



CITY OF KIRKLAND

City Manager's Office

123 Fifth Avenue, Kirkland, WA 98033 425.587.3001

www.ci.kirkland.wa.us

MEMORANDUM

To: David Ramsay, City Manager

From: Tracy Burrows, Senior Management Analyst

Date: January 6, 2006

Subject: 2006 Legislative Session Status Report

The 2006 Legislative Session convenes on Monday, January 9th. At each Council meeting during the legislative session, the City Council will receive an update on the legislative issues that are included in the City's legislative agenda and on emerging issues that are of particular concern to local government. The City Council will have the opportunity to provide direction to staff on pending bills at these meetings. During the period between Council meetings, the City Council's legislative committee will provide direction to staff on issues that are time sensitive and need immediate City action.

Below is a brief summary of the pre-session status of the City's major issues:

Annexation: *Kirkland supports legislation that provides local governments with a set of annexation tools that help achieve the goal of having cities be the urban service providers within urban growth areas.*

Kirkland has been working with a coalition of cities to develop options for annexation funding. Three major options for annexation transition funding have emerged: (1) state funding of annexation transition costs through a credit to local governments on a portion of the state sales tax; (2) local funding of annexation transition costs through the ability to continue to levy the county road tax for a period of time after annexation; and, (3) local property tax-based funding of annexation transition costs through the creation of a separate annexation district. The City's lobbyist is working with Legislative leaders to line up sponsors for each of these options.

Municipal Courts: *Kirkland supports cities' ability to form municipal courts and is working to preserve all options for providing municipal court services in the future.*

During the off-session, the Association of Washington Cities (AWC) developed a bill that would confirm cities' authority to enter into contracts with nearby cities to provide municipal court services. The Administrative Office of the Courts (AOC), representing the judges, developed an alternative bill that included many provisions that were unacceptable to the cities, including requirements for the election of all judges and undesirable requirements and limitations on contracting arrangements. Attempts to reach a negotiated compromise position have stalled. Mike Ryherd, the City's lobbyist, is working with AWC to reach out to the leadership of the Judiciary Committees in hopes that they will go forward with a limited bill that would confirm cities' authority to contract for municipal court services.

Streamlined Sales Tax : *Kirkland supports the objectives of the Streamlined Sales Tax project, including the application of sales tax to internet and catalogue sales. Kirkland supports the seven principles for SST*

implementation that have been agreed upon by the Association of Washington Cities (AWC) SST Committee, including the goal of full mitigation for the sales tax revenue losses of negatively impacted cities.

While the cities have finally reached an agreement on SST, this will be a difficult year for this issue to go forward. The State is currently prepared to propose partial, but not full mitigation for cities that will lose revenue under the new sourcing rules. In addition, any tax-related issue will face challenges during this election year.

Incentives for Affordable Housing : *Kirkland supports incentives for affordable housing, including property tax exemptions to new or rehabilitated multi-family housing.*

Kirkland has worked with A Coalition for Regional Housing (ARCH) to draft a bill that would expand cities' ability to grant property tax exemptions for new or rehabilitated multifamily housing, and in particular would allow for partial exemptions for rental and mixed use housing. Rep. Judy Clibborn has agreed to sponsor the bill this year and our lobbyist is working to garner additional sponsors.