



**City of Blaine  
Government Relations Report  
2019 Legislative Session**

Dear Blaine City Council,

It was a pleasure to advocate for the City of Blaine in Olympia for the 2019 legislative session. This year was our second session working together, and it has been and continues to be a wonderful partnership. The 2019 session was a long, 105-day session. We are pleased to share that after many months of hard work and late nights that the City was able to secure funding for both of its top legislative priorities: The East Blaine Infrastructure Extension project and the Grade Separation Solution at Bell Road. These successes would not have been possible without an active and supportive legislative delegation: Sen. Doug Ericksen, Rep. Luanne Van Werven and Rep. Sharon Shewmake. We encourage the city to express great thanks to the delegation.

The City continues to elevate its presence in Olympia with this continued advocacy. This is evident from the funding that has been received in the last two years. Blaine's advocacy and presence in Olympia will continue to be more fruitful as Blaine becomes increasingly active at the state level.

Now that session is officially over, attention has turned implementing the actions of the 2019 Legislature and preparing for the second-year of the two-year legislative biennium – i.e. the 2020 legislative session. Democrats will retain majority, and the Legislature will consider making adjustments to their biennial budgets. The 2020 session will be followed by the November 2020 elections, a Presidential election where Democrats will attempt to retain their strong majority.

The ever-changing political climate requires adaptive and consistent advocacy. We look forward to working with the City of Blaine throughout the interim months to continue advancing the City's priorities and preparing for the 2020 legislative session.

Thank you,

Briahna Murray & Hanna Jones

## **Overview of the 2019 Legislative Session**

The 2019 legislative session was the first year of the two-year legislative biennium and scheduled to be “long” session, lasting 105 days. The Legislature completed its work on-schedule, adjourning at midnight on the 105<sup>th</sup> day. The second year of the legislative biennium, 2020, will be a “short” session and will be scheduled to last 60 days.

Both the House and the Senate had stronger Democrat majorities than in recent history. The House was comprised of 57 Democrats and 41 Republicans and the Senate had 28 Democrats and 21 Republicans. With these strong majorities and control of the Governor’s Mansion, Democrats set an ambitious agenda focused on reforming the state’s mental health system, establishing new environmental policies, addressing housing affordability, correcting the state’s regressive tax structure, and more.

There were 2,208 bills introduced during the first year of the biennium and 481 passed the Legislature, or roughly 22% which is slightly higher than the historical rate. In addition to all the bills the Legislature considered, they passed three biennial budgets: operating, capital and transportation. Below is a summary of each budget:

### ***Operating Budget***

The final operating budget is for \$52.4 billion from near general fund accounts, an increase of roughly 20% from the 2017-19 budget of \$43.7 billion. The budget is based on five new revenue sources: 1) modification of Real Estate Excise Tax rates based on the sale price of the property ([SB 5998](#)); 2) removing a preferential business and occupation tax rate for international investment companies ([SB 6016](#)); 3) replacing the out-of-state sales tax exemption with a refund mechanism ([SB 5997](#)); 4) increasing the B&O tax rate for travel agents ([SB 6004](#)) and 5) raising the B&O tax rate for large financial institutions ([HB 2167](#)). In addition, the legislature increased the B&O tax rate for certain business categories and dedicated the revenues to higher education ([HB 2158](#)).

Much of the increased revenue is dedicated to public employee salary and benefit increases, including a new insurance benefit for part-time school workers who will receive full medical coverage if they work at least 630 hours per year. The Legislature also made significant investments in the state’s mental health care system from both the operating and capital budgets. Increased appropriation from the operating budget funds contracts with private hospitals, nursing homes, and other facilities to provide inpatient care and discharge placements.

### ***Capital Budget***

The capital budget invests \$4.9 billion in state agency construction projects, grant and loan programs for local governments, and in K-12 school and higher education facility construction. In addition, \$3.8 billion is re-appropriated for projects previously authorized but not yet completed. \$96.5 million for local and community projects awarded through competitive programs and direct legislative grants. Significant investments within the capital budget include: \$175 million the Housing Trust Fund, \$120 million for community based behavioral health beds, \$154 million for state mental health facilities, and \$974 million for higher education facilities. A total of \$70 million in bond capacity is reserved for a supplemental capital budget.

### ***Transportation Budget***

The final transportation budget includes a very small list of new projects. This is because actual gas tax revenue ended up being less than projected and the legislature was only able to fund new projects through a one-time \$50 million transfer of Hazardous Substance Tax revenue out of the Model Toxics Control Act Account.

Discussions of a new transportation revenue package began but were stymied, in part, by [Initiative 976](#) which would limit car tab fees to a flat \$30 and undermine the state's transportation revenue structure. The Legislature chose not to pass the Initiative and not consider an alternative option, which means I-976 will be on the November ballot for voters to reject or accept.

## **2019 Legislative Priorities**

### ***Allocate Funding for the East Blaine Infrastructure Extension Project***

Prior to the 2018 legislative session, the city of Blaine sought GTHGA's assistance in advancing a funding request to extend utility infrastructure to East Blaine. There are three plots in East Blaine – Grandis Pond, East Maple Ridge, and Bridges – which will result in over 1,400 new residential lots. While the City's full request for the 2018 budget totaled \$3.2 million, the Legislature was unable to make a commitment of total funds in a supplemental budget year and was instead awarded \$1.2 million. The expectation was that the City would take a phased approach, which included contributing its own funding, and would return for the remaining \$2 million during the 2019 legislative session.

Throughout the interim and prior to the 2019 legislative session, the City and GTHGA worked to bring the City's legislative delegation in to better understand both the project and the need for state funding. While the project is indeed a public private partnership, the City is ineligible for grant funding or other pots of funding that local governments typically utilize without requesting state funding. GTHGA coordinated for Representative Sharon Shewmake - a new member of the City's delegation - to tour the development site and meet with the Mayor prior to session. The City also held a brief meeting with Representative Luanne Van Werven to refresh her memory about the important next steps to secure funding for "phase two" of the project. Part of this process included revision of the comprehensive briefing document, to assist legislators with talking points and details about the project and vision for the development in Blaine.

As the legislative session began in January, GTHGA worked closely with the City to secure project details for the East Blaine Infrastructure Extension project to complete formal capital budget request forms. The forms were submitted well ahead of the deadline to the City's delegation, and then to capital budget committee staff in both the House and Senate. As part of advocacy efforts on the City's behalf, Mayor Onyon, Councilmember Rule and City Manager Michael Jones visited Olympia to meet with the City's delegation and to encourage inclusion of the request in the final version of the capital budget. In addition, the City met with Representative Richard DeBolt, lead Republican on the House capital budget, in order to bring the project to his attention and to encourage full funding of the project.

Immediately prior to the development and release of the House's version of the capital budget, Representative Shewmake alerted GTHGA to constraints on funding for member requested projects, and that she and Representative Van Werven could reasonably secure \$500,000 for the project. After discussion with the City, GTHGA let both representatives know that this funding would be much appreciated. Both the House proposed capital budget and the final negotiated capital budget included a total of \$500,000 for the East Blaine Infrastructure Extension project.

### ***Grade Separation Solution at Bell Road***

During the 2018 legislative session, the City worked with GTHGA to secure \$550,000 from the state transportation budget for the purposes of updating an interchange justification report (IJR) which would have mitigated congestion at the railroad tracks due to the Vehicle and Cargo Inspection System (VACIS) as well as provided a partial interchange and off-ramp at Exit 274 along I-5. After securing these funds, the City continued to work closely with the Department of Transportation to complete details needed for the completion of the IJR.

Meanwhile, the City applied for funding from the Transportation Improvement Board for funds to make improvements at the intersection where Bell Road and the BNSF mainline intersect. The improvements would have partially mitigated congestion, allowing cars to queue in turn lanes to reduce backup lines while the VACIS moves down the tracks for an unspecified period of time. The City was not granted these improvement funds. Public outcry for improvements at the Bell Road and train track intersection grew; the City determined that a solution was needed as soon as possible.

Throughout this process, GTHGA's state and federal teams participated in discussions with the City of Blaine, the Department of Transportation, and the Federal Highway Administration (FHWA) to determine the best path forward. Through these discussions, it was determined that the design WSDOT had constructed, which included a partial interchange, would not be supported by FHWA, and would therefore make securing federal funding for future construction of the project difficult. The City, GTHGA and WSDOT worked together to find a solution that would instead mitigate the most serious concern - congestion at Bell Road and the BNSF mainline. This design would address the public concern over congestion and would not require WSDOT to update the IJR. GTHGA then worked with the Department of Revenue to ensure that the previously allocated funding for the IJR update could be utilized instead for the grade separation solution. WSDOT then created a preliminary design a grade separation solution, using funds previously allocated to update the IJR. Days prior to the start of session, WSDOT determined that the full cost for immediate next steps in this project, including design and right-of-way acquisition, would cost a total of \$3.15 million. Given the \$500,000 appropriation from the prior year, the City determined that \$2.65 million in state funding needed to be secured during the 2019 legislative session.

GTHGA worked closely to alert the City's delegation about this change in strategy in the weeks leading up to the legislative session. This included updating detailed briefing materials to explain the project's history, solution and other details so that the delegation and other transportation members could easily draw upon the document for project details. Once session started, GTHGA maintained close contact with the City to develop transportation funding request documents, which were submitted to all three members of the delegation, and then to the transportation budget leadership.

The initial House transportation budget was successful - the full \$2.65 million was appropriated to the City for the grade separation solution. However, the Senate budget did not include any funding for the grade separation solution, and in fact, included very few member request projects overall. Because of this discrepancy between the two budgets and an overall revenue shortfall from declining gas tax revenues, many member request projects from the House transportation budget were reduced significantly. After connecting with the City's delegation, it was determined that the request needed to be broken up into smaller pieces in order to accommodate the budget shortfall. The City determined that \$1.8 million could secure the right-of-way acquisition, and the remainder of the request for design could be secured during the 2020 legislative session. In the end, very few projects were included in the final negotiated transportation budget - the City of Blaine was appropriated \$1 million for the grade separation solution.

Outside of the Transportation budget, the City of Blaine saw success in the newly proposed transportation package, created over the interim – with the help of outside stakeholders – by Sen. Steve Hobbs. The package had a public hearing in the Senate Transportation Committee early on in session, where GTHGA and the contract lobbyist for the Whatcom Council of Governments, to impress upon the committee the importance of this project's inclusion in the package. During executive session on the bill, the Chair was granted an amendment to include \$24 million for the construction of the grade separation project over Bell Road. Ultimately, the bill died at the end of session, as was expected by many. However, the proposed package lays an

important foundation to impress upon the Legislature the statewide need for transportation infrastructure funding. GTHGA looks forward to continuing to monitor any future progress of this package on Blaine's behalf.

### ***Fish Landing Tax Revenue Share***

This session, the City of Blaine was alerted to an effort led by the City of Westport and the Association of Washington Cities to allow more revenue to be shared with small cities via the fish landing tax in order to produce more revenue for port infrastructure, and other impacts the fishing industry has on municipal resources. [House Bill 1096](#), sponsored by [Rep. Brian Blake](#) (D- Aberdeen) would have required that local jurisdictions that enforce a fish landing tax receive one third of the revenue generated from the tax. Currently, revenue from the fish landing tax is split between the Department of Fish and Wildlife and the State General Fund. GTHGA met regularly with the representative from the Association of Washington Cities to coordinate testimony for public hearings and to meet with various legislators to encourage the effort to move forward.

The House version had a public hearing first in the Rural Development, Agriculture and Natural Resources committee, where GTHGA on the City's behalf and the City of Westport testified in support of the bill. The bill was then referred to the Appropriations committee. The City sent a letter to the chair of the Appropriations committee to encourage scheduling the bill for public hearing. Despite this effort and after following up with both the chair and the bill's prime sponsor, the bill died at the first policy cutoff early in the session. The Senate companion to the House bill, Senate Bill 5790, sponsored by [Sen. Dean Takko](#) (D- Longview) was referred to the Agriculture, Water, Natural Resources and Parks committee in the Senate. Despite GTHGA and AWC's follow up with the chair of the committee to request a public hearing for the bill, it unfortunately died at the first cutoff.

Because Washington State operates on a two-year fiscal cycle, both bills will be automatically reintroduced at the beginning of the 2020 legislative session. GTHGA looks forward to discussing the City's legislative agenda this interim and determining whether or not the City should continue supporting and advancing this bill next session.

### ***Local Revenue Assistance***

Many local governments are beneficiaries of community revenue assistance at the state level, including the Public Works Assistance Account. This year, the Legislature appropriated approximately \$85.2 million to the Local Public Works Assistance Account. Despite the increase in overall revenue this year, the Legislature unfortunately swept \$160 million in existing funds to be transferred to the Education Legacy Account. An additional \$10 million was earmarked for specific projects. \$21.5 million was also swept from the account to pay for the state's plan to expand broadband connectivity throughout the state. This left only \$85 million in competitive loan applications for local governments.