

CITY COUNCIL AGENDA ITEM
CITY OF SHORELINE, WASHINGTON

<p>AGENDA TITLE: 2007 Legislative Priorities DEPARTMENT: Communications & Intergovernmental Relations PRESENTED BY: Joyce Nichols, C&IR Director</p>

PROBLEM/ISSUE STATEMENT: The 2007 session of the Washington State Legislature begins January 8, 2007. This is a "long" session, running 105 calendar days. Staff has developed proposed policies for your review. These policies, once adopted by Council, will provide a set of statements and policy direction that staff will use to determine whether the City should support or oppose specific bills during the 2007 session.

The City of Shoreline needs to actively monitor and impact legislative proposals at the state level. Our success in advancing/defending the City's interests in Olympia is generally based on providing information to legislators and their staff to help them understand the impacts of pending legislation on our community. As in past years, we will work with the Association of Washington Cities (AWC), which has a bigger voice and greater presence in Olympia. On federal issues, we will continue to work with the National League of Cities (NLC) in a similar manner as we do with AWC on state issues.

Included for your review and approval is the 2007 Proposed Statement of Legislative Priorities. Most of the statements are relatively broad. Once adopted by Council, staff will use these general policy statements to produce letters and testimony in support or opposition to specific bills, and to respond to changes or amendments to legislation during the session. Key pieces of legislation that do not fit any of the adopted Council priorities will be brought forward during the session for Council review.

FINANCIAL IMPACT: At the time this staff report is written, Governor Christine Gregoire has just released her proposed 2007-09 budget. She proposed increasing state spending by more than \$4 billion over the next two years. The nearly \$30 billion budget would add nearly 3,800 state jobs; spend about \$1 billion on pay raises for teachers and state workers; \$343 million for public schools and \$110 million for health care programs; and spend millions more on state parks, higher education and early learning programs.

The last revenue forecast for the state projected a nearly \$2 billion budget surplus and the Governor's plan proposes to place more than \$605 million into reserves, which would include establishing a "rainy day" account. The Legislature will take up the Governor's budget proposal when the session begins. The House and the Senate will draft their own budgets and then hammer out a compromise. The Legislature will be controlled by strengthened Democratic majorities in both the Senate and the House. Early expectations are that the Legislature will be able to finish its business during the 105-day session—barring unforeseen circumstances.

KEY PRIORITIES FOR 2007: Staff proposes that the City focus its legislative efforts in the following high priority areas during the 2007 session:

1. Pursue funding for the City's Capital Improvement Projects.
2. Oppose unfunded mandates that would result in the loss of existing revenue or revenue authority.
3. Support City authority to provide municipal court services through inter local agreements with other cities for the provision of court services and support ability to appoint part-time judges.
4. Support implementation of the Streamlined Sales Tax legislation with a mitigation plan to assist cities that are negatively impacted.
5. Work with the State to ensure City participation in the redevelopment or other activities related to future uses of the Fircrest campus.
6. Support legislation that would increase the supply of affordable housing including additional funding for the Housing Trust Fund and Housing Finance Commission; and additional real estate excise tax (REET) authority to assist with affordable housing development.
7. Monitor health/human services legislation to ensure maintenance of the safety net for our most vulnerable residents and oppose legislation that would shift costs and responsibilities for these programs to cities and/or school districts without appropriate funding.
8. Support legislation to increase exploration and use of renewable, sustainable and cleaner alternative energy resources.
9. Support legislation clarifying that local governments have the ability to zone gambling activities.
10. Oppose efforts to increase gambling tax rates to provide revenue for the state.
11. Support local government participation in state actions that impact the regulation of telecommunications. Oppose any state preemption of authorities historically/traditionally vested in local governments including management of local public rights-of-way and taxing authority.
12. Repeal PERS gain-sharing after one additional disbursement. If the Legislature does not repeal gain-sharing, seek alternatives that reduce the financial impact of this pension practice on cities.

RECOMMENDATION

Staff recommends that Council adopt the proposed 2007 Statement of Legislative Priorities.

Attachment "A": AWC 2007 Legislative Priorities

Approved By: City Manager  City Attorney ____

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AWC 2007 Legislative Priorities

The AWC Board recently adopted an ambitious legislative agenda for this upcoming session. The 2007 legislative agenda reflects AWC's new policy development process, designed to bring in broader member participation and encourage more awareness of changing conditions.

The legislative agenda focuses on:

- Promoting city fiscal health and flexibility.
- Providing for flexible general government operations; and
- Maintaining and developing quality infrastructure for safety and development.

The 10 top legislative priorities that will be presented to the Legislature by AWC and city officials fall under these three key themes.

Promote City Fiscal Health and Flexibility

Cities need broad discretion in using existing revenue sources to respond to local challenges. It's critical that cities and towns also have the authority to look for new and innovative strategies and resources.

Top Priorities:

- **Streamlined Sales Tax:** Passage of SST legislation with full mitigation.
- **LEOFF 1 Medical and Long-Term Care Costs:** Assistance from the State Actuary to help local governments determine their individual liability, and financial assistance for cities in paying for the liabilities.
- **Mitigating Medical Costs for Offenders:** Passage of legislation to expand the uses of the extraordinary criminal justice account to include extraordinary medical costs for offenders.
- **Pensions—PERS Gain-Sharing:** Repeal gain-sharing after one additional disbursement; if the Legislature does not repeal gain-sharing, seek alternatives that reduce the fiscal hit on cities of this pension practice.
- **Limiting Liability for Local Government:** Passage of legislation to limit local government liability by codifying the public duty doctrine and addressing other issues, such as offender supervision.
- **Business and Occupation Tax:** Repeal, delay, or modify apportionment (effective January 1, 2008) in order to eliminate or reduce the negative fiscal impact on cities.

Provide for Flexible General Government Operations

It's critical that cities have the flexibility and local decision-making authority to make the right decisions for their citizens. Cities must be able to develop service delivery tools in a way that's cost-effective, efficient and flexible—and free from unwarranted restraint.

Top Priorities:

- **Annexation and City/County Governance Transition:** Advocate for changes to annexation statutes that will better facilitate annexations, and advance proposals to encourage cities and counties to better coordinate boundary and governance transition issues.
- **Respond to Failure of I-933:** Advance proposals that provide greater deference to cities to determine how best to balance protection of property rights and local environmental resources, including potential clarification on how to find, consider and apply Best Available Science.

Maintain and Develop Quality Infrastructure for Safety and Development

It is in the state's interest to help cities develop and maintain a strong infrastructure system that promotes economic development and provides the state and cities needed revenues. And as public works become more complex, cities need more management flexibility.

Top Priorities:

- **Local Infrastructure Finance Tool (LIFT):** Seek passage of LIFT legislation to expand the program, increase eligibility, and make corrections to advance this authority.
- **Infrastructure Funding:** Seek to increase existing state grant and loan infrastructure programs and provide more local flexibility for existing tools, including councilmanic authority for Transportation Benefit District revenue options.

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Other Priorities for the 2007 Legislative Session

In addition to the ten top priorities, the AWC Board also adopted fourteen additional legislative priorities for 2007.

Municipal Phase II Stormwater Permit:

Oppose new conditions that exceed Federal minimum standards, advocate for funding assistance to help cities implement the permit, and consider legal/legislative remedies.

Community Economic Revitalization Board (CERB) and Job Development Fund:

Seek more and permanent funding for the CERB and the Job Development Fund.

Fiscal Flexibility:

Seek passage of legislation that supports increased city fiscal flexibility for existing revenue sources, such as the hotel/motel tax and others.

Initiative 747—Property Tax Caps:

Seek passage of legislation that establishes a cap tied to the Implicit Price Deflator (IPD).

Financial Assistance for Cities and Towns with an Insufficient Tax Base:

Seek means to expand financial assistance to those cities and towns in the greatest need.

Local Funding Options for Law Enforcement:

Seek passage of legislation providing additional local funding options for law enforcement purposes.

Alternative Public Works Legislation:

Seek expansion of alternative public works legislation to include all cities.

Public Health Financing:

Seek passage of legislation that increases funding for local health jurisdictions (LHJs) while working to ensure cities are not mandated to fund LHJs.

Housing Affordability:

Seek passage of legislation addressing housing affordability through infrastructure funding and new fiscal incentives; oppose new mandates or pre-emptive zoning legislation; oppose elimination of impact fee authorities unless replaced with something that provides equal or more revenue.

Puget Sound Clean-Up:

Advance proposals that help restore and protect the Sound while preserving local land use authority and spending priorities.

Land Use/Gambling:

Seek legislation that provides cities the ability to zone or partially ban gambling facilities and defend cities' ability to fully ban gambling.

Real Estate Excise Tax Reform:

Pursue passage of legislation to harmonize the first and second quarter REET and allow its use for maintenance purposes.

Public Disclosure of Parks Department Registration Information:

Seek passage of legislation to exempt personal information of children participating in city parks and recreation programs from public disclosure.

Outdoor Burning in Small Cities/Towns:

Seek relief for cities under 5,000 in population from the January 1, 2007 deadline banning residential burning.