



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: Erin J. Leonhart, Intergovernmental Relations Manager
Date: April 10, 2009
Subject: 2009 LEGISLATIVE UPDATE 7 – APRIL 21, 2009

As of the April 21 Council meeting, the 2009 Legislative Session will be in its final week. The sixth legislative cutoff date, when bills must pass out of the opposite legislative body, is April 17. This is an update on the City's interests as of April 10. A matrix with the current status of topics on the legislative agenda will be available at the Council meeting.

COUNCIL LEGISLATIVE COMMITTEE 3/30

The Council Legislative Committee met with Mike Ryherd on March 30 to discuss the status of bills on the day of the fourth cutoff. The primary topics of conversation were:

- Annexation (ESSB5321) – This bill, which provides another 10-year period to qualify for the annexation sales tax credit, passed out of the House Finance Committee with amendments. One amendment was language to grandfather house-banked card rooms in annexation areas if the annexing city or town can demonstrate that the continuation of the house-banked social card games business will reduce the credit against the annexation state sales and use tax.
- Annexation (2SSB5433) – This bill was originally focused on eliminating the anti-supplanting language for the public safety sales and use tax and the multi-year lid lift. The bill that passed out of the House Finance Committee included language from Representative Hunter's HB2249 (see attached).
 - Action: Staff will provide total fiscal impact of annexation bills by Monday, April 6th.
- Three-foot Passing Distance (HB1491) – This non-motorized bill was scheduled for public hearing on Monday, 3/30. Action: Mike sign in support.
- Capital Budgets – House and Senate versions due out on Wednesday (Mike will watch for JDF grant and Public Safety Building reappropriations)
- Operating Budgets – The Senate version was released today. The full language (and the shorter 50-page staff overview) can be found on the Ways & Means Committee webpage: <http://www.leg.wa.gov/senate/Committees/wm>. The House version is due out March 31. Action: Monitor and coordinate with AWC to determine potential impacts on Kirkland.

COUNCIL LEGISLATIVE COMMITTEE 4/6

The Council Legislative Committee met with Mike Ryherd on April 6 to discuss the status of bills on the day of the fifth cutoff. The primary topics of conversation were:

- Annexation (ESSB5321) – This bill was referred to the Rules Committee and Mike expected it to get out on Monday.
- Annexation (2SSB5433) – This bill was referred to the Rules Committee. There may be questions on the House or Senate floor about the House Finance Committee's amendments and if they are "outside of the scope and object" of the original bill.
- Three-foot Passing Distance (HB1491) – This non-motorized bill was scheduled for public hearing on April 1 but did not make the fifth cutoff date.
- JDF Grant – Reappropriated to Parkplace in House Capital Budget Proposal. Letters sent to Senators Oemig and Tom asking that the Senate Capital Budget conform to the House version.

- Public Safety building Appropriation – Community Trade and Economic Development included in the agency's reappropriation package, which was included in both the House and Senate Capital Budget Proposals.

COUNCIL LEGISLATIVE COMMITTEE 4/13

The Council Legislative Committee met with Mike Ryherd on April 13 to discuss the status of bills and the State budget. The primary topics of conversation were:

- Annexation and Grandfather Clause for Card Rooms (ESSB5321) – This bill is scheduled for second reading on the House Floor Calendar.
- Annexation (2SSB5433) – This bill is scheduled for second reading on the House Floor Calendar.
- Annexation (ESSB5808) – This bill was signed into law by the Governor on April 10.
- Alternate Student Transportation (SHB1793) – This non-motorized bill passed the Senate.
- State Route 520 Tolling (SHB2211) – Passed out of House Transportation Committee with amendments (see below).
- JDF Grant and CTED Public Safety Building Appropriation – Looking okay at this point according to Mike, who will continue to track.
- Federal Update – Dave Ramsay will be in Washington, D.C. on a trip sponsored by the Robert Wood Johnson Foundation in early May. Jake Johnston is working to schedule meetings with Kirkland's Congressional offices. ACTION: Letter of support for the President's Budget for Ramsay to deliver (staff will provide a letter for Council consideration at the May 5 meeting).

ANNEXATION & KING COUNTY BUDGET ISSUES

Substitute Senate Bill 5321, relating to extending a local sales and use tax for annexation has multiple sponsors, including Senator Tom. This bill is scheduled for second reading on the House Floor Calendar as of April 10. Amendments adopted by the House Finance Committee include:

- A city or town with a prohibition or limitation on house-banked social card game licenses that annexes an area that is within a county that permits house-banked social card games may allow a house-banked social card game business that existed at the time of annexation to continue operating... A city or town that allows a house-banked social card game business in an annexed area to continue operating is not required to allow additional house-banked social card game businesses.
- The maximum rate of tax imposed is 0.85 percent for an annexed area in which the population is greater than 10,000 and the area is annexed by the City of Seattle. The maximum cumulative rate of tax other cities may impose under subsection of this section is 0.2 percent for the total number of annexed areas the city may annex. Unless the city commenced annexation of any area prior to January 1, 2010, the maximum cumulative rate of tax a city may impose is 0.3 percent, beginning July 1, 2011.
- The maximum cumulative rate of tax a city may impose is 0.85 percent for the single annexed area the city may annex and the amount of tax distributed to a city shall not exceed \$5 million per fiscal year.

Engrossed Substitute Senate Bill 5808 provides for a new additional method of annexation by interlocal agreement and contains provisions involving transfer of fire district employees and assurances that fire and emergency response times will be maintained in newly annexed areas at least through the budget cycle. This bill passed out of the Legislature and was signed into law by Governor Gregoire on April 10.

Second Substitute Senate Bill 5433 eliminates anti-supplanting language for county public safety sales and use tax and the multi-year lid lift and allows revenue from the public safety sales and use tax to be used for the additional purpose of fire protection. This bill is scheduled for second reading on the House Floor Calendar as of April 10. Amendments adopted by the House Finance Committee include:

- Requires cities and towns within King County to annex large potential annexation areas by January 1, 2015 in order to receive transportation improvement account and public works account grants and loans. If a city or town is located partially in King County, the date would be January 1, 2021.
- Allows cities and towns to impose utility taxes on water-sewer districts until January 1, 2015

- Allows for the creation of a rural infrastructure improvement and public safety (RIPS) district in the unincorporated areas of a county. Allows a RIPS district to impose a tax on utilities until January 1, 2015
- Limits the ferry district property tax rate in King County to 7.5 cents per thousand dollars of assessed value (currently, not to exceed 75 cents per thousand) and authorizes an additional property tax in King County at a rate of 7.5 cents per thousand dollars to fund transit projects
- Requires the state auditor to conduct a performance audit of King County
- Imposes the brokered natural gas use tax at the location where the gas is consumed
- Extends use of Real Estate Excise Tax funds to parks maintenance and operations

EMINENT DOMAIN

Substitute House Bill 1332 would grant authority of a watershed management partnership (Cascade Water Alliance) to exercise powers of its forming governments, including eminent domain. The Substitute House Bill was made eligible for second reading but is not on the Senate Floor Calendar as of April 10.

INFRASTRUCTURE AND ECONOMIC DEVELOPMENT

Second Substitute Senate Bill 5045 provides that local governments may finance public improvements using local revitalization financing. Local revitalization financing is the use of bond financing to pay for public improvements within a designated area and the use of increased local property tax revenues and increased sales and use tax revenues from within that locally defined area to pay off the bonds. Permissible public improvements are expanded beyond those allowed for Community Revitalization Financing to include bridges, rail, landscaping, environmental remediation, and utility infrastructures. This bill is scheduled for second reading on the House Floor as of April 10.

NON-MOTORIZED TRANSPORTATION

House Bill 1491 requires that vehicles passing pedestrians & bicycles allow a minimum distance of three feet. This bill has multiple sponsors including Rep. Goodman. This bill did not make the fifth cutoff date on April 6.

Substitute House Bill 1793 addresses alternative student transportation. The Substitute House Bill:

- Places the Washington State Department of Transportation (WSDOT) Safe Routes to Schools Program (Program) in statute and establishes the Program's grant application guidelines; and
- Requires the WSDOT to provide information, resources, training, and grant evaluation.

This bill passed out of the Senate on April 10.

TOLLING/ROADWAY PRICING

Substitute House Bill 2211 addresses the authorization, administration, collection, and enforcement of tolls on the State Route 520 corridor. This bill has multiple sponsors including Representative Eddy. This bill passed out of the House Transportation Committee with amendments. Amendments adopted by the House Transportation Committee include:

- Imposes tolls on the State Route (SR) 520 corridor, which is defined as the portion of SR 520 between Interstate 5 and SR 202.
- Requires the tolling authority to set a schedule of toll rates to maintain travel time, speed, and reliability in the corridor as well as support the issuance of up to \$1.2 billion in bonds.
- The tolling authority is allowed to increase the toll rates as necessary to reflect inflation and meet the payments on the bonds.
- Restricts the expenditure of the proceeds of the bonds to construction of the replacement floating bridge and projects on the east and west ends of the bridge and caps the total cost of the project at \$4.65 billion, with caps of \$1.85 billion on the floating bridge, \$800 million on the east side of the corridor, and \$2 billion on the west side of the corridor.
- Requires any funding over \$2 billion on the west side of the corridor to come from local revenue sources.
- Grants the Washington State Department of Transportation a variety of responsibilities and authorities regarding the administration of the SR 520 corridor tolling program.