

**Association of Washington State Public Facilities Districts
11th Annual Conference**

**Spokane Convention Center
Spokane, Washington**

May 16, 2016

Association of Washington State Public Facilities Districts

2016 Legislative Session

- **No New Taxes**
- **No New McCleary Spending**
- **No Immediate Remedy to “overreliance upon local school levies”**
- **No Change to Local School Levy**
- **No Carbon Alternative (Initiative 732)**
- **No change to 2015 Transportation package (11.7 cent gas tax)**

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2016 Legislative Session – Supplemental Budget

- **Major salary package aimed at retaining and recruiting at the state's Mental Health facilities – federal Medicaid funds in jeopardy**
- **K-12 recruitment and retention – modest package**
- **Backfill for Higher Education, adjustment to last year's tuition reduction**
- **Funded Fire Suppression (Last year's Eastern Washington wildfires)**

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2015-2017 State Balance Sheet

Dollars in MILLIONS

2015-2017 Beginning Fund Balance	\$1,011
Resources, Revenue, Fund Transfers	\$38,800
Expenditures, 2015-17 Appropriations (2016 Supplemental)	\$38,223
Reserves	
End Fund Balance	\$577
Budget Stabilization Account	\$701
2017-2019 Beginning Balance	\$1,278

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What is McCleary?

- **McCleary v State** **Supreme Court unanimously upheld lower court decision**
- **Article 9, Section 1** **Paramount duty of the State to make ample provision for the education of ALL children**
- **“Paramount”** **Provide ample funding to first and highest priority BEFORE any other state program.**



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McCleary - SB 6195 (2016)

- **Directs 2017 Legislature to address “overreliance” upon local levies**
- **Sources of State Revenue (Levy Swap, Capital Gains, others)**
- **Establishes Education Funding Task Force (EFTF)**
 - All day Kindergarten and K-3 class size reduction**
 - Teacher Compensation (Regional differences)**
 - Teacher Recruitment and Retention**
 - K-12 Employee Health Benefits**
 - M&O Levies and Levy Equalization**
- **Legislature finished update last week, Supreme Court this week, Attorney General & McCleary Plaintiffs file briefs by mid-June**

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Charter Schools - SB 6194 (2016)

- **No Governor's Action (3rd bill in state history to become law without executive action)**
- **Re-enacts I-1240 (Voter Approved/Rejected by State Supreme Court)**
- **Redefines Charter Schools as "not common" public schools**
- **Lottery Funds identified as revenue source (Not GFS)**
- **Court challenge has already been filed**

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Challenges for 2017 Legislature

- **McCleary**

 - Overreliance upon Local Levies (Tax Vote)**

 - Funding Grades 4-6**

 - How Teacher Contracts are handled in the future**

 - Budget Shortfall**

- **Charter Schools**

- **Suspending Voter-Approved Initiatives**

- **New General Fund Revenue**

- **Mental Health**



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2016 Elections - Statewide

➤ **5 Open Statewide Races (Lt Gov, OST, OSPI, OSA, DNR)**

➤ **Statewide Initiatives**

I-732 Carbon Tax (no alternative from legislature)

Minimum Wage - \$12 and \$132.50 by 2020 (NQ)

\$30 Car Tabs (NQ)

Repeal 2015 Transportation Package (gas tax) (NQ)

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2016 Elections - State Senate

26 REPUBLICANS

23 DEMOCRATS

At least 7 Senators Retiring / Seeking Other Office

Targeted Seats

5th LD	(Issaquah)	D	Contested
17th LD	(North Clark Co)	R	Open
28th LD	(JBLM/Lakewood)	R	Contested
41st LD	(Mercer Island)	R	Contested

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2016 Elections - State House

50 DEMOCRATS

48 REPUBLICANS

At least 13 House Members Seeking Other Office

Targeted Seats

17th LD	(North Clark Co)	R	Open
31st LD	(Auburn)	D	Open
44th LD	(Snohomish)	D	Open

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AWSPFD Legislation

Extending the Retail Sales Tax Rebate for PFDs

- **Extends 0.033% state sales tax rebate from 25 to 40 years**
- **Extends 0.02% state sales tax rebate from 25 to 40 years (Cowlitz, Yakima Counties)**
- **Adds “improvement, rehabilitation or expansion of a regional center or related parking facility” as qualified uses of state sales tax rebate**

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AWSPFD Sponsored Legislation

Fiscal Note – HB 2296

- **“No revenue impacts that would result from this bill within the six-year fiscal note time frame.”**
- **“Increases in revenue to public facility districts (PFDs) would potentially occur beginning in 2026”**
- **“In 2014, sales and use tax receipts collected for regional centers totaled \$22,785,485”**
- **“If we assume the sales and tax revenues remain static overtime, and all maturities on bonds issued by PFDs since 2000 were extended by 15 years, statewide PFDs would receive an estimated \$341,782,275 in total additional revenue”**

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House Bill 2296

2016 Legislative History – House Bill 2296

- **Bipartisan support from co-sponsors Reps. Rossetti (D-Longview), Orcutt (R-Kalama), Riccelli (D-Spokane)**
- **Strong, bipartisan, unanimous House vote of 96-0!**
- **Senate failed to bring bill to a committee vote – “not up against the cliff”**

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2016 - We Have Some MOMENTUM!

- **2016 was Our Best Year Legislatively**
- **Best Exposure of our legislation to legislators/staff**
- **Engaging legislators at the local level was crucial**
- **Support from local government lobbyists**

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Issues to Overcome in 2017

- **State Budget Pressures**
- **Legislature Looks Dramatically Different**
- **What would you do with the money?**
- **Why now?**
- **Many PFDs have already refinanced (low interest rates)**
- **New Projects / Expansions?**

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Our Strengths

- **Fiscal note shows no immediate fiscal impact – 2026.**
- **Opportunity to Refinance.**
- **Opportunity for Expansion.**
- **PFDs can cast a wide net among legislators, local officials.**
- **PFDs are an integral part of their local communities.**
- **Legislation assists with long-term maintenance and operating issues.**
- **PFDs would be less reliant upon local governments in the future.**



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AWSPFD Legislation

The Arguments I've Been Making - Why it's Needed

- **Allows PFDs to refinance debt with lower interest rates**
- **Debt service payments don't align with useful life**
- **“improve, rehabilitate and expand” not in original law**
- **Relief to local governments making payments to PFDs**
- **Increase local revenue from construction**

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AWSPFD Legislation

What WE Need From You

- **Make contacts to your local legislative delegation - NOW**
- **Events: Tours, Informal Visits / Meetings, Dinners**
- **Tout the bill and its relevance for your PFD**
- **Ask for a commitment to ask for the bill with their fiscal chairs and legislative leadership**

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AWSPFD Legislation

Next Steps

- **Cast a “Wider Net”**
- **We are statewide and in key communities**
- **Determine Local Approach to Legislators – You Know Best**
- **Report Feedback**
- **Identify Sponsors / Supporters Post-Election**

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QUESTIONS?

THANK YOU

WE ||| GET THIS DONE