

**CITY COUNCIL AGENDA ITEM**  
CITY OF SHORELINE, WASHINGTON

<b>AGENDA TITLE:</b>	Discussion of 2016 State Legislative Priorities		
<b>DEPARTMENT:</b>	City Manager's Office		
<b>PRESENTED BY:</b>	Scott MacColl, Intergovernmental Relations Program Manager		
<b>ACTION:</b>	<input type="checkbox"/> Ordinance	<input type="checkbox"/> Resolution	<input type="checkbox"/> Motion
	<input checked="" type="checkbox"/> Discussion	<input type="checkbox"/> Public Hearing	

**PROBLEM/ISSUE STATEMENT:**

The 2016 Legislative Session is quickly approaching, which is the mid-biennium or short 60-day session. The following outlines the 2016 legislative picture and presents draft Legislative Priorities (Attachment A) for Council's review and discussion. Staff uses these priorities to determine whether the City supports or opposes specific legislation and amendments in Olympia during the legislative session.

The 2015 Legislative Session, despite almost resulting in a state government shutdown, was really a watershed session for local government in general and Shoreline in particular. The 2016 Legislative Session will likely be relatively quiet as it's the mid-year for the biennial budget and it's difficult to move major policy changes in a short session. However, there is likely to be significant work to position policy issues for the 2017 Legislative Session. Additionally, due to the passage of I-1366, the state could lose 1 percent of the state sales tax, which could cause a shortfall of \$1.63 billion in 2016 Fiscal Year revenues.

This is an initial discussion, and Council will further discuss the draft priorities with the 32<sup>nd</sup> District delegation at the November 30<sup>th</sup> dinner meeting. The Legislative Priorities are scheduled for final adoption at the December 14<sup>th</sup> Council meeting.

**RESOURCES/FINANCIAL IMPACT:**

This item has no direct financial impact.

**RECOMMENDATION**

No action is required; staff recommends that Council discuss the 2016 state legislative priorities.

Approved By: City Manager \_\_\_\_\_ City Attorney \_\_\_\_\_

## **DISCUSSION**

Staff proposes the attached legislative priorities (Attachment A) for Council for review and discussion. The priorities provide policy direction to guide staff in determining support or opposition to specific legislation. Staff utilizes these priorities to determine whether the City supports or opposes specific legislation and amendments in Olympia during the legislative session.

The City actively monitors legislative proposals at the state level, as success in advancing the City's position in Olympia depends on providing accurate and timely information to Legislators and their staff that illustrates the impacts of pending legislation on Shoreline.

Key pieces of legislation that do not fall under the adopted Legislative Priorities will be presented to the Council for review. However, proposed State legislation can change very rapidly, sometimes within hours, and there usually is not time to review changes with the Council. The legislative priorities are therefore primarily drafted as general policy positions to provide staff and council representatives the flexibility to respond quickly to requests for information or input.

The City also continues to partner with the Association of Washington Cities (AWC), which provides a consistent voice and a strong presence for cities in Olympia.

### **State Budget Snapshot**

This year is the middle of the 2015-2017 biennial budget, and the Legislature is likely to only make minor adjustments. As the Supreme Court set a 2018 deadline for the Legislature to fully fund basic education, the Legislature left that decision to be sorted out as part of the next biennium.

However, legislators are still working towards a solution to the McLeary funding problem. One of the options being considered is a 'levy swap', which would utilize existing state property tax capacity to equally fund school districts and allow the districts to lower their local levy rates.

While state revenues are forecasted to be up by about \$100 million, the state may face a funding shortfall of approximately \$1.63 billion in the 2016 fiscal year and up to \$8 billion over six years due to the passage of Initiative 1366.

### **Initiative 1366**

I-1366 states that if by April 15, 2016 the Legislature does not refer a constitutional amendment to voters for consideration at the November 2016 general election, the state sales tax would decrease from 6.5 percent to 5.5 percent. That would decrease state sales tax revenue for the state General Fund by \$8 billion total over the next six years.

In order for the Legislature to place a constitutional amendment on the ballot it requires a 2/3rds legislative majority to approve it. Given that the Legislative split is closer than ever – with the House Republicans picking up the seat in the 30<sup>th</sup> district (Federal Way), giving the House Democrats a very slim 50-48 majority – it appears highly unlikely that a constitutional amendment would pass the Legislature.

Assuming that the Legislature does not or cannot take action, staff has heard speculation that there may be a court challenge as to the constitutionality of the measure; but it remains to be seen as to whether that could happen in time to stay the sales tax reduction.

### **AWC Concerns**

This session, AWC is continuing to build on the work started during the 2015 session to educate legislators about the issues affecting cities. AWC staff recognizes that the budget is largely off limits this session and that this session is the time to set the table for structural issues affecting cities leading into the 2017 Legislative Session.

Specifically, AWC's priorities center around fiscal sustainability; infrastructure funding; public records reform; human services, homelessness and housing; and emergency responsiveness.

### **Shoreline Concerns**

Like AWC, staff sees this session as preparation for 2017 and the opportunity to position the City for more specific requests next year. Below are the four specific legislative priorities and a list of issues the city supports; however the majority of the focus would be on the specific priorities.

1. Local Government Financial Sustainability and Flexibility – building on the conversation started with legislators over the last couple of years, staff proposes advocating for a more self-sufficient model where the City can control its revenue streams. Cities need to be able to plan for funding from one year to the next; providing cities more local financial flexibility allows each jurisdiction to make their own choices of how to fund local services.
  - a. 1% Property tax limit - this existing limit does not keep pace with inflation and restricts cities' ability to maintain services. Setting a limit that is tied to a tangible number (e.g. Consumer Price Index) would allow cities to better maintain existing services.
  - b. Increased flexibility on existing revenues – many available revenue options are constricted, restricted or unpredictable, which makes it hard to maintain or increase city services such as public safety, infrastructure and human services programs.
2. Infrastructure Funding - infrastructure programs that benefit cities have been diverted to the state general fund over the past few years. These types of accounts allow cities to utilize low interest loans or grants to complete infrastructure projects at a significantly lower cost due to lower loan repayment rates than market value. This item would support any funding in infrastructure spending that cities can apply for to help fund important projects (e.g. Public Works Trust Fund), which will be particularly important as the city moves into the sewer service business in 2017.

3. Revise Public Records Act – public records act laws have not kept up with changes in technology and they do not account for the growing number of broad, voluminous, commercially driven, or retaliatory requests that utilize a disproportionate amount of city resources. Cities need additional tools to be able to settle conflicts out of court and charge reasonable fees for electronic and commercial requests.
4. Support Human Services Safety Net – enhance the provision of needed human services programs to address issues that drive increased homelessness and public safety costs. At a recent Council dinner meeting with human services partners, the City heard several situations that affect our local agencies’ ability to meet local needs including:
  - a. With the Affordable Care Act’s passage there is a sense that everyone who signs up has full access to services. Funders are reacting by cutting support for basic agency operating costs which is taxing agencies’ ability to keep their doors open. That, in turn, affects the provision of mental health and substance abuse treatment for youth and adults and youth development/Out of School Time services.
  - b. There is a broad shift away from support for services to seniors. This affects our local senior center operation as well as transportation services like the Hyde Shuttle.
  - c. The rapid increase in the cost of housing is driving the demand for housing assistance for rent, move in/out support and utility assistance; and
  - d. Homelessness is on the rise both in Shoreline and the region, increasing the need for implementing the All Home 4-year Strategic Plan.

### **Legislative Issues the City Supports**

1. Basic Education Funding - If the state utilizes the levy swap to fund basic education, it cannot come at the expense of the social safety net or by reducing state funding to local governments.
2. Transit Communities - advocate for city tools, such as funding and/or regulatory authority, to support communities centered around high capacity transit corridors.
3. Product Stewardship - support a paint product stewardship program for Washington to create a collection program for the reuse, recycling or proper disposal of unwanted paint.

### **RESOURCES/FINANCIAL IMPACT**

This item has no direct financial impact.

### **RECOMMENDATION**

No action is required; staff recommends that Council discuss the 2016 state legislative priorities.

### **ATTACHMENTS**

Attachment A: Draft 2016 Legislative Priorities



## **Draft 2016 Shoreline Legislative Priorities**

1. Support Local Government Financial Sustainability and Flexibility:
  - a. Revise 1% Property Tax Limitation
  - b. Increase flexibility on existing revenues
2. Restore funding infrastructure funding programs that support basic local infrastructure.
3. Revise Public Records Act to address changing technology, reduce frivolous requests, and allow for cities to charge a reasonable fee for electronic or commercial requests.
4. Support increasing state revenue from non-regressive revenue sources to support education funding, the human services safety net, and general state and local governments to maintain existing levels of services.

### **Legislative Issues the City Supports:**

1. If the state is going to utilize a 'levy swap' to fund basic education, it cannot come at the expense of the social safety net or by offloading state responsibilities to local government.
2. Advocate for city tools, such as funding and regulatory authority, to support Transit Communities.
3. Support Paint Product Stewardship legislation.