



September 11, 2019  
SCA PIC Meeting

## Item 10:

### SCA 2020 Legislative Agenda

#### ***DISCUSSION***

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#### **SCA Staff Contact**

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#### **SCA Legislative Committee Members**

Mayor Leanne Guier, Pacific, Chair; Mayor David Baker, Kenmore; Mayor Dana Ralph, Kent; Mayor Amy Ockerlander, Duvall; Deputy Mayor Catherine Stanford, Lake Forest Park

#### **Discussion**

The SCA Legislative Committee will meet on September 13 to begin developing a SCA 2020 Legislative Agenda to recommend to PIC. 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.

At PIC in September, members will review SCA priorities from the 2019 legislative session, initial legislative priorities being developed by the Association of Washington Cities, and 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 2020 and to provide input for the SCA Legislative Committee to consider as it develops recommendations for the full PIC.

#### **Background**

The SCA 2019 Legislative Agenda ([Attachment A](#)) focused on legislative requests in three priority issue areas: Address the Affordable Housing and Homelessness Crisis; Invest in Transportation Infrastructure and Mobility; and, Provide Tools for Cities to Address Other Critical Local Priorities. As noted in the final SCA Legislative Report following the end of the 2019 session ([Attachment B](#)), the legislature did not significantly increase revenue tools for to address local transportation needs; however, significant legislation was approved reflecting SCA priorities for affordable housing, state-shared revenues, and other priorities.

The SCA Legislative Committee will meet on September 13 to begin developing the SCA 2020 Legislative Agenda to recommend to PIC. At a future meeting, 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.

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. As part of this discussion item, PIC will be joined by AWC

staff who will provide an update on potential 2020 legislative priorities under consideration by the association. Some of the issue areas under consideration by AWC's Legislative Priorities Committee include:

- Support a comprehensive city transportation bill that provides new resources and options (a recent [interview](#) in the *Seattle Times* with Senate Transportation Chair Steve Hobbs indicates there will be continued discussion of a transportation package in 2020);
- Support efforts to fully fund the Public Works Trust Fund;
- Support the creation of tax increment financing options for cities;
- Preserve city fiscal health with secure funding sources and flexibility to meet the growing and evolving needs of their communities;
- Oppose across the board COLA increases to PERS 1 that would further increase unfunded liability in the plan;
- Oppose transfers of funds out of the LEOFF 2 account;
- Support state funding for medication assisted treatment in city and regional jails to address the ongoing opioid crisis;
- Increase capacity to provide community courts;
- Oppose efforts to weaken local law enforcement authority to use drug and property forfeiture and seizure authority for certain crimes and drug offenses;
- Continue to support new resources and policies to increase affordable housing at the state and local level (including voluntary adoption of ADU ordinances, expanding eligibility to implement the multifamily tax exemption; and, providing optional local funding tools);
- Continue to support a watershed-based approach to address local fish-blocking culverts; and,
- Support reforms to the Residential Landlord Tenant Act to require "just cause" before eviction or termination of tenancy.

At the SCA Networking Dinner in May, legislators who participated in a panel discussion stressed the importance of working early prior to the beginning of the legislative session to set priorities and educate members about city priorities. SCA cities are encouraged to schedule meetings with local legislators at your earliest opportunity.

### **Next Steps**

The SCA Legislative Committee will meet beginning on September 13 to start developing recommendations for the SCA 2020 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 Senior Policy Analyst Brian Parry at [brian@soundcities.org](mailto:brian@soundcities.org) or 206-499-4159.

## **SCA 2019 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:

- *Take steps to preserve and increase the supply of affordable housing, including:*
  - *Continued investment and expansion of the Housing Trust Fund*
  - *Expand pathways to homeownership, including reforming condominium liability law*
  - *Allow cities to create and preserve affordable housing through optional local tools*
- *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 across the transportation system in an integrated, efficient, and reliable manner. Sound Cities Association urges the Legislature to:

- *Create stable, long-term funding available to cities to address maintenance and preservation of existing infrastructure*
- *Support improving mobility along significant urban, regional, and state corridors by managing them as an integrated system that supports motor vehicle, transit, bicycle, and pedestrian travel*

### **Provide the Tools for Cities to Address Other Critical 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:

- *Give cities funding tools to sustainably address local priorities, such as:*
  - *Replacing the arbitrary annual 1% cap on property tax increases with a limit tied to inflation plus population growth*
  - *Increasing flexibility for REET and other existing revenues*
  - *Continuing streamlined sales tax mitigation to affected cities*
- *Maintain the state's responsibility to cities by:*
  - *Fully and equitably funding critical public safety and correctional facility investments including the Basic Law Enforcement Academy and Corrections Officers Academy*
  - *Continuing smart investments in cost-effective programs including MRSC and the Public Works Assistance Account*
  - *Meeting the state's commitment to share revenues with cities in order to provide vital services to our shared constituents*

**Sound Cities Association Legislative Report**  
**SCA Consultant Briahna Murray; [bmurray@gth-gov.com](mailto:bmurray@gth-gov.com); (253) 310-5477**  
**April 29, 2019**

The legislature adjourned sine die (or “last day”) on Sunday evening minutes before midnight, completing all of its work within the constitutionally mandated period of time. Below are the highlights for the end of the session. Full details will follow later this week.

**Final Budgets Summarized**

*Operating Budget*

The final operating budget spends \$52.4 billion, an increase of roughly 20% from the 2017-19 budget of \$43.7 billion. The budget is based on five new revenue sources: 1) switching from a flat rate Real Estate Excise Tax to a variable rate based on the sale price of the property (SB 5998); 2) removing a preferential business and occupation tax rate for international investment companies (SB 6016); 3) replacing the out-of-state sales tax exemption with a refund mechanism (SB 5997); 4) increasing the B&O tax rate for travel agents (SB 6004) and 5) raising the B&O tax rate for large financial institutions (HB 2167). In addition, the legislature increases the B&O tax rate for certain business categories and dedicates the revenues to higher education (HB 2158). No capital gains tax was passed.

*Capital Budget*

The capital budget invests \$4.9 billion in state agency construction projects, grant and loan programs for local governments, and in K-12 school and higher education facility construction. In addition, \$3.8 billion is re-appropriated for projects previously authorized but not yet completed. \$96.5 million for local and community projects awarded through competitive programs and direct legislative grants;

*Transportation Budget*

The final transportation budget includes a very small list of new projects. This is because actual gas tax revenue ended up being less than projected and the legislature was only able to fund new projects through a one-time \$50 million transfer of Hazardous Substance Tax revenue out of the Model Toxics Control Act Account.

**Legislative Priorities**

**Address Affordable Housing and Homelessness**

The final budgets made significant investments in affordable housing:

- \$175 million was allocated to the Housing Trust Fund (a historic high amount!);
- The Legislature approved [Senate Bill 5334](#) to reform the Condominium Liability Act;
- The Legislature approved [House Bill 1406](#) which allows local jurisdictions to impose a credit against the state sales tax to fund affordable housing. The final version of the bill authorizes cities and counties to each impose a .0146 credit against the state sales tax. A city is authorized to impose the county’s portion of the .0146 if the city has imposed a local tax to fund affordable housing (property or sales) or the county does not utilize its authority;
- [House Bill 1590](#), authorizing counties to councilmanically increase the sales tax to fund affordable housing, did NOT pass.
- Local control is maintained over density, land use and accessory dwelling units. The Legislature passed [House Bill 1923](#), which incentivizes rather than mandates cities to accept

AB 5619 | Exhibit 3 | Page 8

density. The ADU bill that preempted local control, [Senate Bill 5812](#), failed to pass the Legislature.

- The Legislature approved [Senate Bill 5444](#) implementing reforms to the state mental health system in response to the *Trueblood* settlement. Additionally, the Operating and Capital Budgets made significant investments into implementing these reforms and funding community behavioral health facilities.

### **Invest in Transportation Infrastructure and Mobility**

- The Legislature did not significantly increase revenue to local governments to meet local transportation needs. The Joint Transportation Committee is tasked with making recommendations to the 2020 Legislature regarding local transportation revenues.

### **Provide the Tools for Cities to Address Other Critical Local Priorities**

- State-shared revenues are fully funded in the final Operating Budget, except for the Public Works Assistance Account. The Operating Budget swept \$160 million out of the account, leaving only \$95 million left in the account - \$85 million which will be available for competitive application.
- The Legislature approved House Bill 1219, providing increased flexibility with real estate excise tax revenues to fund affordable housing.
- The final Operating Budget allocates \$16.4 million to continue streamlined sales tax mitigation payments to impacted jurisdictions through 2021. Additionally, the four-year budget includes an intent to continue the payments through the 21-23 biennium.
- The final Operating Budget allocates the necessary funding for 9 additional classes through the Basic Law Enforcement Academy. This is the amount requested by the Criminal Justice Training Committee to meet the expected law enforcement training needs across the state.
- The Legislature approved Senate Bill 5993 increasing the hazardous substance tax to fund the Model Toxics Control Account and additional stormwater projects.