

COVID-19 Public Health Emergency – Response & Relief City Legislative Priorities

Washington cities and towns have a unique role to play in responding to any emergency and they have been particularly involved in keeping their communities safe during the COVID-19 public health emergency.

Cities and towns have been impacted significantly due to costs for emergency response and loss of revenue from the dramatic impact the emergency has had on our State's economy. Regardless of these impacts, cities and towns are committed to partnering with the State to keep our communities safe during this unprecedented challenge.

As the Legislature considers necessary actions to address the impacts of COVID-19 on our state, we ask 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 regulatory requirements and statutory deadlines. 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 and meet regulatory requirements.
- **City-owned utility support**
 - Allow city-owned utilities that have waived late fees and shut-offs to extend their ability to collect outstanding debt so that they can work with rate-payers on 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 projects have a positive economic multiplier with the creation of family-wage jobs and supporting 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.

The proposed priorities are fairly broad - listed below are some additional specifics.

Fiscal flexibility proposals:

- Criminal justice sales taxes

- Cities and counties levy criminal justice sales taxes that are shared via a distribution formula and must be used for criminal justice purposes. Cities would like to be able to use those funds for any emergency response costs with the maximum flexibility.
- Lodging sales tax and tourism promotion fees
 - Cities can levy a local lodging sales tax and per-room tourism promotion fee, but those funds are restricted primarily to efforts to promote tourism. During this emergency, cities would like approval to use those funds for response efforts, such as providing emergency shelter or quarantine housing.
- Affordable housing sales tax credit (HB 1406 funds)
 - Cities would like flexibility to use these resources for COVID-19 quarantine and isolation needs, and to replace lost homeless shelter capacity due to social distancing within shelters.
- Real Estate Excise Taxes (REET)
 - These revenues are primarily dedicated to capital investments. We urge that cities be allowed to repurpose those funds for short-term emergency needs.
- Property tax levy lid lifts
 - Cities with voter-approved levy lid lift authority to increase their property tax above the one percent limit have non-supplanting requirements on the use of those funds. Provide more flexibility for use of these local funds by eliminating the non-supplant restrictions.
- Interfund loans
 - Cities may have reserve funds for specific purposes and can (under certain circumstances) provide themselves interfund loans to the city general fund. Cities would like maximum flexibility to use this existing tool without resulting in an audit finding.

New revenue proposals:

- Revising the 1% property tax cap

Regulatory relief proposals:

- Open Public Meetings Act requirements
 - In order to ensure access to open public meetings while protecting public health, we will need to continue temporary modifications to the Open Public Meetings Act to continue to accommodate social distancing.
- Frequency of local audits
 - For jurisdictions with a clean audit history, temporarily reduce the frequency of state audits and the associated billing costs, as the state did in response to the recession a decade ago.
- Toll or temporarily suspend permitting review and approval requirements

Several land use and permit review statutes include deadlines and public meeting requirements that will likely not be achievable in the current emergency. There are many other statutes with related deadlines; a blanket suspension on land use statutory deadlines may be appropriate.

 - RCW 58.17.095 (public hearing on the proposed subdivision shall be held if any person files a request for a hearing within 21 days of the publishing of notice)
 - RCW 58.17.140 (preliminary plats shall be approved, disapproved, or returned to applicant for modification/correction within 90 days from date of filing, final plats within 30 days)
 - RCW 36.70B.070 (project permit applications (28 days), notice to applicant)
 - RCW 36.70B.080 (development regulations requirements (120 days to process a completed permit application subject to damages))
 - RCW 36.70B.110 (notice of application, public comments, hearing, appeal deadlines)

Economic stimulus proposals:

- Infrastructure funding via the PWF and other infrastructure programs like CERB.
- Tax Increment Financing – however, with the need for a constitutional amendment this is unlikely to be successful in a special session and may be more of an opportunity to continue educational efforts to generate support for 2021.