

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

<b>AGENDA TITLE:</b>	Discussion of the 2021 State Legislative Session with 32 <sup>nd</sup> District Legislators
<b>DEPARTMENT:</b>	City Manager's Office
<b>PRESENTED BY:</b>	Jim Hammond, Intergovernmental 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:**

This staff report provides an overview of the Washington State Legislature's 2021 session. It will review the outcomes of the session in light of Shoreline's legislative priorities and address what lies ahead. The 2021 session was widely noted to be significantly productive in terms of the scope of the issues addressed by the Legislature. The session also made history as it was conducted virtually due to the COVID-19 pandemic. Key policy areas addressed by the Legislature in this session included COVID relief and economic recovery, climate change, police accountability and racial equity.

Tonight, Council is scheduled to review the highlights of the 2021 Washington State Legislative Session and hear from the members of the 32<sup>nd</sup> District legislative delegation: Senator Jesse Salomon, Representative Cindy Ryu, and Representative Lauren Davis.

**RESOURCES/FINANCIAL IMPACT:**

This item has no direct financial impact.

**RECOMMENDATION**

No action is required tonight; this item is for discussion purposes only. Staff recommends that Council ask questions about the 2021 Legislative session of staff and the 32<sup>nd</sup> District legislative delegation.

Approved By:            City Manager **DT**    City Attorney **MK**

## **BACKGROUND**

The 2021 Washington State Legislative Session was a 105-day “long” session, where biennial Operating, Capital, and Transportation budgets are adopted. Adjournment, also known as *sine die*, was April 26<sup>th</sup>.

Tonight, Council is scheduled to review the highlights of the 2021 Washington State Legislative Session and hear from the members of the 32<sup>nd</sup> District legislative delegation: Senator Jesse Salomon, Representative Cindy Ryu, and Representative Lauren Davis.

## **DISCUSSION**

The 2021 Legislative Session was widely noted to be significantly productive in terms of the scope of the issues addressed by the Legislature. The session also made history as it was conducted virtually due to the COVID-19 pandemic. Key policy areas addressed by the Legislature in this session included COVID relief and economic recovery, climate change, police accountability and racial equity.

Several large, statewide issues received significant public attention, including COVID relief, a capital gains tax, funding for the Working Families Tax Exemption, climate change legislation, tax increment financing, early childhood education, gun control, police accountability, and changes to drug possession law (in response to a Supreme Court case).

For Shoreline, the 2021 session brought advances on several top City priorities and created a new opportunity for the development of affordable housing. These advances include:

- The state’s Capital Budget provided \$412,000 directly to the City for renovation of public restrooms at a number of Shoreline’s largest parks, as well as an additional \$316,000 for a public pavilion at Shoreline Park.
- The Capital Budget also allocated more than \$120 million for a new 120-bed nursing facility at the Fircrest Residential Habilitation Center, and over \$20 million for improvements to the State Public Health Lab, at the south end of the Fircrest Campus.
- While the Legislature did not choose to adopt a new-revenue statewide funding package, the current Transportation Budget was able to maintain its current funding levels, which included a \$5 million Regional Mobility Grant for Shoreline’s Interchange project at I-5 and N 145<sup>th</sup> Street. Both the House and Senate proposals for a new statewide transportation package included approximately \$20 million for the 148<sup>th</sup> Street Non-Motorized Bridge.
- The legislature also passed extensions to the Multifamily Tax Exemption (MFTE) program, to ensure that existing affordable units would not expire and return to the open market. In doing so, legislators added a Shoreline-only 20-year MFTE pilot program for the City’s use in its station areas.

## **Operating, Capital and Transportation Budgets**

The [2021-23 Operating Budget](#) allocated \$59.2 billion in state revenue for state operations, as well as another \$10.6 billion in federal stimulus funds. Notable one-time COVID-related allocations included:

- \$1.1 billion for stabilizing K-12 schools (reopening, learning loss, etc.),
- \$1 billion for public health (vaccine deployment, contact tracing and testing, etc.),
- \$658 million for extending the state’s rental assistance program,
- \$528 million in childcare grants and provider rates,
- \$500 million for unemployment insurance benefit relief,
- \$340 million in grants to adults unable to access COVID-19 benefits due to citizenship status,
- \$187 million for foreclosure prevention for individuals under 100% area median income, and
- \$170 million for family leave during the pandemic.

In the [biennial Capital Budget](#), beyond the investments directed toward Shoreline and Fircrest, the state made substantial investments in several key areas:

- \$411 million in grants and loans to improve and expand broadband access,
- Approximately \$350 million for the Housing Trust Fund and other state programs that support affordable housing and shelter capacity,
- \$327 million for infrastructure, including \$129 million for the Public Works Board,
- About \$930 million for K-12 public school construction, and
- An array of environmental-related investments, including:
  - \$100 million for the Washington Wildlife and Recreation Program,
  - \$80 million in federal and state funds for Salmon Recovery Funding Board projects with a statewide and Puget Sound focus,
  - \$68.5 million for Puget Sound acquisition/restoration and estuary/salmon restoration projects,
  - \$26.8 million for the Brian Abbot Fish Barrier Removal Board, and
  - \$10.3 million for the Washington Coastal Restoration Initiative.

And in the [Transportation Budget](#), the Legislature was able to maintain current levels of appropriation through the application of approximately \$1 billion in ARPA funding, in addition to improved economic forecasts. Key investments included:

- \$400 million for fish passage barrier removal (if allowable),
- \$6.9 million for alternative fuel vehicle charging and refueling,
- \$5 million for green transportation capital grants to help transit agencies,
- \$10 million in new funding for Safe Routes to School and Ped/Bike safety programs,
- \$4 million for a new cadet basic training class to graduate in June 2023, and
- \$1 million to the Washington State Patrol to address bills related to police accountability measures.

However, the most significant news relating to the budget was the creation of a “grand bargain” among legislators that tied significant climate change legislation to adoption of

a new-revenue statewide transportation package. Specifically, two key climate bills, relating to clean fuel standards and establishing a “Cap-and-Trade” approach to carbon pricing, were linked to the adoption of a transportation package that included a five (5) cent per gallon gas tax increase by 2023. This linkage was subject to a Governor’s line-item veto, and the validity of the veto is currently the subject of significant debate. The impact on the timing and likelihood of a future revenue package remains unknown.

In the meantime, the House and Senate proposed two different statewide revenue packages that will require further negotiation between the chambers. There is a question as to whether a special session will be called to tackle this, or if it will wait until a future session. Fortunately for Shoreline, both proposed measures include nearly \$20 million in funding for the City’s 148<sup>th</sup> Street Non-Motorized Bridge project.

### **Climate Action and Resiliency**

The Legislature also passed several measures intended to tackle climate change. The most significant bills, part of the “grand bargain” mentioned above, were SB 5126, the “[Climate Commitment Act](#)”, which established a cap-and-trade system for pricing carbon, and [HB 1091](#), which sets a clean fuel standard intended to lessen the carbon intensity of fossil fuels. The path forward for their implementation will hinge upon the outcome of challenges to the Governor’s line-item vetoes for these measures.

Other key environmental/sustainability measures passed this session included:

- [SB 5022](#) - Improving our recycling system and eliminating tons of styrofoam from our waste stream,
- [SB 5253](#) – Directing that at least 25% must be pollinator habitat to the extent possible for landscaping related to public works projects,
- [HB 1050](#) - Establishing thresholds to reduce greenhouse gas emissions from fluorinated gases, such as refrigerants,
- [HB 1287](#) - Planning upgrades to electricity supply and charging infrastructure (partial veto eliminated linkage to road usage charge), and
- [SB 5000](#) – Creating an eight-year pilot sales/uses tax exemption program for hydrogen fuel cell EVs.

### **Housing and Homelessness**

In addition to the more than \$1.7 billion in the state budgets for affordable housing and homelessness, the legislature took several other significant steps to address these challenges:

- [SB 5287](#) authorizes a 12-year extension of existing 8- and 12-year MFTEs that were set to expire, qualified residents must be provided with relocation assistance. It also establishes a new 20-year exemption for permanent affordable homes, and, as noted earlier, a pilot 20-year exemption in Shoreline. The state also directed a study of MFTE to take place over the interim, and the Shoreline experience with this pilot approach will help with this education process.
- [HB 1220](#) creates new planning and development regulations for local jurisdictions to address supportive housing and emergency shelters, mandating

that these uses must be allowed within cities, but providing local flexibility for determining where those zones will be. The planning mandates are voluntary unless and until the Legislature provides funding for jurisdictions to undertake this work.

- [HB 1277](#) creates a new permanent fund source for eviction prevention and homelessness intervention, through a new \$100 document recording fee.
- [SB 5106](#) establishes a right to counsel for low-income tenants facing eviction.
- [HB 1236](#) reforms evictions processes, eliminating 20-day no-cause eviction notices.
- [HB 1070](#) expands the allowable uses of revenue from local sales and use tax for housing and related services, by adding acquisition of facilities or land.

### **Supporting Local Government**

The Legislature also delivered two helpful tools to cities in support of greater fiscal flexibility.

- [HB 1069](#) does several things for local government, including:
  - Allows revenue from Criminal Justice Assistance Accounts to supplant existing funds,
  - Allows sales/use tax for chemical dependency or mental health treatment to be used for modifications to existing facilities to address health/safety needs related to chemical dependency or mental health,
  - Reduces restrictions on the allowed use of Criminal Justice sales taxes and REET taxes through December 31, 2023, and
  - Increases the amount of time a water and electricity or sewage lien can be applied after the declaration of an emergency by the Governor that prevents collection.

### **Criminal Justice and the Blake Decision**

In a 5-4 decision early in the legislative session, the Washington State Supreme Court declared unconstitutional, as a violation of due process, the state's drug possession law because it criminalized passive conduct with no requirement to prove criminal intent. Rather than move forward with no law against drug possession, the Legislature passed [SB 5467](#), which makes possession of drugs such as LSD and heroin a misdemeanor instead of a felony and provides funding and policy direction for a transition to a more treatment-centered system for addressing substance use disorder. Some key features of this legislation include:

- The first and second time a person is caught with drugs, officers must refer the person for assessment and services rather than arresting them.
- A committee of experts will study the issue and make recommendations to the Legislature for a more permanent approach in 2023.
- \$83.5 million in the budget to help state and counties manage the legal impacts of the Blake decision, and another \$88.4 million to help establish the new programs. Of the \$88.4 million, \$4.5 million will go to help enhance municipal and district therapeutic courts.

## **Criminal Justice and Police Accountability**

Finally, the Legislature enacted several significant changes to the operations of law enforcement and the accountability of its officers:

- [HB 1267](#) establishes a new Office of Independent Investigations for the purposes of investigating the use of deadly force by law enforcement officers,
- [SB 5051](#) expands background investigations for applicants of law enforcement and corrections officer positions and also broadens the grounds for officer decertification,
- [HB 1054](#) establishes limitations and requirements for police tactics and equipment,
- [HB 1310](#) sets new standards for use of force by law enforcement,
- [SB 5066](#) creates a duty for law enforcement officers to intervene and report any use of excessive force by another officer, and
- [SB 5259](#) creates a program to gather and report data collected from law enforcement agencies.

Given the magnitude of these changes, the Legislature also allocated a total of \$20 million in one-time funding to cities to assist with costs related to implementing these changes.

## **CONCLUSION**

In the 2021 State Legislative Session, the City of Shoreline was able to advance or achieve many of its priorities. Capital budget funding for park improvements will improve the recreational experience for Shoreline's park visitors. The effort to fully fund the N 148<sup>th</sup> St Non-Motorized Bridge took a significant step forward, and the state appears to be taking clear steps forward in planning the future of its Fircrest campus.

Additionally, the City's policy priorities gained significant ground: the legislature moved closer to a statewide transportation funding package and provided cities with new tools to support fiscal flexibility, including tax increment financing and an MFTE pilot program. The state also made significant investments in building affordable housing and reversing homelessness. On the environmental front, the legislature advanced polices that address climate change, seek to improve coastal and Puget Sound waters, and tackle culverts on a watershed basis. And finally, the City's values of equity, social justice and anti-racism found expression in many of the bills which advanced police accountability and changes to law enforcement practices.

## **RESOURCES/FINANCIAL IMPACT**

This item has no direct financial impact.

## **RECOMMENDATION**

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