

2017 Legislative Update

Puget Sound Finance Officers Association

Victoria Lincoln, AWC

July 12, 2017



2017 Legislative session - state budget issues

State operates under biennial budget cycle

- Operating budget adopted in odd-numbered years (105 day legislative session)

Long session began January 9

- McCleary education funding
- Revenue is up but increased caseloads, costs
- Mental health funding and court cases

Key city issues related to budget

- State shared revenues
- Funding for public works trust fund infrastructure projects
- LEOFF 2 pension state contribution
- Housing and homelessness program funding



Since 2011

\$169 M

City shared revenues
diverted

Since 2009

\$1.2 B

Public Works Trust
Fund diverted

City shared revenues
In 2017-19

\$225 M



AWC 2017 Priorities

Public Records

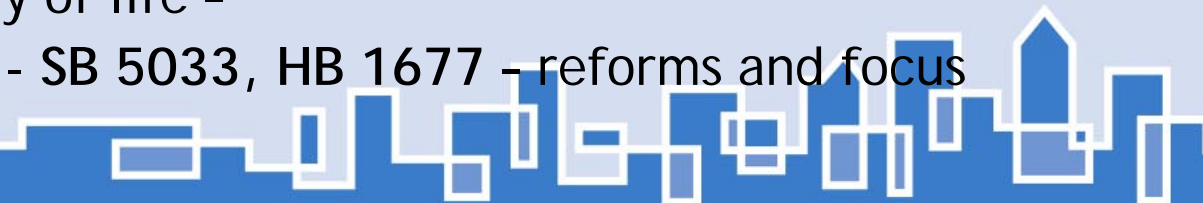
- Modernize the Public Records Act (PRA) so that cities can continue to provide open and transparent government services to our residents
 - Improving public records administration - **HB 1594 - passed**
 - Concerning costs responding to public records requests - **HB 1595 - passed**

Homelessness, Housing & Human Services

- Enhance efforts to increase affordable housing, decrease homelessness, and improve a strained behavioral health system
 - Concerning access to homeless housing and assistance - **HB 1570, SB 5254 - document recording fee - passed**

Local Infrastructure

- Revitalize key infrastructure assistance programs that support job creation, community health and safety, and quality of life -
 - Reforming the public works trust fund - **SB 5033, HB 1677 - reforms and focus on smaller jurisdictions - passed**



AWC 2017 Priorities

City-State Partnership

- Maintain critical funding of key services and programs
 - Restoring growth in the local government share of liquor revenues
 - SHB 1113/SB 5240 - did not pass
 - Business license simplification - EHB 2005 - passed

Local Authority

- Respect city authority to respond to local needs
 - Replacing the once percent property tax revenue limit - HB 1764
 - did not pass
 - Increasing marijuana revenue distributions to local jurisdictions - HB 2076 - did not pass



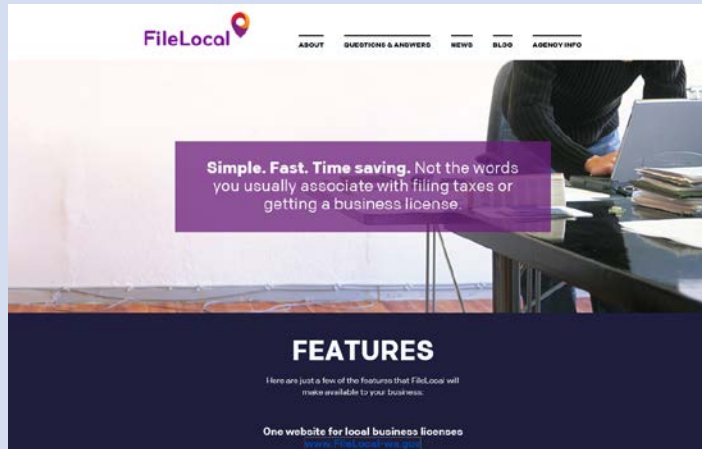
Business license and tax simplification - EHB 2005

- 2016 9-member task force on city business licenses and taxes
- EHB 2005 signed into law on May 5
 1. Business licensing “one-stop” portals - BLS or FileLocal
 2. Model business license - threshold
 3. B&O tax service apportionment task force
- Effective date: July 23, 2017



Business license and tax simplification - EHB 2005

1. Requires cities to partner with state business licensing service within 5 years or FileLocal by 2020
 - Exception if participate in FileLocal by 7/1/20



Business license and tax simplification - EHB 2005 - passed

2. Model business license definitions

- Uniform definition of engaging in business and business license threshold
- Implemented by all cities by January 1, 2019
- May not be updated more frequently than every four years
- Would retain option for registration-only for businesses below threshold

3. Task force on city B&O tax service income apportionment two-factor formula and administration

- Two-factor apportionment required by RCW 35.102.130, effective in 2008
- Report by October 2018
- 3 city representatives: Chris Bothwell, Lake Forest Park; Joseph Cunha, Seattle; Danielle Larson, Tacoma
- First meeting in August



Revenue proposal- SHB 2163 - passed

- Sales tax proposals impacting cities
- Marketplace fairness act
 - Requires internet and out of state retailers to collect taxes or provide customer names and notice for use taxes
 - Takes effect January 1, 2018
- Phases out streamlined sales tax mitigation to jurisdictions impacted by 2007 change to destination based sourcing due to increased internet sales tax revenues
 - Excludes transit from eligibility for mitigation beginning July 1, 2017
 - Repeals mitigation for cities and counties on October 1, 2019
 - Budget includes mitigation for cities, counties, and PFDs offset by new revenues as provided in SHB 2163
 - Budget includes DOR study of impacts of new internet sales tax on mitigation jurisdictions by November 1, 2018
- Repeals exemptions on bottled water and self-produced fuel



Property taxes - HB 1764 - related to budget - did not pass

- Would have replaced one percent property tax revenue limit with a limit based on inflation and population
- Calculation of cost drivers
 - population increase within jurisdiction plus inflation (CPI)
 - no less than one percent
 - max limit five percent



Lodging tax authority - SB 5827 - did not pass

- Changed the definition of tourist under the lodging tax statute limiting authority for lodging tax for events and festivals:
 - overnight stays
 - travelling 50 miles or
 - out of state/country,
- Prohibited any lodging tax recipient who fails to report from receiving additional distributions until the report is submitted
- JLARC report to Legislature this spring on data and city/county compliance on lodging tax reports



Concerning costs associated with responding to public records requests - HB 1595 - passed

- Allows a small fee for providing copies of electronic records.
 - Default charges:
 - 10 cents per scanned page
 - 5 cents per four files or attachments
 - 10 cents per gigabyte
 - City may establish different fees by conducting its own cost-study
- Allows a flat fee of \$2 for providing copies when the estimated costs are expected to be \$2 or more.
- Creates a way for cities to apply a service charge to exceptionally complex requests.
- May deny computer generated “bot” requests.
- Prohibits overly broad requests for all of a city’s records.



Improving public records administration - HB 1594 - passed

- Requires training for records officers on electronic records retention, production, and disclosure.
- Creates grant program within the Office of the Secretary of State for local governments to improve public record management systems.
- Establishes a program within the Office of the Attorney General and the State Archives to consult with local governments on public records best practices.
 - \$1 document recording fee to fund the consultation and grant programs.
 - Sunsets in 2020.
- Updates process for requesting clarification from requesters.
- Requires agencies to maintain a log of each records request.
 - Requires agencies with actual budgeted public records costs over \$100,000 to report performance measures to JLARC.



Public records - more information

- AWC Legislative Bulletin - June 19: www.awcnet.org
<http://www.awcnet.org/Advocacy/Newsandupdates/LegislativeIssues/TabId/677/ArtMID/1863/ArticleID/1811/New-public-records-bills-effective-July-23-implementation-work-just-beginning.aspx>
- MRSC blog <http://mrsc.org/Home/Stay-Informed/MRSC-Insight/May/New-PRA-Legislation.aspx>
- AWC implementation webinar - July 17
- Bill information: www.leg.wa.gov



5G/small cell networks - HB 1921/SB 5711 - did not pass

State legislation to preempt local regulation of small cell networks (5G wireless technology)

- Preempted local governments on management of rights of way, access to municipally owned properties, land use controls, permitting timelines, and setting fees for associated costs
- Stakeholders continued to meet in special session to work on compromise focused on model ordinance adoption

Other actions:

- FCC rulemaking that could preempt state and local regulation of small cell networks
- Some cities have adopted new regulations to accommodate small cell facility deployment




State regulation of ride-share companies - SB 5620 - did not pass

- Would have established statewide uniform regulation for transportation network companies (Uber, Lyft).
- Shifted all regulation and licensing to the state, pre-empting any regulation at the local level
- Established that these companies are different from traditional taxi service companies
- “Ten-cent per trip passenger surcharge fee”
 - Covered the costs of enforcement and regulation of state transportation network company licensing
 - Remainder distributed to cities and counties
 - Local distributions would have been based upon the number of trips originating within a jurisdiction



Personnel issues

Paid family leave - SSB 5975 - passed

- 12 weeks of paid family leave and 12 weeks of disability leave, with combined 16-week cap in a 12-month period.
 - Percentage of weekly wage: lowest paid employees receive up to 90 percent of average weekly wage; maximum of \$1,000 per week.
 - Premiums 45 percent employee paid and 55 percent employer paid for the disability leave portion and 100 percent employee paid for family leave portion.
 - Employers with less than 50 employees will not pay the employer premium, but all employees will pay the employee share (and eligible for leave).
 - Premium collection begins in 2019, and benefits begin in 2020.
 - Job protections similar to FMLA for employers with 50 or more employees.
 - Waiver program for employers that offer equal or better benefits to opt out; no specific exemption for Collective Bargaining Agreements.
 - Preempts cities from adopting additional requirements.
- 

Other issues

GASB 75 - New rules for other post-employment benefits

- takes effect in 2018 for reporting in 2019

I-1433 Sick leave provisions - L&I rulemaking

- 2016 initiative raised the state's minimum wage and required employers to provide paid sick leave to employees
- Employee accrues at least one hour of paid sick leave for every forty hours worked
- Paid sick leave effective January 1, 2018
- More information - <https://lni.us.engagementhq.com/>



Questions?

Victoria Lincoln victorial@awcnet.org

