



CITY OF KIRKLAND
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MEMORANDUM

To: David Ramsay, City Manager
From: Erin J. Leonhart, Intergovernmental Relations Manager
Date: April 27, 2009
Subject: 2009 LEGISLATIVE UPDATE 8 – MAY 5, 2009

As of the May 5 Council meeting, the 2009 Legislative Session is scheduled to be over. This is an update on the City's interests as of April 27, when bills that made it out of the Legislature will be under review by the Governor. A matrix with the current status of topics on the legislative agenda will be available at the Council meeting.

COUNCIL LEGISLATIVE COMMITTEE 4/20

The Council Legislative Committee met with Mike Ryherd on April 20th to discuss the status of bills and the State budget. The Legislative Session is due to adjourn on Sunday, April 26th. The primary topics of conversation were:

- Annexation (ESSB5321) – This bill, as amended in the House, extends the annexation sales & use tax credit to 2015 and includes a grandfather clause for card rooms. It is on the concurrence calendar. Action: Mike will watch.
- Local Revenue Options (2SSB5433) – This bill is 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 did not include annexation penalties but did have additional tax options. It is on the concurrence calendar.
- 520 Tolling (ESHB2211) – This bill, as amended on the House floor, provides for tolling on SR-520, creates a Governor/Legislator workgroup to determine funding and design options, and limits the total project costs to \$4.65 billion. Passed out of the House on Friday and was scheduled for public hearing in the Senate on Monday at 8am. Action: None recommended.
- Capital Budgets – Senate version has not moved, Senate Capital Budget staff has been informed of the JDF grant reappropriation/redesignation and Mike has talked to Senator Oemig. Action: Mike will watch and call if concerned.

Council Legislative Committee Schedule – If issues needing Kirkland response arise during this final week, Mike Ryherd will call Erin, who will notify the Committee or the City Council on Tuesday. When the Legislature adjourns on Sunday, Mike will not have enough time to provide an accurate update on Monday at 7:30am. As a result, the last Council Legislative Committee meeting will be rescheduled for later in the week. Action: Erin to reschedule meeting from April 27.

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 passed the Legislature and was forwarded to the Governor for action. The bill passed by the Legislature includes:

- Defines "commence annexation" as the initiation of annexation proceedings under the direct petition method or the election method under chapter 35.13 or 35A.14 RCW.
- 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 on the effective date of the act 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 (except for an area with a population of 4,000 annexed by the City of Bellevue) 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.

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 passed the Legislature and was forwarded to the Governor for action. The bill passed by the Legislature no longer includes annexation language but does include:

- 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);
- Authorizes public transportation systems, including public transportation benefit areas, unincorporated public transportation benefit areas, metropolitan municipal corporations, city-owned transits, county transportation authorities, and regional transit authorities, to seek voter approval of an annual congestion reduction tax of up to \$20 on vehicles registered within the benefit area;
- Allows counties to use the county public safety sales and use tax to partially supplant existing funds until 1/1/2015;
- Allows counties to use the mental health/chemical dependency sales and use tax to partially supplant existing funds until 1/1/2015;
- Allows multiyear lid lifts to supplant existing funds (in King County, this is allowed only for lid lifts approved in 2009, 2010, and 2011); and
- King County is authorized to impose additional property tax at a rate not to exceed 7.5 cents per \$1,000 of assessed value. The first 1 cent is dedicated to expanding transit capacity along state route 520. The remainder of money is dedicated to transit-oriented expenditures.

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 bill passed the Legislature and was forwarded to the Governor for action. The final bill included the following restrictions to eminent domain:

- Watershed partnership must provide notice to the city, town, or county with jurisdiction over the subject property by certified mail thirty days prior to the partnership board authorizing condemnation; and
- With any city that is not a member of the watershed management partnership and that has water or sewer service areas within one-half mile of Lake Tapps or water or sewer service areas within five miles upstream from Lake Tapps along the White river, enter into an interlocal agreement to allow eminent domain within that city prior to exercising eminent domain authority under this section.

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. The bill passed the Legislature and was forwarded to the Governor for action.

NON-MOTORIZED TRANSPORTATION

Substitute House Bill 1793 addresses alternative student transportation. The bill that passed the Legislature places the Washington State Department of Transportation (WSDOT) Safe Routes to Schools Program (Program) in statute. The bill passed the Legislature and was forwarded to the Governor for action.

TOLLING/ROADWAY PRICING

Substitute House Bill 2211 addresses the authorization, administration, collection, and enforcement of tolls on the State Route 520 corridor. This bill passed the Legislature and was forwarded to the Governor for action. The bill that passed the Legislature includes:

- The initial imposition of tolls on the state route number 520 corridor is authorized, the state route number 520 corridor is designated an eligible toll facility;
- The state route number 520 corridor consists of that portion of state route number 520 between the junctions of Interstate 5 and state route number 202. The toll imposed by this section shall be charged only for travel on the floating bridge portion of the state route number 520 corridor.
- In setting the toll rates for the corridor, the tolling authority shall set a variable schedule of toll rates to maintain travel time, speed, and reliability on the corridor and generate necessary revenue for sufficient to pay for the replacement of the floating bridge segment and necessary landings of SR-520;
- Creates the SR-520 work group consisting of the following members:
 - The legislators from the 43rd and 48th legislative districts;
 - The secretary of transportation;
 - Two legislators from each of the 46th and 45th legislative districts as jointly determined by the Speaker of the House and the President of the Senate;
 - The chairs of the transportation committees of the legislature, who may each appoint one additional legislator from the joint transportation committee representing a legislative district outside of the SR-520 corridor; and
 - The member of the transportation commission representing King County.
- The work group must review and recommend a financing strategy, in conjunction with the WSDOT, to fund the projects in the SR-520 corridor that reflects the design options that provide for a full project, including projects in the corridor for which the department applies for federal stimulus funds provided in the American recovery and reinvestment act of 2009, that meets the needs of the region's transportation system while providing appropriate mitigation for the neighborhood and communities in the area directly impacted by the project; that does not exceed \$4.65 billion.