

10th Annual Conference

Washington State Association of Public Facilities Districts

2015 Legislative Session Update

Vancouver, Washington

May 18, 2015





2015 Regular Legislative Session

What **Didn't** happen?

- NO Operating Budget
- NO Transportation Budget
- NO Capital Budget
- NO Transportation Reforms
- NO Capital Gains Tax (or any other tax)
- NO Cap & Trade
- NO Education Finance Change (McCleary Decision)
- NO Mental Health Solution (ITA Decision)



2015 Regular Session

What *Did* Happened?

- 2015 Supplemental Operating Budget
- Oil Trains
- Regulating Cannabis
- WSU Medical School



2015 Legislative Session

What **Won't** Happen?

- Workers' Compensation Reform
- Minimum Wage at \$12 to \$15 / Hour
- Wage Parity
- Paid Family / Sick Leave
- Cap & Trade (Market Driven GHG Reduction)



2015 Legislative Session

What ***Could*** Happen?

- 2nd Special Session into June (Very Likely)
- State Supreme Court finds Legislature in Contempt (Likely)
- State Government Shut Down (Unlikely)
- State Supreme Court rules Budget Unconstitutional (Very Unlikely)



2015 Regular Session

What will **Probably** Happen?

- June Budget, some new resources, pays for McCleary and Mental Health (Very Likely)
- Transportation, 11.7 cent per gallon tax (Likely)
- Addressing reliance on local school levies (Unlikely)
- Capital Gains Tax (Very Unlikely)



2015 1st Special Session

Where the Session is **NOW.**

- Day 20 of a 30 Day Special Session (Ends May 28)
- Governor Inslee concludes bill actions – TODAY
- State Quarterly Revenue Forecast – TODAY
- Current Biennium ends June 30



2015 1st Special Session

Why Little in the way of Major Policy this Session?

- No Money
- 2 Major Court Orders
- Split Party Legislature
- Narrower Partisan Majorities



2015 Legislative Session – Budget

The Budget Conundrum

- Democrats vote for a budget they don't support and support revenue increases they don't vote for.
- Republicans assume budget savings in old policy they can't identify allows the start of new policy with resources that are unidentifiable.
- Both sides claim the other is **Dis**ingenuous.



2015 Legislative Session – Budget *Differences*

	House	Senate
• Revenue \$1.6B, CGT	Yes	No
• Cannabis, \$300M	No	Yes
• Nexus on Internet Sales	Yes	No
• Pension rates, prospective	No	Yes
• Lean Savings	No	Yes



2015 Legislative Session – Budget

K-12 Education – McCleary

- Both House and Senate appropriate at least \$1.3B in new spending towards McCleary.
 - MSOCs (Materials, Supplies, Op Costs)
 - Teacher Salaries
 - K-3 Class-size Reduction
 - All-day Kindergarten



2015 Legislative Session – Budget

McCleary Decision

- State not funding “its share” for K-12 teacher and K-12 employees salaries and benefits.
- State not funding MSOCs at an appropriate level.
- Supreme Court Edict: “reduce reliance upon local school district property tax levies.”



2015 Legislative Session – Budget

Property Tax Swap

- Democrats (Hunter): reduce local levies each year by an amount appropriated by the state for K-12 teacher and employee salaries, eliminate the 1% PT levy lid, dedicate a CGT to K-12 spending.
- Republicans (Dammeier): reduce local levy rates and increase the state school levy rate to \$3.60 per \$1,000 AV. Increase state appropriations for K-12 teacher and employee salaries and benefits.



2015 Legislative Session – Budget

Property Tax Swap

- Touted as “revenue neutral”
- Benefits slower property value growth (poor) school districts and increases property taxes in faster property value growth (rich) school districts.
- Neither proposal has overwhelming support



2015 AWSPFD Legislative Efforts

PFDs Two Days on the Hill

- Participating PFDs: Cowlitz County, Edmonds, Lynnwood, Spokane, Tacoma, Washington State Convention & Trade Center.
- Met with their local legislative delegations to tout the benefits of their PFD facilities
- Laying ground work for possible legislation to extend the PFD sales tax rebate.



2015 AWSPFD Legislative Efforts

Sales Tax Rebate Legislation

- Little to no chance this year.
- After McCleary is significantly addressed; before it shows up on fiscal note.
- Plenty of Prime Sponsors



2015 AWSPFD Legislative Efforts

Sales Tax Rebate Legislation – ADVANTAGES

- No Fiscal Impact for 6-years (fiscal notes)
- 15 MORE Years Revenue Distributions to PFDs
 - Refinance Debt
 - New Facilities
 - Reserve Funds
 - Maintenance & Operations



2015 AWSPFD Legislative Efforts

Sales Tax Rebate Legislation – DISADVANTAGES

- Budget Pressures
- Open Criticism of PFD Fiscal Management
- Political Precedent
 - Why Now?
 - What For?
 - When will it End?



2015 PFD Legislation of Interest

- HB 1516 Exempts Hostels from WSCTC Tax
Passed Legislature – C 151, L 2015
- SB 5893 Exempts certain WHL players from IWA
and MWA with teams that contract with PFDs
Passed Legislature – Awaiting Gov's Action
- HB 1690/SB 5571 Sales Tax Deferral for WSCTC
- HB 2102 Allows expansion of existing PFD
facilities prior to July 31, 2002. (Kitsap County)



2015 Legislation of Interest

- Washington Tourism Act HB 1938 / SB 5916

- Cultural Access Washington SB 5463 / HB 1107



2015: What Holds

- Special House Election: 30th Legislative District (Federal Way)
- Tax Measure put to voters: class-size, education, mental health, cultural access.
- Special Session: Supreme Court, Economic downturn, Transportation, Teacher's Strike

Questions? Comments. Editorial Opinions!

Prepared by Jim Hedrick, H2 Government Relations

