

WACD Legislative Bulletin

Week Five

The legislature reached the halfway point in the 60-day session on Tuesday, February 6th. Both chambers continue to work hard to approve bills originating in the respective houses. All measures must be approved by their houses of origin by 5 p.m. on Wednesday, February 14th or be considered dead for the session. Excluded are measures 'necessary to implement budgets' (NTIB) or that affect state revenue.

Democratic majorities continue to advance legislative priorities that were not possible in previous years when the Senate was controlled by the Majority Coalition Caucus. To date, each chamber has passed bills out of committee that: confirm 6 out of 8 governor cabinet vacancies, approve the Voting Rights Act, address gun violence, provide breakfast after the school bell, offer financial aid to Dreamers and address climate change through a carbon tax. In the Senate, where the democrats control by a slim majority of 25-24, measure are passing with bipartisan support.

As reported earlier, this week the state's **Revenue and Economic Forecast** will be released on February 15th, and at that time, budget writers will fine-tune their supplemental budgets. The revenue forecast is expected to be favorable, with significant increases in forecasted revenue growth over the next four years. The House and Senate proposed budgets will be released in mid-to-late February, and at that time, any accompanying tax bills needed to fund the respective budgets. With mid-term elections occurring in 2018, support in either chamber for a major tax increase this session is not expected.

Homeowners will start to receive **Property Tax** bills in the coming weeks and the statements are anticipated to increase dramatically in some areas. Lawmakers are attempting to distance themselves from the property tax deal agreed to last session by a bipartisan group of legislators by proposing different tax measures that reduce these new property tax burdens. Introduced this past week, [SB 6609](#) (Ranker), is designed to buy-down the state property tax rate by imposing new taxes on the following:

- Sales and use tax applied to candy;
- Sales and use tax applied to carbonated beverages;

- Limiting the automobile trade-in exclusion;
- Narrowing the non-resident sales tax exemption;
- Narrowing the sales tax exemption on fertilizers, sprays and washes;
- Reducing the estate tax threshold;
- Imposing a graduated real estate excise tax;
- Imposing a tax on luxury motor vehicles.

The bill has not yet been scheduled for hearing before the Ways & Means Committee. A fiscal analysis is not yet available so anticipated revenue is still unknown. The House Finance Committee has scheduled a hearing this upcoming week on [HB 2967](#) (Lytton), legislation relating to “improving the fairness of the state’s tax system by enacting a capital gains tax and providing property tax relief.” The fate of these bills remain unclear, but any new taxes prior to an election year are doubtful.

Senate Democratic leaders continue to work with stakeholders on a possible compromise related to a **Carbon Tax**. While it is still unlikely that the Legislature will adopt a carbon tax, many are hopeful that these discussions will lead The Nature Conservancy (and other advocates) to incorporate principles in their proposed ballot initiative, likely coming to voters in Fall 2018.

The latest draft of [SB 6203](#) (Carlyle) includes language that would fund carbon sequestration activities. The DNR, Department of Agriculture and RCO would develop procedures and criteria for sequestration programs for a variety of natural resources including: agriculture lands and soils, aquatic marine and freshwater environments and terrestrial, riparian, and aquatic habitats. The bill is estimated to raise less than the Governor’s original bill (estimated to raise \$1.5 billion in the 2019-21 biennium and \$1.7 billion in the 2021-23 biennium) so that the state can expect roughly \$800 million in the 2019-21 biennium. SB 6203 still resides in the Senate Ways and Means Committee and is considered “NTIB” and is therefore exempt from all deadlines for action. Despite growing support, the bill still has a long journey through the legislative process.

[HB 2580](#) promotes **Renewable Natural Gas** through a variety of ways, but of significance are the amendments to certain tax preferences, including:

- A sales and use tax exemption for establishing or operating an anaerobic digester, regardless of whether the anaerobic digester is used primarily to treat livestock manure.
- An expired sales and use tax exemption for the sale and use of machinery and equipment used directly in generating electricity using alternative energy resources is repealed.
- References to anaerobic digestion and landfill gas are removed from a sales and use tax exemption for the sale of machinery and equipment used directly in generating electricity using alternative energy resources that is equal to 75 percent of the state and local sales taxes paid.
- References to buildings, machinery, equipment, and other personal property used primarily for the manufacturing of alcohol fuel, biodiesel fuel, wood biomass fuel, and biodiesel feedstock are removed from an expired six-year property tax and leasehold excise tax exemption.
- A six-year property tax and leasehold excise tax exemption is restored for personal property used primarily for the operation of an anaerobic digester until December 31, 2024.

HB 2580 has received bipartisan support and is in House Rules.

[HB 1562](#) (Gregerson) establishes the **Washington Food Policy Forum** as a public-private partnership to develop recommendations to advance specific food system goals. HB 1562 is currently in the House Rules Committee.

A proposal to require growers to give the state Health Department up to a seven-day notice every time they **spray pesticides** was amended to create a “pesticide application safety work group”. The original impact of [SB 6529](#) (Sen. Saldana) would have required making public each month the type and amount of pesticide applied for each spraying. Farmers and pesticide applicators not filing the right information could have been fined \$7,500. The bill now in the Rules Committee would establish a work group consisting of agencies, food commodity associations, legislators, and others to “develop recommendations for improving the safety of pesticide applications” and would be administrated by both the Health Department as well as the Department of Agriculture.

Multiple **Fire Protection Bills** continue to advance:

- [HB 2561](#) (Dent) identifies several fire response activities to be addressed by the wildland fire advisory committee including: Examine the value of community programs that educate homeowners and engage in preventive projects within wildfire risk communities, such as Firewise, and make recommendations on whether these programs should be advanced, and if so, how, including potential sources of ongoing funding for the programs. The bill was approved by the House Committee on Agriculture & Natural Resources and the Appropriations Committee and is currently in the House Rules Committee.
- [HB 2562](#) (Rep. Dent) As amended by the House Committee on Agriculture & Natural Resources the bill would have added an intent section to state, among other things, that rangeland fire protection associations (RFPAs) can provide critical initial attack firefighting capabilities, and that the purpose of RFPAs is to augment, not supplant or displace, existing wildland firefighting jurisdictions. The measure failed to meet the deadline for action in fiscal committees and is dead for the session.
- [HB 2733](#) (Orcutt) as amended by the House Committee on Agriculture & Natural Resources, the bill creates a prescribed fire program and enumerates specific elements and activities the program must cover. It also allows burn permits issued to certified burn managers to have modified requirements in recognition of the burn manager's training and skills. The measure was approved by the House Appropriations Committee and is now awaiting a final vote by the full House.

Two different bills were considered that address the **Marbled Murrelet** long-term conservation strategy affecting state trust lands. The Department of Natural Resources is updating the habitat conservation plan to extend their “take permit” with US Fish and Wildlife. The land being considered would reduce the harvestable timber and negatively impact trust beneficiaries and the revenue to counties and junior taxing districts. [HB 2285](#) has advanced and is currently on the House floor calendar. The bill would establish an advisory committee to the Commissioner of Public Lands and a reporting process for the DNR regarding certain marbled murrelet habitat information.

[HB 2276](#) directs the WDFW to hold a public hearing before relocating or introducing big game animals, or **Wolves**, lynx, bobcats, or coyotes into a new location for the purpose of population maintenance or enhancement. Requires the WDFW to provide 30 days public notice in advance of a public meeting on a wildlife relocation, transfer, or introduction. relocate or introduce. This bill passed House last week 97-1.

In response to the Cooke aquaculture **Non-Native Fish Pen** collapse this summer, five bills have been considered by the legislature this year. [SB 6086](#) (Ranker) and [HB 2957](#) (Lytton) phase out non-native commercial net pen aquaculture by 2022. HB 2956 (Blake) requires nonnative finfish cultivated in Washington to be single-sex. HB 2418 (Lytton) would study the ecological impacts and regulatory gaps and require a report to the legislature prior to the 2019 legislative session. HB 2260 (MacEwan) bans cultivation of Atlantic salmon in Washington state. Two bills are advancing: SB 6086 passed the Senate 35-12 and is scheduled for a hearing in the House Committee on Agriculture & Natural Resources on February 15th. HB 2957 is in the House Rules Committee.

Two different **Orca Recovery** bills have been considered. ([HB 2417/SB 6268](#)) HB 2417 did not advance from committee before the cutoff and SB 6268 is in Senate Rules. The Governor's executive order on orca protection is expected to be announced in mid-March.

Previous reports have focused on [SB 6269](#) (Ranker) as a vehicle to strengthen **Oil Transportation Safety** and address shortfalls in the **Model Toxics Control Account**. Several measures have been proposed that attempt to lessen the dramatic losses in revenues when oil prices fall substantially. Without new revenue, general fund, or bond backfill to MTCA, there will not be enough revenue available to continue critical environmental and economic development investments. SB 6269 applies the barrel tax to crude oil received by pipeline and raises the oil spill administration tax from \$0.04 to \$0.06 cents per barrel. It is likely, however, that [HB 1663](#), (Peterson), will be the vehicle for changes in any hazardous substances taxes. Currently, HB 1663 would impose a surtax on the first possession of hazardous substances in Washington, subject to a fiscal year limit of \$160 million in combined tax and surtax collections. The surtax amount is 0.14 percent on the wholesale rate of hazardous substances and beginning in 2020, the surtax amount is 0.03 percent. If in any fiscal year the total aggregate collections of the tax and the surtax equals or exceeds \$160 million, the Department of Revenue will suspend the surtax for the remainder of the fiscal year.

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