



2018 Legislative Session Final Report

WASHINGTON STATE OVERVIEW

The 2018 legislative session adjourned its 60-day session on time and without a general tax increase. Early in the session, lawmakers addressed issues held over from the 2017 session for the Capital Budget and Hirst – a court decision on land use and water rights. After reaching agreement, they passed SB 6090 the Capital Operating Budget and the Hirst fix. Later in session, lawmakers also passed a supplemental capital budget along with the supplemental transportation and operating budget. The supplemental operating budget provides funding for a one-time property tax reduction and cost of living adjustments for teacher salaries, the last component in the McCleary court decision that required lawmakers to fully fund education. 306 bills became law after the Governor vetoed two bills and partially vetoed 14 bills. The Economic Revenue and Forecast Council released good news earlier this year that gave lawmakers an addition of \$1.3B more revenue over the next biennia. This allowed the lawmakers to end on time and without a general tax increase. New laws, unless otherwise specified are effective June 7.

KEY MARITIME BILLS

Oil Transportation Act

The Department of Ecology's oil spill account legislation, SB 6269, was passed by the Legislature and signed into law by the Governor. The bill originally increased the barrel tax from 4 cents to 6 cents, extended the tax to pipelines and increased contingency plan requirements for covered vessels and submersible oils. The bill as signed adds pipelines to the barrel tax, increases contingency plan requirements for covered vessels and requires a study to look at all funding sources and program activities at the Department of Ecology. A \$375 per vessel tax was abandoned by the Governor before choosing the barrel tax in his budget due to port competition issues. CRSOA testified for the need to amend the bill to look at efficiencies, duplications with other state, federal and military entities and to review the advantages and disadvantages of different funding sources. Environmental groups are on record supporting a barrel tax increase as the most appropriate way to fund the oil spill program.

KEY MARITIME BILLS CONTINUED

Anti-Fouling Paint

The Department of Ecology requested HB 2634 to extend the deadline for the prohibitions on the use and sale of copper-based antifouling paints to January 1, 2021. The Governor signed HB 2634 and the bill requires DOE to submit a report concerning antifouling paint, including the environmental impacts of antifouling paints and their ingredients, recommendations for safer alternatives, and recommendations for the development of regulatory standards for antifouling paint.

Firefighting Chemical Ban

SB 6143 was signed by Governor Inslee to ban the manufacturing, distribution and sale of firefighting foam that includes PFAS chemicals beginning July 1, 2020. The bill applies to firefighting equipment and prevents the use of PFAS in firefighting foam beginning July 1, 2018.

Port Districts

Several measures affecting ports passed the Legislature and were signed into law. This includes SB 6207 to clarify current law to allow ports to use revenue to support air pollution programs. ESSB 6329 also became law and simplifies contracting procedures for less than forty thousand dollars.

Puget Sound Marine Pilotage Tariffs

Legislation to change the tariff setting process for the Puget Sound was signed by the Governor. SB 6519 results from the study that took place last year to recommend best practices for tariff and fee setting. The bill moves the annual tariff and fee rate-setting from the Puget Sound Board of Pilotage to the Utilities and Transportation Commission.

Key Bills at A Glance

SB 6269

Oil Transportation Safety

1. Extends barrel tax to pipelines
2. Submersible oils covered
3. Applies to covered vessels and facilities
4. Update contingency plan rules and GRP's by December 31, 2019
5. Funding study by July 1, 2020
6. Puget Sound vessel traffic study update and Salish Sea Forum

SB 6413

Firefighting Chemical Ban

1. Perfluoroalkyl and polyfluoroalkyl (PFAS) chemicals
2. Firefighting equipment
3. Requires disclosures at sale July 1, 2018.
4. Restricts the manufacture, distribution, and sale of foam designed for flammable liquid fires July 1, 2020.
5. PFAS training ban begins July 1, 2018.



Secretary of State Kim Wyman signing the Memorial to Congress requesting reform of the Harbor Maintenance Tax

Harbor Maintenance Tax

The Legislature passed, and the Secretary of State signed SJM 8008 to request that the President and Congress reform the Harbor Maintenance Tax. The memorial describes competitive issues facing Washington ports and how the tax encourages diversion of cargo away from United States ports. SJM 8008 specifically mentions the Port of Vancouver USA and the Columbia River as important trade gateways.

BUDGET

Operating Budget

The Governor signed SB 6032 the supplemental operating budget, HB 3002 to transfer funds from the budget stabilization account and various bills to implement the budget after lawmakers came to agreement. The Senate's initial budget did not rely on any general tax increases while the House budget relied on various tax measures to fund cost of living adjustments for teachers and property tax reduction measures. After the economic forecast was released giving lawmakers an additional \$1.3B of revenues, the Senate approach prevailed. The supplemental budget adds \$941M to bring general fund spending for the biennium budget total to \$44.7B. The increase includes \$702M for teacher salary adjustments in 2017-19 biennium and an additional \$194M in the 2019-21 biennium. \$390M was also provided for a one-time property tax reduction.

ECONOMIC DEVELOPMENT

Broadband

The Governor signed HB 2664 to allow all ports instead of just rural ports to provide broadband infrastructure. The bill does not allow ports to provide telecommunications services, they can only provide the infrastructure. This is good news for unserved and underserved areas that need internet access. The legislature also passed HB 2282 to impose a net neutrality regulation in Washington.

Tourism Marketing

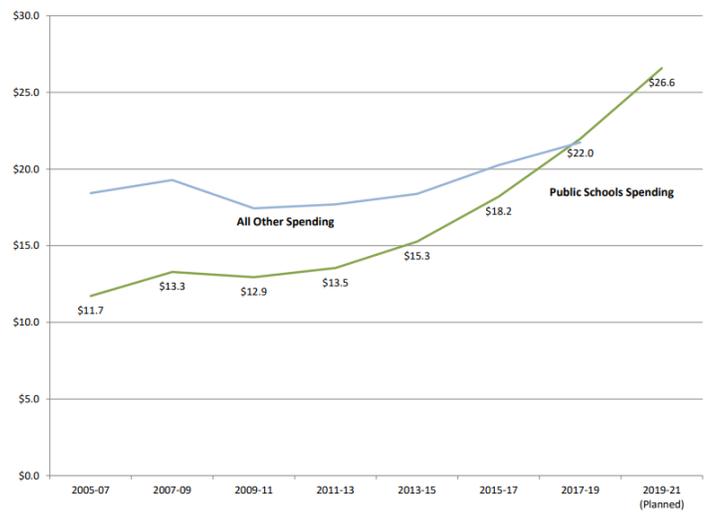
Numerous organizations worked together to pass legislation to create a tourism marketing plan for Washington State. SB 5251 creates the Washington Tourism Marketing Authority and allows 0.2 percent of sales tax on restaurants, lodging and car rentals to fund a statewide tourism plan that is matched by private donations two dollars for every dollar the state provides. Prior to passage of this legislation, Washington was the only state without a tourism marketing plan. The Governor has signed the bill and implementation efforts are underway to form the newly established tourism committee.

EDUCATION & WORKFORCE

K-12 Funding

Over the last several years, lawmakers have focused on addressing the McCleary decision from the Washington State Supreme Court to require the state to adequately fund K-12 education. The final step in addressing the Supreme court ruling was passed by lawmakers to fund cost of living adjustments for teachers. SB 6362 provides \$1B for increases in the 2018-19 school year. Since the 2012 decision, Washington has increased K-12 funding by \$8.419 billion (62.1 percent). In 2019–21, the Legislature plans to spend an additional \$4.604 billion to continue its commitment.

Chart: NGFS+ Spending (Billions of Dollars)



Washington Research Council Report SR 17-05, Has the State Finally Closed the Book on McCleary?

Career Readiness

The Legislature passed a series of education and workforce training bills that includes HB 2177 to create the rural county high-employer-demand jobs program, HB 1600 to increase the career and college readiness of public school students and 2HB 2685 to promote pre-apprenticeship opportunities for high school students. The legislature also passed SSB 6613 to expand statewide career and technical education course equivalency options, SB 6134 to modify definitions for alternative learning experience courses to allow for site-based education and SB 6136 to all AP computer science to be considered

as a math equivalent. SB 6544 also passed to establish the Future of Work Task Force to address manufacturing job loss issues.

EMPLOYMENT LAW

Arrest Record Employment Applications

HB 1298 prohibits an employer from asking questions about an applicant's criminal background until after the employer determines the applicant is otherwise qualified. Exemptions for working with children, vulnerable adults and others are established.

Gender Pay Equity Act and Sexual Harassment

2SHB 1506 modifies the Equal Pay Act by defining "similarly employed" as it relates to gender. The bill also prohibits discrimination for career advancement based on gender and prohibits retaliatory actions for workplace discussions about wages and benefits. Before final passage, the bill was amended to remove language preventing local governments from adopting different equal pay requirements. Several other bills relating to sexual harassment became law, including HB 2759 to establish a Women's Commission, SB 6068 to prevent the use of non-disclosure agreements for sexual harassment claims and SB 6471 to establish model workplace policies to protect against sexual harassment.

Effective Date

New Laws are Effective

June 7, 2018

Unless otherwise specified.

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Non-Compete Agreements **(FAILED)**

Several bills were introduced this year to prohibit or severely limit the use of non-compete agreements in Washington. This includes SB 6526 to prevent the use of non-compete agreements except for in the sale of a business and SB 6522, a republican and democrat co-sponsored bill that would require "garden leave" in certain circumstances to compensate for lost job opportunities due to the enforcement of a non-compete agreement. Non-compete agreements are regularly used by businesses to protect data and customer lists. Negotiations with business, labor and trial attorneys occurred throughout session without an agreement and the bills failed to pass.

ELECTION REFORM

Access to Voting

House and Senate Democrats established an aggressive agenda for election reform that passed the legislature and became law. This includes, SB 6002 to create the Washington Voting Rights Act, SB 6021 to allow same day registration and voting, SB 5991 to create the Disclose Act and HB 1513 to allow pre-registration for teenagers. Governor Inslee signed all these measures into law.

ENVIRONMENT

Carbon Tax (FAILED)

Efforts by the House and Senate to pass carbon tax legislation or other requirements for greenhouse gas emission reductions did not pass. The primary measure, SB 6203, would have established a \$10 per metric ton carbon tax that included numerous exemptions for industry. The bill passed the Senate Energy, Environment and Technology Committee but died in the Senate Ways and Means Committee. The House passed several bills to address greenhouse gas emissions despite the lack of action on a carbon tax. This includes HB 1144 to amend the state greenhouse gas emission limits, HB 1824 for electronic recycling, HB 2327 for efficiency standards for appliances and HB 2757 to change the fuel content standards for vehicles. None of these measures passed the legislature, however an initiative has been filed to establish a \$15 per metric ton carbon tax. If passed, Initiative 1631 would become effective in 2020, the tax would increase \$2 annually plus inflation until 2035 and freeze if greenhouse gas emission statutory limits are met. Proponents must gather 259,622 signatures by June 7 for the measure to get placed on the ballot this fall.

Ballot Title
<p>Initiative Measure No. 1631</p> <p>Concerns Pollution</p> <p>This measure would charge “pollution fees” on sources of greenhouse gas pollutants and use the revenue to reduce pollution, promote renewable energy, and address climate change impacts, under oversight of a public board.</p> <p>Should this measure be enacted into law? Yes [] No []</p>

TAX AND FISCAL POLICY

Capital Gains Tax (FAILED)

Lawmakers in the House pushed a 7% capital gains tax to mitigate the property tax increases that were passed in 2017 after democrats and republicans negotiated an agreement to fund the McCleary decision on K-12 funding. HB 2967 provides various exemptions for sale of primary residence, retirement income, sale of agriculture or timber and property used for a business. The proposal would also reduce property taxes for senior citizens. The measure passed the Finance Committee but was not brought up for a final vote in the House.

Property Tax Relief

SB 6614 to provide a one-time property tax reduction was signed into law as part of the budget package. The bill reduces the state rate from \$2.70 per \$1,000 assessed value to \$2.40 for taxes levied in 2019 and redirects \$9.35M to the Education Legacy Trust

Account. The legislation is intended to adjust the law passed in 2017 in response to the McCleary Supreme Court decision on K-12 funding.

Tax Appeals Reform (PARTIAL-VETO)

HB 2777 would have reformed the appeals process in Washington for the Board of Tax Appeals Board. The measure was partially vetoed by the Governor and would have required decision of precedential value to get pushed to help prevent or resolve tax disputes. The sections signed into law will require that two of the three board of tax appeals members are attorneys with tax experience. Washington's tax administration process is currently ranked as a "C-" according to the Council on State Taxation. The Governor also vetoed sections that would have awarded attorney fees up to \$25,000 and allow tax hearings on both the east and west side of the state.

TRANSPORTATION

Transportation and Capital Budget

The final transportation budget continues the promises from the Connecting Washington package including advancing \$0.5M for the I-5/179th interchange in Vancouver. The Supplemental transportation budget provides \$2.5M to replace the 120-year-old Salmon Creek Bridge on the Chelatchie Prairie Railroad and \$0.5M to the Renaissance Trail Connection at the Port of Vancouver USA. The supplemental Capital Budget, SB 6095 also provides \$0.824M for the Terminal 1 ground stabilization project at the Port of Vancouver USA, \$0.75M for the Washougal Steamboat Landing Dock Replacement, \$0.412M for the Yacolt Railroad Building and Museum/Yacolt and funding for the Ridgefield Police Station Expansion.

Transportation Projects of Statewide Significance (FAILED)

SB 6195 to create a definition for transportation projects of statewide significance and to establish an application process to get a designation failed to pass the Legislature. This tool could expedite the replacement of the I-5 bridge once a project has been identified. Other I-5 bridge legislation. SB 6118, to clarify the quorum requirements for the I-5 bridge work group established in the 2017 session did not pass. Washington lawmakers are expected to continue their work on the bi-state bridge replacement task force over the summer.

LINKS

Bill information: <http://app.leg.wa.gov/billinfo/>

2018 Session Summary: <http://leg.wa.gov/House/Committees/Documents/SineDie2018.pdf>

Questions? Contact Amber Carter at 360-561-4861 or amber.carter@comcast.net. Thank you.