



September 9, 2020
SCA PIC Meeting

Item 7:
SCA 2021 Legislative Agenda
POTENTIAL FUTURE ACTION

SCA Staff Contact

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SCA Legislative Committee Members

Mayor Dana Ralph, Kent (Chair); Mayor Angela Birney, Redmond; Mayor Leanne Guier, Pacific; Mayor Amy Ockerlander, Duvall; Mayor Mary Lou Pauley, Issaquah; Deputy Mayor Wendy Weiker

Discussion

At the September PIC meeting, members will review SCA priorities from the 2020 legislative session, initial priorities being developed by the Association of Washington Cities, and initial legislative priorities for 2021 being discussed by the SCA Legislative Committee in order to provide input on priorities for consideration by the SCA Legislative Committee. PIC members are encouraged to provide information on any work that has already begun in your city to identify priorities for 2021 and to provide input for the SCA Legislative Committee to consider as it develops recommendations.

Background

The SCA 2020 Legislative Agenda ([Attachment A](#)) focused on legislative requests in five priority issue areas: (1) Address the Affordable Housing and Homelessness Crisis; (2) Invest in Transportation Infrastructure and Mobility; (3) Fully Fund the Public Works Trust Fund and Provide Options for Local Infrastructure Needs; (4) Preserve Local Decision-Making Authority; and, (5) Provide Tools for Cities to Address Other Critical Local Priorities.

As noted in the final SCA Legislative Report following the end of the 2020 session ([Attachment B](#)), the legislature did not significantly increase revenue tools to address local transportation needs. Legislation was approved reflecting SCA priorities for affordable housing, state-shared revenues, and other priorities. However, in anticipation of state revenue impacts from the COVID-19 pandemic, the Governor ultimately vetoed a bill related to sales and use tax for affordable housing and another on streamlined sales tax mitigation payments.

In June 2020, following the recommendation of PIC, the SCA Board also adopted legislative priorities related to the COVID-19 public health emergency in preparation of a possible special session ([Attachment C](#)). As of this time, a special session of the state legislature has not been convened, and one is not anticipated until after the November elections, if at all.

In prior years, PIC has sought to develop a legislative agenda that is largely consistent with that of the Association of Washington Cities, but with a focus on issues that are unique or particularly important to SCA cities. On September 3, AWC's Legislative Priorities Committee voted to recommend five policy issues as priorities for AWC Board consideration:

- State Shared Revenue: Maintain existing shared revenues and oppose further cuts.
- Transportation: Support a new transportation revenue package
- Statewide Policing Reform: Support a statewide policing reform that may include a standard use of force, a database to track officers who have been fired from employment for misconduct, requiring psychological evaluation regularly and after fatal use of force, and establishing duty to intervene and report misconduct/illegal activity of another officer, etc.
- Fiscal Flexibility: Provide greater fiscal flexibility on existing revenue sources to help cities manage the impacts of the economic crisis
- Housing Instability Assistance: Work in coalition to address housing instability created by the economic impacts of the COVID-19 pandemic, including rent assistance and foreclosure-prevention assistance

Other issue areas considered by AWC's Legislative Priorities Committee as possible areas of support include:

- Revise property tax cap to tie it to inflation and population growth factors
- Engage in Growth Management Act reform conversation
- Support efforts to fully fund the Public Works Trust Fund
- Support efforts to increase access to childcare and additional investment of CARES money to support childcare facilities at risk of closure
- Support permanent policy to allow greater flexibility for local governments to hold virtual meetings without a physical location during an emergency

The SCA Legislative Committee met on August 12 to begin developing the SCA 2021 Legislative Agenda to recommend to PIC. At their first meeting, the Committee began discussing potential "buckets" of issue areas to focus the 2021 SCA legislative priorities, with a goal of approaching each through a lens of racial equity and social justice:

- Invest in Economic Recovery
- Address the Fiscal Needs of Cities to Provide Local Services
- Address Housing Instability
- Invest in Transportation and Other Infrastructure
- Limit State Interference in Local Democracy
- Enact Law Enforcement Reform

These priorities are consistent with the priorities adopted by the SCA Board at their 2020 retreat.

Next Steps

The SCA Legislative Committee will continue to meet over the upcoming months to refine the list of priority issue areas and make recommendations for the SCA 2021 Legislative Agenda. At

future meetings, PIC will review the recommendations of the Legislative Committee and recommend the proposed Legislative Agenda to the SCA Board, by whom it may be formally adopted. Questions or feedback can be provided to SCA Policy Director Brian Parry at brian@soundcities.org or 206-499-4159; or, Jackie Wheeler, SCA Policy Analyst, jackie@soundcities.org, 206-495-3020.

SCA 2020 Legislative Agenda

Address the Affordable Housing and Homelessness Crisis

The state and cities must partner to preserve and increase the supply of affordable housing as, well as address behavioral health needs and other root causes of homelessness. Sound Cities Association urges the Legislature to:

- *Allow cities to create and preserve affordable housing through optional local tools, including extending the timeline to approve a “qualifying local tax” provided under HB 1406 adopted in the 2019 legislative session*
- *Continue to expand investment in the Housing Trust Fund*
- *Address other underlying causes of homelessness by providing support to cities to implement innovative local solutions and increasing investments in our state’s behavioral health system*

Invest in Transportation Infrastructure and Mobility

The economic vitality of our state demands that we invest in our existing transportation infrastructure and prioritize new investments that improve the movement of people and goods. Cities have increased investments in local transportation systems, but still face an annual funding gap for maintenance and operation of those systems of \$1 billion statewide. Sound Cities Association urges the Legislature to:

- *Partner with cities to develop a comprehensive transportation bill that provides new resources and options for local government to address transportation and mobility needs*

Fully Fund the Public Works Trust Fund and Provide Options for Local Infrastructure Needs

Today’s cities are building the infrastructure necessary to accommodate a growing population and economy. Investments in infrastructure keep communities vibrant, protect the environment, and attract economic development. Cities need tools to lower the cost of providing local infrastructure and to avoid further exacerbating the housing affordability crisis. Sound Cities Association urges the Legislature to:

- *Fully fund the Public Works Trust Fund*
- *Support economic development tools that help maintain and expand local infrastructure, such as Tax Increment Financing and similar tools*

Preserve Local Decision-Making Authority

Cities possess strong local knowledge and authority to keep communities safe, healthy, and improve quality of life. It is critical cities maintain the authority to provide the necessary services and retain local control over land use planning that will help communities thrive.

Provide the Tools for Cities to Address Local Priorities

City revenue streams are limited and are not structured to sustainably keep-up with rising costs. Cities need flexible local funding tools, fewer unfunded mandates, and continued support from the state for shared responsibilities. Sound Cities Association urges the Legislature to:

- *Replace the arbitrary 1% cap on annual property tax increases with a limit tied to inflation plus population growth*
- *Meet the state’s commitment to revenues intended to be shared with cities to serve our shared constituents*
- *Continue streamlined sales tax mitigation to affected cities*

Final 2020 State Legislative Update March 13, 2020

The following update on bills considered during the 2020 Washington State legislative session is ordered in relation to priorities identified in the SCA 2020 Legislative Agenda. In addition, we have added an update on what the legislature approved in response to the COVID-19 outbreak. This is intended to provide a status update of those bills and does not reflect support or opposition to a particular bill.

The Association of Washington Cities will be hosting a free legislative wrap-up webinar on Thursday, March 19, from 10:00 to 11:00 AM. [Register here.](#)

For more information contact SCA Policy Director Brian Parry at brian@souncities.org or 206-499-4159.

COVID-19 Funding

On the final day of the session, the Legislature approved bipartisan legislation ([HB 2965](#)) to expend \$200 million from the state's rainy day fund to address the COVID-19 outbreak. Of this, \$175 million is dedicated to public health and \$25 million to a new COVID-19 unemployment fund. The bill also allows the State Board of Education to establish an emergency waiver program to give flexibility from graduation requirements due to the virus outbreak.

Address the Affordable Housing and Homelessness Crisis

In addition to the bills listed below, the supplemental budget approved by the Legislature added \$160 million to fund additional shelter beds and expand access to affordable housing.

[HB 2797](#) extending the deadline for jurisdictions to participate and expands allowable uses of funds authorized in 2019 by [HB 1406](#), under which cities and counties receive a portion of state sales taxes collected in the jurisdiction for affordable housing.

Status: Passed the legislature. **Governor vetoed on April 3.**

[HB 1590](#) providing councilmanic authority for cities and counties to impose a sales tax for affordable housing and related services.

Status: Passed the legislature.

[HB 2497](#) adding the development of permanently affordable housing to the allowable uses for community revitalization financing, local infrastructure financing tool, and local revitalization financing.

Status: Passed the legislature.

[HB 2907](#) / [HB 2948](#) allowing King County to impose a payroll tax for every employee making \$150,000 or more to fund affordable housing and homelessness services.

Status: Did not pass.

[HB 2620 / SB 6411](#) authorizing local governments to extend qualified Multi-Family Tax Exemptions an additional 12 years.

Status: Did not pass.

Invest in Transportation Infrastructure and Mobility

[HB 2362 / SB 6652](#) creating new local transportation options, including a city utility tax, countywide motor vehicle excise tax, and increased sales tax authority for transportation benefit districts.

Status: Did not pass.

Preserve Local Decision-Making Authority

[HB 2343](#) expanding the list of actions that cities planning fully under the Growth Management Act are encouraged to take in order to increase urban density and housing supply.

Status: Passed the legislature.

[SB 6617](#) requiring cities and counties planning under GMA to adopt regulations that do not require off-street parking for Accessory Dwelling Units within a quarter mile of a major transit stop unless the jurisdiction determines there is a lack of access to street parking or other impediments.

Status: Passed the legislature.

[HB 2230](#) making permanent a property tax exemption for tribal properties being used for economic development purposes, which was established in 2014 and set to expire in 2022. The bill also expands the tribal properties eligible for the exemption by removing a provision that allowed it only to be applied to properties acquired prior to March 1, 2014. Allows cities to participate along with counties in payment-in-lieu-of-tax negotiations with tribes.

Status: Passed the legislature.

[HB 2780/SB 6536](#) requiring allowance of the development of duplexes, triplexes, quadplexes, townhouses, and courtyard apartments in areas zoned for detached single-family residences.

Status: Did not pass.

[HB 2570](#) requiring cities to adopt development regulations allowing at least one Accessory Dwelling Unit on all single-family lots.

Status: Did not pass.

Provide the Tools for Cities to Address Local Priorities and Infrastructure Needs

[HB 1948](#) providing mitigation payments for the support of manufacturing and job centers in manufacturing and warehousing communities negatively impacted by the Streamlined Sales and Use Tax Agreement.

Status: Passed the legislature. **Governor vetoed on April 3.**

[HB 2804](#) expanding Local Revitalization Financing projects by providing new funding, increasing the state's annual contribution supporting projects, and revise the application process.

Status: Did not pass.

[HB 2145](#) eliminating the 1% limit on increases to local property taxes.

Status: Did not pass.

[HB 2778](#) authorizing Tax Increment Financing (TIF), and its companion legislation, and HR 4212 to amend the Washington State Constitution to allow the implementation of TIF in Washington State have not been voted out of committee.

Status: Did not pass.

Other

[HB 1390](#) providing a one-time increase to the Public Employees' Retirement System and Teachers' Retirement System Plan monthly benefits of three percent, not to exceed \$62.50.

Status: Passed the legislature.

[HB 2342](#) aligning deadlines for updates to comprehensive plans and shoreline master plans and extends the deadline for the next update to local comprehensive plans in King County to June 30, 2024 (previous deadline was June 30, 2023).

Status: Passed the legislature.



SCA 2020 Legislative Priorities Related to COVID-19 Response and Relief

As the Legislature considers necessary actions to address the impacts of COVID-19 on our state, SCA asks that priority be given to support for cities and towns in the following areas:

Financial support

- Maintain critical state shared revenues that provide funding for essential public services.
- Provide fiscal relief to cities hard hit with costs for emergency response and loss of tax revenue.

Fiscal flexibility

- Provide flexibility within existing restricted revenues to allow cities to use funds where they are most needed right now.

Regulatory relief

- Continue the emergency action taken by the Governor to provide flexibility on deadlines for permitting and land use timelines. Cities hard hit by this emergency may still be experiencing staffing shortages and back-logs that will impact their ability to comply with typical statutory deadlines.

City-owned utility support

- Allow city-owned utilities that have waived late fees and shut-offs and extension of their ability to collect outstanding debt so that they can work with rate payers to extend payment plans without impacting the financial viability of the utility or raising rates on other customers.
- Provide funding to help offset losses related to forgiving late fees and delinquent accounts for those customers hard-hit by the emergency.

Economic stimulus

- Investing in public infrastructure projects is one of the best ways to support economic stimulus as infrastructure investments have a positive economic multiplier with the creation of family-wage jobs and support increased economic activity.

Cities also support efforts to help the most vulnerable residents and our small businesses

- Cities support programs to provide emergency rental assistance and emergency housing.
- Cities support programs to provide emergency assistance to small businesses.