealt with these carry-over issues from last session, they must now attend to the bills in their committees as the first policy committee cutoff arrives February 2nd. This week, committees are holding those final hearings before focusing on passing the bills before that deadline.



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Week 3

The 2018 Legislative Session Approaches its First Cut-Off Dates

This is cutoff week in the Legislature. The first bill deadline is February 2nd for the policy committees and February 6th for the fiscal committees. Thus, bill hearings will give way to executive session as committees amend/pass their bills in anticipation of floor action. Many of the bills in these committees will not survive this deadline.

Of bills of interest to APWA, this is where they sit:

HB 2337- construction in state waters. This bill continues to sit in the House Agriculture Committee.

HB 2407-concerning reporting of the use of out-of-state materials for public works projects. This bill had its hearing but is not scheduled for executive session.

HB 2412- creating the buy clean Washington Act. This bill is scheduled for executive session on January 30th.

HB 2521-concerning the vacation of road abutting bodies of water. This bill was scheduled for executive session, but no action was taken. The senate version, SB 6152, passed from committee and is eligible for a senate floor vote.

HB 2594-studying the feasibility of a statewide infrastructure authority. This bill passed from committee on January 25th.

HB 2691-clarifying the authority and procedures for contracting by public port districts. This has a hearing in the House Capital Budget Committee on January 30th. The senate version, SB 6072, passed from committee and is eligible for a senate floor vote.

SB 6143-concerning unit priced contracting by cities. This bill passed from committee and is eligible for a senate floor vote.

SB 6480-concerning local government infrastructure. It had its hearing on January 25th, but has not yet been scheduled for executive session.

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Week 4

No Update posted.

Week 5

At Mid-Session Most Bills Fail to Move Beyond House of Origin

Last Friday was the first cut-off of the 2018 legislative session. So, bills that did not pass out of their original policy committee are technically “dead” and no longer eligible to move through the process. Tuesday will be the first fiscal committee cut-off and another round of bills will fall be “dead”.

One of the most significant items of the week was the committee passage of the Governor’s and Senator Carlyle’s carbon bill. SB 6203 passed out of the Senate Environment Committee last Thursday evening on a vote of 6-3-1. The bill imposes a \$10/ton emissions charge that escalates at \$2 per year beginning in 2021. The charge is ultimately capped at \$30/ton. The legislation also creates a series of accounts for the distribution of the funding. It specifically includes a distribution of \$100 million to the multimodal account. The bill will now be considered by the Senate Ways and Means Committee.

Of those bills that did NOT make last week’s cutoff, below are a few of the notable ones:

HB 2337 - Concerning civil enforcement of construction projects in state waters.

HB 2370- Adding legislative members to the membership of the public works board.

HB 2407- Concerning reporting regarding the use of out-of-state materials for public works projects.

HB 2878/SB 6322- Concerning pesticide exposure and notification of certain pesticide applications.

SB 6545- Concerning community economic revitalization board administered broadband infrastructure.

SB 6546-Concerning design-build and job order contracting for alternative public works.

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Week 6

Pace Accelerates as we Approach House of Origin Cut-Off

This Wednesday, February 14th is the House of Origin cut-off. Bills that do not pass out of their original chamber by 5 p.m. on Wednesday evening are considered dead (except those bills



necessary to implement the budget). Additionally, the State will receive an updated revenue forecast on Thursday. The expectation is that budget proposals will be released as soon as Monday, February 19th. So, the focus is quickly shifting from policy to budget issues.

Until February 14th, the Legislature will labor to pass an overwhelming number of bills. In the Senate, lawmakers have introduced about 625 new bills, compared with the 532 introduced for the entire 2016 60-day session. The House Legislators have introduced about 736 this session. Both House and Senate floor calendars have more bills than there is time to vote on. A few bills that APWA is tracking include:

HB 2338 - Reducing the greenhouse gas emissions associated with transportation fuels. This bill would implement carbon reduction associated with transportation fuels. It is currently in the House Rules Committee.

HB 2412 - Creating the buy clean Washington Act. It is currently in the House Rules Committee.

HB 2852 - Concerning attorney's fees on public works contracts. APWA opposes this bill and it is eligible for a House floor vote.

SB 6143 - Concerning unit priced contracting by cities. APWA supports this bill, which passed the Senate last week and is now scheduled for a hearing in the House Local Government Committee on February 15th.

There are two bills that have the attention of most of the lobbyists in Olympia:

SB 6203, which implements a carbon tax, and HB 2967, which implements a capital gains tax that would help reduce the property tax increase brought about by last year's K-12/McCleary fix. Both are longshot proposals in an election year session, but are intriguing given the potential budget ramifications both bills create.

As a reminder, the Legislative Session is scheduled to end on March 8th.

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Week 7

Budget Outlook Uncertain – Revenue Forecast is Positive but Taxpayers Feeling 2017 Increases

At this writing, it is the 43rd day of the 60-day legislative session. This is the last week of policy committee hearings as the Legislature transitions between focusing on bills to focusing on the supplemental budget proposals. Once this week ends, the Legislature will switch back to floor action



for four days until March 2nd – the last bill cutoff before the end of session on March 8th.

Last week, the House and Senate finished up floor action on their own bills. The House passed 314 bills, and the Senate passed 241 bills. However, the House failed to act on 121 bills on its floor calendar, while the Senate left 66 bills behind, thus ending a lot of legislation. Bills that failed to survive this cutoff include:

HB 2338 – Reducing the greenhouse gas emissions associated with transportation fuels.

HB 2412- Creating the buy clean Washington act.

HB 2594-Studying the feasibility of a statewide infrastructure authority.

HB 2852- Concerning attorney's fees on public works contracts.

Bills that survived the cutoff include:

HB 2382 – Promoting the use of surplus public property for public benefit.

HB 2757- Modernizing fuel content standards and references.

SB 6072 – Clarifying the authority and procedures for unit priced contracting by public port districts.

SB 6143 – Concerning unit priced contracting by cities.

SB 6152 – Concerning the authority of counties to vacate a county road that abuts on a body of water if the county road is hazardous or creates a significant risk to public safety.

Also last week, the State released the general fund revenue forecast; for the 2017-19 biennium, revenue increased by \$647 million and revenue for the 2019-21 biennium increased by \$671 million. How this will impact the supplemental budgets is unknown as most of those budgets were written prior to the release of the forecast. It is also unknown how this revenue increase will impact the chances of the carbon tax bill, SB 6203, which had its fiscal committee hearing last Thursday or the capital gains bill, HB 2967, which was also heard last Thursday in the House Finance Committee. What is clear is the Legislators' concern regarding the property tax assessments that are arriving in their constituents' mail. Property taxes are increasing due to the McCleary/K-12 fix implemented last session and this is an election year.

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Week 8

Budgets Released in Both Chambers

Last week, both the House and Senate released their operating, capital and transportation budget proposals. The capital and transportation proposals only have minor differences between the House and the Senate. The House and Senate do take slightly different approaches to the operating budgets. Last Friday, the Senate passed all three of their budgets. The House will likely pass theirs either Monday or Tuesday.

The Senate proposal spends \$44.6 billion this biennium, while the House spends \$44.1 billion. The spending gap is largely due to the Senate spending additional money to address the latest Supreme Court McCleary ruling -increasing funding for teacher salaries.

Both budgets assume a reduction in state property taxes. The Senate spends \$403 million for a one-time \$0.31/\$1000 state property tax reduction in calendar year 2018 (SB 6614). The House, reduces 2019 taxes by \$0.33/\$1000 and 2020 taxes by \$0.40/\$1000 (See HB 2993). Both budgets pay for these reductions by transferring money from the rainy day account, \$403 million for the Senate and \$996 million for the House. The House proposal also provides an ongoing property tax reduction in 2021 but relies on the passage of a capital gains tax to fund that reduction.

With less than two weeks left in this regular session, the Legislature should be able to finish by March 8th. This week will be the last of the floor action; next week, they will resolve the differences in various bills. Once the budgets are finalized, nothing will keep the Legislature beyond the scheduled 60-day session.

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Week 9

The 2018 Session on Track for March 8 Sine Die

On Friday, March 2nd, the Legislature reached their opposite chamber cut-off, which means that bills that did not make it out of the opposite chamber by Friday evening are technically dead for the remainder of the legislative session. There were a few big news items in the last week. The Governor and Senator Carlyle declared that the carbon tax bill was dead. The Nature Conservancy filed a carbon tax initiative to the people, which would be on the ballot this November if it receives the required number of signatures.

Two bills of interest to APWA survived this opposite chamber deadline:

HB 2382 – promoting the use of surplus public property for public benefit.



SB 6143 – concerning unit-priced contracting for cities.

Most of this was overshadowed by the Governor’s decision to veto of SB 6617 - the Legislature’s bill to exempt themselves from the State Public Records Act (PRA). As part of agreement surrounding the veto, there is a stay on the pending litigation against the Legislature. Additionally, there will be a task force formed to determine which parts of the PRA should apply to the Legislature.

Entering the final week of the 2018 regular session, the expectation is that final budgets will likely be available on Wednesday and voted on by Thursday, the last day of the session. Little else is expected to be accomplished.

2018 Wrap-Up

INTEROFFICE MEMORANDUM

To: Jim Rioux

From: Michael Shaw

Subject: APWA 2018 Session Wrap-up

Date: March 15, 2018

CC: Scott Sawyer

The 2018 Legislature adjourned the 60-day regular session on March 8th, having passed a biennial capital budget, a hold-over from last year, a fix to the Hirst water decision and the usual supplemental budgets associated with an even-year session. For the first time in several years, a special session is not a foregone conclusion.

Controlling both chambers of the Legislature for the first time since 2012, the Democratic Legislature introduced a record number of bills for a “short” session, including many that had repeatedly failed in the Republican-controlled Senate over the last six years. This session for example, the Senate passed a death penalty repeal, SB 6052, passed a carbon tax to the senate floor, SB 6203, and sent the Voter’s Rights Act to the Governor, SB 6002. House bills that had failed last year but passed to the Governor’s desk this year include HB 1570, elimination of the homeless housing surcharge sunset, and HB 1783, the reduction of criminal legal financial obligations.

Several long-serving House members announced their retirements at the end of the 2018



session. They include: House Minority Leader, Dan Kristiansen, House Transportation Chair, Judy Clibborn, House Judiciary ranking member, Jay Rodne, Early Learning & Human Services Chair, Ruth Kagi, Rep. Larry Haler, Finance Chair, Kristine Lytton, Finance ranking member, Terry Nealey, Rep. Liz Pike, Rep. Joyce McDonald, and Rep. Melanie Stambaugh. Rep. J.T. Wilcox has been named Minority Leader due to Rep. Kristiansen's retirement. In the Senate, Sen. Baumgartner announced he was leaving to run for the Spokane County Treasurer's office. Rep. Holy is expected to run for that senate seat, creating another open seat in the House.

For APWA, Rep. Clibborn's departure is particularly noteworthy. She has been a great transportation advocate and her background as a local government official on Mercer Island made her receptive to addressing local infrastructure needs. She will be greatly missed.

Supplemental Transportation Budget:

The 2018 supplemental transportation budget increases biennial spending by \$85 million, with over \$600 million in increased project funding. Local Programs was allotted \$71.3 million in additional funding for local projects. Detailed lists of funded projects can be found [here](#).

A few highlights in the transportation budget include:

- Funding for ultra high-speed rail (250 MPH, or more) was increased by \$1.2 million to conduct a business-case analysis. The transportation budget previously provided \$300,000 to prepare cost-benefit study for a route from British Columbia to Oregon. The budget also includes an advisory group made up of legislators, state agencies, and public and private stakeholders.
- \$600,000 in funding to develop RFPs for converting three Washington State ferries to hybrid electric propulsion including terminal improvements.
- \$350,000 in funding to support [SSB 5806](#) which establishes a new process to replace the I-5 Columbia River Bridge involving both Washington and Oregon legislatures.
- Funding to expand the Department of Licensing's enhanced drivers license. The budget provides \$28 million in funding and adds 123 FTEs to handle the surge as drivers upgrade licenses due to federal travel requirements.
- \$360,000 for a study of city transportation funding needs and an assessment of emerging issues and recommend funding sources.
- \$315,000 for a transit capital facility and fleet replacement assessment.
- Slight increases in funding for CRAB, TIB, and FMSIB to allow spending of available revenues.
- Changes to the aviation program including establishment of a electric aircraft work group to look at commercial application of electric or hybrid-electric aircraft for air travel.

Supplemental Capital Budget:

The enacted 2017-19 capital budget, SB 6090, that passed at the beginning of this session appropriated \$2.72 billion in state bond proceeds. A total of \$2.93 billion in bond proceeds were authorized for the biennium by the accompanying bond bill (HB 1080). The supplemental capital



budget, SB 6095, appropriates \$198 million in general obligation bonds and \$152 million from dedicated accounts for projects during the 2017-19 biennium. Project lists can be found [here](#).

The supplemental budget made significant investments in local projects, natural resources and behavioral health facilities.

LOCAL AND COMMUNITY PROJECTS: The Department of Commerce is appropriated \$81.8 million for a variety of projects and programs including:

- \$5 million in bonds for the Community Economic Revitalization Board (CERB);
- \$5 million in bonds for the CERB administered broadband program;
- \$40.6 million in bonds for 95 local and community projects; and
- \$4 million in bonds for four housing projects. • \$2.5 million in bonds for the Weatherization Program.
- \$2 million in bonds for Behavioral Rehabilitative Services capacity grants.

Bills of Interest:

Overall, there were few transportation/public works bills that passed the 2018 legislature. Following is a list of bills of interest to APWA:

- [SB 6414](#), regarding public transportation benefit areas, changes the representation for the governing board for PTBAs in Spokane, Pierce, and Clark counties to be proportional to population.
- [E2SSB 6529](#), establishes a work group to look at pesticide safety. The workgroup is composed of legislators and agencies. In addition to the members, the University of Washington Latino Center for Health, the Washington State University, and other experts and technical advisors may be invited by the secretary of DOH or the director of Washington state department of agriculture.
- [ESB 5288](#), allows the public transportation benefit area in Thurston County (Intercity Transit) to ask voters to increase the sales tax up to 1.2% from .9%.
- [E2SHB 1637](#), requires new contractors to go through training on prevailing wage requirements to be qualified to bid on public contracts. Contractors who have completed three projects and have a valid state business license for three years are exempt.
- [HB 2807](#), expands the current emergency zone rules of the road and associated offenses related to the use of lanes, speed restrictions, and reckless endangerment to include work zones. The bill adds construction vehicles, maintenance vehicles, and solid waste vehicles with appropriate flashing lights to list of vehicles where drivers must move over, when possible, to another lane.



- [HB 6143](#), allows a city or town to procure public works with a unit-priced contract and establishes bidding and other procedures for such contracts.

While the 2018 session was mercifully short and without the threat of special sessions (at this time), it will most likely be most remembered for the Legislature's attempt to exempt itself from the public records act (PRA). Last Fall, a Thurston County court ruled against the Legislature and found this it was subject to the PRA, like the executive agencies and local governments. While the appeal was pending, SB 6617 was introduced on February 22nd, passed the Legislature without the usual public hearings and was delivered to the Governor on February 23rd. After significant opposition by the newspapers and a record amount of calls to the Governor's office, the Governor vetoed the bill after an agreement was made with the media to create a task force to review the PRA. The litigation will continue.