



**CITY OF KIRKLAND**  
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## **MEMORANDUM**

**To:** Kurt Triplett, City Manager  
**From:** Lorrie McKay, Intergovernmental Relations Manager  
**Date:** July 1, 2015  
**Subject:** 2015 LEGISLATIVE UPDATE #11

### **RECOMMENDATION:**

Council should receive its eleventh update on the 2015 legislative session.

### **BACKGROUND DISCUSSION:**

At the writing of this memo, the legislature was four days into its third special session, which was convened by the Governor on June 28. By law, special sessions can only run for 30 consecutive days. This third special session will officially conclude by July 27. Lawmakers went into this third special session in order to complete their work on the biennial budgets and related matters (operating, capital and new law transportation package), which were unfinished as of June 27.

#### Operating and Capital Budgets

On June 29, legislators approved a \$38.2 billion two-year state operating budget (ESSB 6052) and delivered it to the Governor's desk. Both Chambers also approved the state capital budget (SEHB 1115) on June 30. With state budgets due June 30, the Governor took action on the operating budget in the 11<sup>th</sup> hour of the day, avoiding a government shutdown. According to Waypoint, Kirkland's state advocacy consultants, "there were very few vetoes to these budgets." At this point, the Governor has not taken action on the capital budget.

#### New Law Transportation Package

The legislature's Transportation Revenue Package is comprised of three primary components:

1. New revenue ESSB 5987
2. Additive Funding and Appropriations ESSB 5988
3. Bond funding ESSB 5989

The package also has reforms associated with it that are reflected in Senate Bills 5990, 5992, 5994, 5995, 5996, and 5997.

The negotiated compromise new law transportation revenue bill (ESSB 5987) was passed by both chambers and was sent to the Governor's desk. ESSB 5987 authorizes spending \$16.3 Billion over 16 years. (\$11.5 Billion in new revenue + \$4.75 Billion in bond sales). Financing will be achieved through a phased in Phased-in 11.9-cent boost in the gas tax, and increases in fees on things like truck weights, license plate replacements, etc. ESSB 5987 includes the following:

- Annual direct distributions to cities for 16 years
- A vehicle license fee within a transportation benefit district (TBD) raised from \$20 to \$40 only after a \$20 fee has been in place for two years. Further, the legislation stipulates that after a \$40

fee has been in place for two years, additional councilmanic increases are authorized, but they are subject to referendum.

- Authorizes Sound Transit to seek \$15 Billion in new revenue upon voter approval. If supported by a popular vote, the revenue would be generated through and increase up to 0.8% of the motor vehicle excise tax; an increase in the sales tax of an additional 0.4% (up to 1.4%); and a property tax levy \$0.25 per \$1000.

In addition to passing ESSB 5987 (revenue bill) on June 29<sup>th</sup>, the Senate also passed ESSB 5989 (bond funding) on June 29<sup>th</sup> and several reform bills (5992, 5994, 5995, 5996 and 5597). However, the Senate held back ESSB 5988 (the additive funding and appropriations bill) until the reform bills had been passed by the House. ESSB 5988 essentially allocates the new revenue to an identified list of transportation projects, such as the NE 132<sup>nd</sup> St. ramps at I-405.

On June 30, the House passed the reform bills (5992, 5994, 5995, 5996 and 5597) and in the very early morning hours of July 1, the Senate passed the additive funding and appropriations bill (ESSB 5988). Also in the early hours of July 1, the House amended and passed the transportation revenue bill (ESSB 5987). The bill went back to the Senate, which concurred with the amendment and final passage and was sent to the Governor's desk.

Of the overall Transportation Package, two bills remain unfinished.

1. ESSB 5988, Additive Funding and Appropriations (list of transportation projects)
2. ESSB 5989, Bond funding

Legislators are expected to break for the holiday weekend and return within two weeks to take these bills up again.

### **Status Summary of Five of the City's 2015 Legislative Priorities as of July 1**

With the 2015-17 operating and capital budget passed and delivered to Governor, legislators turned their attention to wrapping-up other business before sine die. The following outlines the status of five of the City's 2015 Legislative Priorities as of July 1 (Attachment A).

1. State and local transportation revenue - ESSB 5987 – PASSED and delivered to the Governor  
As mentioned above, the new law transportation revenue bill (ESSB 5987) was passed by both chambers and was sent to the Governor's desk. ESSB 5987 authorizes spending \$16.3 Billion over 16 years. (\$11.5 Billion in new revenue + \$4.75 Billion in bond sales). Financing will be achieved through a phased in Phased-in 11.9-cent boost in the gas tax, and increases in fees on things like truck weights, license plate replacements, etc.
2. \$75M for the I-405 / NE 132nd Interchange ramp - ESSB 5988  
The City's I-405 / NE 132nd Interchange project is included and fully funded in the negotiated compromise new law transportation budget bill ([ESSB 5988](#)) at \$75 million. This Connecting Washington Project's funding is phased as follows: \$8 million in 2017-19; \$54 million in 2019-21; and \$13 million in 2021-23.

As mentioned above, ESSB 5988 (the additive funding and appropriations bill) was passed by the Senate on July 1 and will be considered next by the House. In addition to the I-405 / NE 132nd Interchange project, this bill includes the following projects and appropriations:

Connecting Washington Projects

- \$1.6 Billion for SR 520 Seattle corridor improvements
- \$1.25 Billion for Renton to Lynnwood I-405 corridor widening.

Pedestrian and Bicycle Safety Projects

- \$1.86 Million to Kirkland for the NE 52nd Street – CKC project (Tier 3)
- \$5 Million to King County for Wilburton Reconnection project (Tier 1)
- \$2.8 Million to Bellevue for SR 520 Regional Bike Path and Trail (Tier 3)

#### Transit Projects

- \$5.5 Million to King County for bike share expansion in Kirkland, Bellevue, Redmond & Issaquah (Tier 1)
3. Capital budget funding of \$1,068,600 at NE 52nd Street - EHB 1115 – PASSED and delivered to the Governor

The Capital budget compromise (HB 1115) was passed by the House today and then immediately passed, without amendments by the Senate. The Capital budget compromise contains funding for the City's NE 52nd Street & CKC sidewalk project at \$1,069M.

\*NOTE\* The new law transportation package's project list (ESSB 5988) also includes \$1,086,000 for the same NE 52nd Street project. However, the project is listed as a "Tier 3" project, which means it might be funded years out there, after the Tier 1 & 2 projects are funded.
  4. Siting flexibility for marijuana retail & revenue share with cities - E2SHB 2136 – PASSED and delivered to the Governor

E2SHB 2136 contains both of Kirkland's marijuana priorities. The House passed 2136 on Friday, June 26 and the Senate passed the same version as the House on Saturday. Sen Ericksen proposed an amendment to allow any jurisdiction with a ban to get marijuana revenue after 2018. The amendment failed. 2136 has been delivered to the Governor
  5. Additional Sound Transit revenue authority, which may also be used to fund trail development and alternative transportation along the Eastside Rail Corridor - ESSB 5987 – PASSED and delivered to the Governor

As mentioned above, the negotiated compromise new law transportation package authorizes Sound Transit to seek \$15 Billion in new revenue upon voter approval. If supported by a popular vote, the revenue would be generated through and increase up to 0.8% of the motor vehicle excise tax; an increase in the sales tax of an additional 0.4% (up to 1.4%); and a property tax levy \$0.25 per \$1000.

However, the negotiated compromise new law transportation package does not include language allowing Sound Transit to use new funding on regional trails that directly connect to its system.

#### Attachments:

- A. Status update on Kirkland's 2015 Legislative Priorities (07-01-15)

**2015 Legislative Priorities and Status – City of Kirkland  
Updated: July 1, 2015**

Attachment A

Legislative Priority	Bill #	Prime Sponsor	Status
State Transportation Revenue Package 5987 5990 5994 5988 5991 5995 5989 5992 5996 5993 5997	SB 5987  SB 5988	Sen. King  Sen. King	7/1 – Passed by both Chambers. Delivered to the Governor  7/1 – Passed Senate: yeas, 38; nays, 6; absent, 0; excused, 5. 7/1 – sent to the House for consideration
Local Transportation Revenue			❖ TBD – included Raised from \$20 to \$40 only after \$20 in place for two yrs. After \$40 in place for two years, additional councilmanic increases authorized, but subject to referendum ❖ Fuel Tax / Direct Distributions to Counties and Cities both: \$375M split 50% / 50%.
\$75M for the next phase of the I-405 / NE 132nd Interchange ramp	SB 5988	Sen. King	7/1 – Passed Senate: yeas, 38; nays, 6; absent, 0; excused, 5. 7/1 – sent to the House for consideration
Continued state financial assistance and other tools that further the development of the Cross Kirkland Corridor (CKC)			
Capital budget funding for multimodal safety investments • Juanita Dr. Multimodal Safety Investments: \$1,021,000 • CKC to Redmond Central Connector: \$750,000 • NE 52nd Street Sidewalk: \$1,068,600	HB 1115	Rep. Dunshee	6/30 – Passed by both Chambers. Delivered to the Governor
Flexibility to help site marijuana retail facilities and marijuana revenue sharing with cities that allow retail facilities	HB 2136	Rep. Carlyle	7/1 – Passed by both Chambers. Delivered to the Governor
Additional Sound Transit revenue authority <i>and that such authority may also be used to fund trail development and alternative transportation along the Eastside Rail Corridor.</i>	SB 5987	Sen. King	6/27 – Passed by both Chambers. Delivered to the Governor
Allow both the state and local governments the option of replacing the property tax cap			

\* No HIGHLIGHTS = No change in status from last update.