



CITY OF KIRKLAND
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MEMORANDUM

To: Kurt Triplett, City Manager
From: Lorrie McKay, Intergovernmental Relations Manager
Date: September 8, 2015
Subject: DISCUSSION WITH MEMBERS OF THE STATE LEGISLATIVE DELEGATION

RECOMMENDATION:

Following a "thank you" reception, the City Council participates in a discussion with members of the City's state legislative delegation.

Senators McAuliffe and Habib as well as Representatives Springer, Goodman, Stanford and Moscoso have all confirmed their participation. Senator Hill and Rep. McBride are unavailable. Representative Ross Hunter has been appointed by the Governor to serve as the Director of the Department of Early Learning.

BACKGROUND DISCUSSION:

Preliminary agenda topics include: An overview of this year's legislative accomplishments; City officials sharing what Kirkland is able to accomplish with the tools that the legislature authorized earlier this year; and updates or issues that state law makers might like to share.

The Council's Legislative Committee is chaired by Councilmember Dave Asher and includes Mayor Amy Walen and Councilmember Doreen Marchione. The Committee is staffed by City Manager Kurt Triplett and Intergovernmental Relations Manager Lorrie McKay. The City's State Legislative Advocacy Consultants participate regularly as well in committee meetings.

The 2015 legislative session, a long 105-day session, was extended 70 additional days through three special sessions, entering the books as the longest session in state history. Working in partnership with members of the state delegation, five of Kirkland's seven 2015 Legislative Priorities were achieved by the conclusion of the third special session on July 10. As a reminder, the legislative priorities achieved and their benefit are summarized below.

1. State and local transportation revenue

- Distributes \$190,000 per year (for 16 years) in annual direct fuel tax distributions to Kirkland (\$2.8 million total).
- Authorizes a vehicle license fee within a transportation benefit district (TBD) raised from \$20 to \$40.
- Authorizes Sound Transit to seek \$15 Billion in new revenue, upon voter approval.

Connecting Washington Projects

- \$1.6 billion for SR 520 Seattle corridor improvements
- \$75 million to Kirkland for the I-405 / NE 132nd Street Interchange
- \$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 and Issaquah (Tier 1)

2. \$75 million for the I-405 / NE 132nd Interchange

- Included as a Connecting Washington Project with phased funding within the new revenue transportation budget.

3. \$1,068,600 in Capital Budget funding for improvements at NE 52nd St and the CKC

4. Siting flexibility for marijuana retail & revenue share

- In addition to allowing siting flexibility, the new law includes the policy of marijuana tax revenues for local jurisdictions, distributed based on retail sales and population. The operating budget appropriates the funding at an annual cap of \$15 million per fiscal year for the 2017-2019 biennium and \$20 million per fiscal year thereafter.

5. Additional Sound Transit revenue authority

- Authorized in the new revenue transportation budget

Additionally, in the operating budget, the legislature either maintained or restored important shared revenue programs, representing roughly \$4.5 million in annual distributions to the City.

- Left the Annexation Sales Tax Credit intact (\$4 million annually through 2021)
- Restored liquor excise tax distributions to local governments (\$370,000 annually)
- Retained fire insurance premium tax distributions to cities with LEOFF 1 obligations (\$221,000 annually)

Finally, the legislature passed some policy bills that have the potential of benefiting the City of Kirkland.

- ❖ **Real Estate Excise Tax (REET) flexibility** – The new law allows local governments who can demonstrate that their local infrastructure funding needs are met to use a limited amount of REET revenue to finance maintenance and operation costs associated with existing infrastructure.
- ❖ **Local Options for Providing Services and Facilities for Vulnerable Populations and Cultural Access** – The new law permits a county or city to create a cultural access program (CAP). Authorizes King County, or a city to impose either a sales and use tax or a property tax levy to fund a CAP; authorizes a sales and use tax to fund a CAP; provides restrictions and requirements for how revenues may be allocated within a CAP, including a requirement to create and fund public school programs; authorizes the governing body of a county or city to impose a 0.1 percent local sales tax for housing and related services for specific individuals, if approved by a majority of voters.
- ❖ **Exempting pretrial electronic alcohol monitoring programs from statutory limitations on pretrial supervision costs** – The new law exempts a \$150 limitation on costs for pretrial supervision from being applied to pretrial electronic alcohol monitoring, drug monitoring, or the 24/7 sobriety program. These monitoring programs help keep people out of jail where possible, representing a significant cost savings. (NOTE: KPD currently charges \$15.00 per day for the equipment and they offer a sliding scale for payment. If the person cannot afford the \$15/day, KPD goes to \$0 cost to the person.)

Looking Ahead: 2016 'Short' Session and Beyond

Entering the fourth quarter of 2015, there are several issues and changes on the horizon that will keep lawmakers and varying stakeholders busy and focused finding solutions. Issues such as:

- **The Supreme Court's mid-August McCleary finding** that the legislature's education investments this session are adequate. The areas of inadequate progress are as follows:
 - I. Class size reduction not on target and no specific plan offered to meet mandate.
 - II. No plan to address infrastructure necessary to lower class sizes and offer all-day kindergarten.
 - III. No plan to address shortfall of teachers necessary to implement class size reduction and all-day kindergarten.
 - IV. Although teachers received a "modest" salary increase in the 2015-2017 budget, there is no plan to implement a sustainable state-funded system to retain and attract quality educators.
 - V. A lack of a concrete plan to address levy reform.

Changes on the horizon include:

- Representative **Ross Hunter**, (D-48th LD) has resigned and has been appointed by the Governor to serve as the Director of the Department of Early Learning, leaving an open House seat here in the 48th.
- Senator **Brian Hatfield**, (D-19th LD) has resigned to become the Sector Lead for Rural Economic Development within the Department of Commerce, leaving an open Senate seat in the 19th.
- Senator **Jeannie Kohl-Welles**, (D-36th LD) announced in April that she is running to succeed Larry Phillips as the councilmember on the King County Council, potentially opening up the Senate seat for either Representative Reuven Carlyle or Rep. Gael Tarleton to consider seeking.
- Senator **Pam Roach** (R-31st LD) is planning to run for a seat on the Pierce County Council in 2016. Senator Roach has not ruled out holding both positions at once as Washington law doesn't preclude politicians from holding two elected offices simultaneously.
- Senator **Bruce Dammeier**, (R-25th LD) has announced that he is running for Pierce County Executive next year, though he has not resigned.
- Rep. **Hans Zeiger** (R-25th LD) has announced that he is interested in running for Dammeier's Senate seat.

In general, as lawmakers look forward to the 2016 session, a short 60-day session, it will be useful to understand what their approaches to the supplemental budgets (operating, capital and transportation) might be. Also, given the huge lift of passage the new transportation revenue package this past session, what do lawmakers feel is next in that arena? How is implementation going? What is on horizon?

As far as potential legislative priorities for the City Council's consideration goes, some discussion items might include:

1. **Lifting the 1% Property Tax Cap:** Continue advocacy of allowing both the state and local governments the option of replacing the property tax cap, currently fixed at 1 percent, with a cap that is indexed to both population growth and inflation. Lifting the property tax cap could also generate significant revenue for the state to meet their McCleary obligations.
2. **Affordable Housing:** Continue advocacy for tools to provide affordable housing.
3. **Public Records Act Reform:** Find options that maintain transparency while mitigating the accumulating costs to local governments.
4. **Capital Budget Funding:** Continue advocacy for the Cross Kirkland Corridor connection to the Redmond Central Connector.
5. **Protect Shared Revenue and REET Flexibility**

This study session is intended to be a discussion and the items listed above are provided to help initiate a robust exchange of ideas with members of the City's state legislative delegation.