

**Association of Washington State Public Facilities Districts
Executive Committee Meeting**

**Washington State Convention Center
Seattle, Washington**

October 9, 2014

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2015 Legislature – Unfinished Business

- **McCleary Decision - \$1 to \$3 billion in addition to current K-12 funding**
- **Revenue – What’s in your wallet? Terminating Exemptions**
- **Business Climate - 1.8% average increase in workers' compensation rates**
- **Health Care – Psychiatric Beds; the next McCleary?**
- **Capital Budget – No Budget Approved in 2014; Everyone is Coming Back**
- **Higher Education – Tuition, Tax or Trim; Higher Ed asked to cut 15%**
- **Transportation – General Fund First, Gas Tax Does Not Poll Well**
- **Environment – Governor’s Cap & Trade Initiative**

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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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What does McCleary Mean in 2015?

- Supreme Court found Legislature in Contempt – September, 2014
- Redefinition of Basic Education – Special Ed, Transportation, All day K
- COLA – Only step increases
- Property Tax Swap
- Capital - upwards in \$700 million in additional capital outlays
- Class Sizes - Initiative 1351 on ballot this November, 2/3rds to suspend



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2015 Economy / State Revenue

- State General Fund (GFS) revenue forecast increased:
 - \$163M 2013-15 biennium
 - \$143M 2015-17 biennium
- September forecast very similar to June, moderate economic growth and slightly higher Washington employment
- Washington economy expected to be slightly stronger than the U.S. economy
- GFS revenue are expected to grow 8.7%v between the 2011-13 and 2013-15 biennia and 8.2% between the 2013-15 and 2015-17 biennia.



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2013-2015 State Balance Sheet

Dollars in MILLIONS

2013-2015 Beginning Fund Balance	\$156	
Resources, Revenue, Fund Transfers	\$34,238	
Expenditures, 2013-15 Appropriations	\$33,654	
Reserves	End Fund Balance	\$584
	Budget Stabilization Account	\$584
2015-2017 Beginning Balance	\$1,168	



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Survey - Participants

- Asotin County PFD
- Clark County PFD
- Cowlitz County PFD
- Edmonds PFD
- Everett PFD
- Grays Harbor Co PFD
- Kennewick PFD
- Lewis County PFD
- Lynwood PFD
- Spokane PFD
- Tacoma PFD
- Yakima PFD

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Totals – Participating PFDs

2012-2013

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Survey Conclusions

- All PFDs are heavily dependent upon 0.033 (or other rate) of the Sales Tax Rebate for debt retirement.
- 2 PFDs are 10 years (2025) before rebate ends
 - 2 PFDs are 11 years (2026) before rebate ends
 - 4 PFDs are 12 years (2027) before rebate ends
- 6 of the PFDs surveyed answered UNKNOWN when asked how maintenance of facilities would be financed post termination of the sales tax rebate
- 6 PFDs surveyed (larger) maintain a reserve for maintenance and repair (some through ILAs).

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Survey

Plans after Sales Tax Rebate Expires

- UNKNOWN is about half of PFDs surveyed
- Local Government General Fund / Local Taxes
- Operating Revenue / Lease Payments
- Real Estate Development
- Private Donations



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AWSPFD Sponsored Legislation

Extending the Retail Sales Tax Rebate

- Pursued in 2012 and 2013 Legislative Sessions
- Extends termination date from 25 to 40 years
- Adds improvement, rehabilitation or expanding a regional center or related parking facility



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2015 Legislative Options

- Pursue bill at lower tax credit rate (0.015) for all PFDs
- Pursue a bill at lower tax credit rate (0.015) for all PFDs and add language requiring a maintenance fund.
- Pursue a bill at the same tax credit rate (0.033) for all PFDs and language requiring a maintenance fund.

[Recommended]

- Pursue same bill as before - 15 year extension at 0.033
- Do not pursue a bill in 2015.

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Our Strengths

- Fiscal note shows no fiscal impact.
- 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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Issues to Overcome in 2015

- State Budget Pressures
- The Legislature will probably look much the same
- What would you do with the money?
- Why now?
- Many PFDs have already refinanced (low interest rates)
- New Projects / Expansions are not plentiful.



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Thank You

Questions ?

Comments.

Editorial Opinions!

IT'S TIME FOR A DISCUSSION