

AGENDA
City Council Study Session
May 27, 2021 – 3:00 p.m.

Due to public health concerns, this meeting will be held remotely. You may access the meeting by dialing (253) 215-8782 and entering the Meeting ID 932 1605 6382 or through Zoom at: <https://zoom.us/j/93216056382>

CALL TO ORDER/ROLL CALL

DISCUSSION ITEMS

**1. Legislative Update: 2021 End Of Session Report - Josh Weiss & Annika Vaughn, Gordon Thomas Honeywell
Governmental Affairs**

Documents:

[GIG HARBOR 2021 END OF SESSION REPORT.PDF](#)
[2021 END OF SESSION PRESENTATION.PDF](#)

2. 2022 Legislative Session Priorities

ADJOURN

Americans with Disabilities (ADA) accommodations provided upon request. Those requiring special accommodations please contact the City Clerk at (253) 853-7613 at least 24 hours prior to the meeting.



**City of Gig Harbor
2021 End of Session Report
Government Relations Services**

Dear Mayor Kuhn and Councilmembers,

It was our pleasure to advocate for the City of Gig Harbor during the 2021 legislative session, which will go down in the history books as unlike any other. The Legislature met in a virtual format for the entire session, keeping the capitol campus closed to everyone except a handful of staff and legislative leaders. This made the 105-day “long” session especially long as video screens, text messages, phone calls and emails replaced face-to-face meetings.

Despite these challenges, we are pleased with the progress that the City made in advancing its legislative priorities. Though transportation revenue package discussions stalled, the City is well positioned to receive full funding for Highway 16 Congestion Improvements in the next revenue package. We were also successful in ensuring that the City did not lose authority to utilize the Multifamily Property Tax Exemption program through significant changes made to the program this session. This success would not have been possible without the support of our legislators, Sen. Emily Randall, Rep. Michelle Caldier, and Rep. Jesse Young. We encourage you to express the City’s gratitude to the delegation.

There is still work to be done: transportation revenue package discussions will continue over the interim and into the 2022 legislative session. We will need to work closely with our delegation to ensure the Highway 16 Congestion Relief project continues to be included in a final revenue package. Additionally, the City was unsuccessful in securing \$2 million in the capital budget for the Gig Harbor Sports Complex; we will need to determine whether to pursue this funding request in the 2022 legislative session. We look forward to continuing our advocacy on these priority projects.

Now that session is officially over, attention has turned implementing the actions of the Legislature and preparing for the 2022 elections. Members to the State Redistricting Commission have been appointed by the Legislature and will be submitting their proposed redistricting plan to the Legislature in 2022. The Legislature will consider and adopt a redistricting plan for use in the 2022 election.

The 2022 legislative session will be the second of the two-year legislative biennium. Democrats will retain control of the House, Senate, and Governor’s mansion, and the Legislature will consider making adjustments to their biennial budgets. In addition to new policy proposals, any bills that were not adopted by the Legislature in 2021 can be considered again.

The ever-changing political climate requires adaptive and consistent advocacy. We look forward to working with Gig Harbor throughout the interim months to continue advancing the City’s priorities and preparing for the 2022 legislative session.

Thank you,

Josh Weiss and Annika Vaughn

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Overview of the 2021 Legislative Session

The 2021 Legislature convened for a 105-day session that was conducted almost entirely virtually. Due to the virtual format, legislators were encouraged to limit the number of bills introduced. Legislators considered over 1,500 bills this session and approved 340. By comparison, this is about half as many bills introduced, and about 100 fewer to get approved, that would occur in an average year.

As the first year of the two-year legislative biennium, the Legislature was tasked with developing biennial operating, capital, and transportation budgets. This task became even more monumental when the federal government approved the American Rescue Plan Act, providing the state with \$4.25 billion in federal assistance that must be spent by December 31, 2024.

As the majority party, Democrats set the policy agenda for the 2021 session, indicating that they were focused on four main areas: 1) responding to the COVID-19 pandemic; 2) encouraging economic recovery; 3) addressing racial equity; and 4) mitigating climate change. Significant legislation passed on all four fronts. Significant policy changes included approving a capital gains tax, a working family tax credit, a low carbon fuel standard, a cap-and-trade system, a slate of a dozen police reform bills, a new approach to prosecuting and treating controlled substance addiction, elimination of the “three strikes you’re out” sentencing policy, a new 9-8-8 mental health system... and more.

Legislative highlights and summaries of each budget follow.

2021 Operating Budget

The state’s operating budget funds all state agency operations, including K-12, higher education, human service programs, and more. Leading up to the beginning of the legislative session, there were concerns that the operating budget would face a significant revenue shortfall. However, the March economic revenue forecast reflected a rebound from the pandemic. This, combined with revenue from the federal government, provided the state with revenue to have one of the largest increases in state budgeting in recent history. The 2021-23 operating budget appropriates \$59.2 billion – a \$3.2 billion increase over last biennium. The budget also assumes \$415 million in capital gains revenue (Senate Bill 5096). \$1 billion in federal funds are transferred to the Washington Rescue Plan Transition Account to be later appropriated to respond to COVID-19 impacts, and \$1.8 billion is transferred from the Budget Stabilization Account to the state general fund. The four-year budget outlook projects that the state will end the 2023-2025 biennium with over \$1 billion in reserves.

Major expenditures include:

- \$800 million to reduce unfunded liability in the Teachers Retirement System.
- \$517 million in state and federal funds to increase behavioral health services, including provider rate increases, community supports, and crisis teams.
- \$298 million in state and federal dollars to fund the Fair Start Act, which includes a variety of early learning and childcare initiatives.
- \$292 million for housing, rental, and related services.
- \$261 million to implement the working families tax credit.

- \$133 million for housing and homelessness through revenue raised by HB 1277 (filing fee for eviction prevention and housing stability services).
- \$125 million in state funds for wildfire preparedness, prevention, and protection activity.
- \$148 million in ongoing state funding for Foundational Public Health Services.

Despite fears of cuts to integral local government programs, the legislature passed a strong operating budget retaining shared revenues. All of the typical sources of local government revenue (such as liquor revenue) are fully funded. In addition, the legislature does not transfer resources out of the Public Works Assistance Account to the Education Legacy Account.

While the final budget does not provide the same level of funding to the city and county assistance accounts for the cost of new requirements since 2020 (\$144 million included in the House proposal), it does provide \$20 million for cities and \$30 million for counties. The budget specifically references the cost of new criminal justice requirements.

The City of Gig Harbor will also be interested in the following appropriations:

- \$3 million for the Criminal Justice Training Commission for five additional BLEA classes in 2022 and 2023. Three classes each year must be held in Spokane. A total of 15 BLEA classes per year will be held.
- \$6 million for a grant program to reimburse local governments for eligible costs of providing emergency non-congregate sheltering during the COVID-19 public health emergency.
- \$450,000 to the Department of Commerce to convene a workgroup to make recommendations on reforms to the GMA, SEPA, and other elements of the statewide growth policy framework. The workgroup is required to build on findings from previous efforts, including the UW-led GMA workgroup funded in the 2020 legislative session, the Ruckelshaus Center “Roadmap to Washington’s Future” report published in 2019, and the state Environmental Justice Task Force report issued in 2020. Counties and cities are provided representation in the workgroup. The workgroup must emphasize and consider the experiences of marginalized individuals and communities. Recommendations are due prior to the 2022 legislative session.
- \$2.303 million/biennium to continue the tax structure workgroup, initially authorized in the 2017 legislative session. The work group is directed to finalize policy recommendations and develop legislation to implement modifications to the tax structure by December 31, 2022. Though a current legislature is not authorized to commit action from future legislatures, the budget states that it is the legislature’s intent to consider these proposals during the 2023 session. If the proposal is not adopted in the 2023 session the work group is directed to host at least three public meetings to collect feedback on the legislation and modify the proposal based on the feedback. The budget again states that it is the intent of the legislature during the 2024 session to consider this modified proposal. The work group is further directed to submit a final report that is a compilation of all prior reports by December 31, 2024, prior to the 2025 session.
- \$250,000 is allocated to the Department of Natural Resources to provide grants to local law enforcement agencies to assist in enforcing vessel registration laws.

2021 Capital Budget

The biennial capital budget funds brick and mortar construction, excluding transportation. The Legislature allocates \$6.3 billion for the 2021-23 biennial capital budget, in which \$3.9 billion is from general obligation bonds, making it the largest capital budget in recent history. The remaining \$2.4 billion consists of \$589 million in federal stimulus funds, \$275 million in Model Toxics Control Accounts, \$255 million in alternative financing, and \$1.2 billion in other funds. Due to the passage of the federal American Rescue Plan Act, the budget appropriates \$189 million from the Coronavirus Capital Projects Fund for projects that support work, education, and health monitoring, including remote options in response to the pandemic. Additionally, \$400 million is allocated to the Coronavirus State Fiscal Recovery Fund to make necessary investments in water, sewer, and broadband infrastructure.

Expenditures of note include:

- \$175 million through the Housing Trust Fund, and \$174.9 million in additional housing and shelter funding.
- \$95.2 million for community-based behavioral health facilities, and \$333 million for state mental health facilities.
- \$411 million for broadband infrastructure.
- \$129 million for the Public Works Assistance Account.
- \$14 million for Local Solid Waste Financial Assistance grants.
- \$25 million for Community Economic Revitalization Board capital construction projects.
- \$40 million for streamflow restoration programs enacted after the Supreme Court's Hirst decision.
- \$80 million for Salmon Recovery Funding Board programs.

A list of capital budget projects funded in the 26th legislative district is included as Appendix A to this report.

2021 Supplemental Transportation Budget

Transportation revenues were hit hardest throughout the COVID-19 pandemic and have been slow to rebound. Prior to the beginning of the legislative session, the Washington State Supreme Court overturned I-976, which would have limited car tabs to \$30. This meant that the state could budget car tab revenues that it had otherwise not planned to receive. Even with these resources, a revenue shortfall due to the impacts of the pandemic remained, and a need to invest significant funding in replacement state-owned culverts. This shortfall combined with significant statewide demand for transportation investments in preservation and maintenance and new projects prompted a great deal of discussion about a transportation revenue package.

Unfortunately, an agreement was not reached on a revenue package. Instead, the Legislature adopted a 2021-23 Transportation Budget that used federal funds to continue projects that have already been allocated funds and to fund the replacement of state-owned culverts. The total 2021-23 Transportation Budget was \$11.7 billion, with \$1.126 billion allocated to fish barrier correction using a watershed approach.

Notably, the two bills authorizing a low carbon fuel standard and the cap-and-invest systems include language delaying the effective date of enforcing compliance with the program until the Legislature enacts a state a gas tax increase of at least five cents. The Legislature did not reach agreement on a transportation revenue package – several legislators are now stating that they plan to return for a special session later this year to adopt a revenue package.

There were several transportation revenue package proposals released during the 2021 legislative session; however, the two with the most momentum came from the House Transportation Committee Chair, Rep. Jake Fey (D- Tacoma) who released a framework for the *Miles Ahead* proposal, and the Senate Transportation Committee Chair, Sen. Steve Hobbs (D- Lake Stevens), who introduced bills proposing the *Forward Washington* proposal. The notable differences between these two proposals that prevented an agreement on a single proposal included: 1) how high the gas tax should be increased; 2) whether cap-and-trade revenues should be spent only on projects that reduce carbon in the transportation sector, or all transportation projects; 3) the level of investment in preservation and maintenance. The chart below outlines a general comparison of the two proposals:

	House – “Miles Ahead WA” (Mar. 2021)	Senate – “Forward WA” (Mar. 2021)
Revenue Raised	\$22 billion (includes bonding)	\$17.826 billion (includes bonding)
Revenue Sources	Cap-and-Invest Revenue, Gas Tax, Other Sources	Cap-and-Invest Revenue, Gas Tax, Other Sources
State & Local Projects	\$6.1 billion	\$2.57 billion
Maintenance & Preservation	\$4.6 billion	\$6.29 billion
Culverts	\$2.566 billion	\$2.35 billion
TIB	\$828 million	\$100 million
CRAB	\$582 million	\$80 million

A list of transportation projects funded in the 26th legislative district is included as Appendix B to this report.

2021 Legislative Priorities

Gig Harbor Sports Complex

The City of Gig Harbor requested a total of \$3 million from three different capital budget sources to construct a community park within the City’s Sports Complex Project: \$2 million from Local Community Projects, \$500,000 in the Washington Wildlife and Recreation Program (WWRP) grant program, and \$500,000 in the Land and Water Conservation Fund Program (LWCF) grant program. The City has requested funding for this park in prior sessions, receiving grant funding in the 2018 legislative session through the Recreation and Conservation Office (RCO) to plan the first stage of the Sports Complex Park and construction of lighted turf fields, in collaboration with the Gig Harbor YMCA.

Though state revenue projections were down dramatically prior to session, the Governor funded a large capital budget to stimulate the economy. The proposal, released in December, borrowed against future bonding capacity to beef up the budget size. Accordingly, the Governor's proposal would have fully funded the WWRP and LWCF grant programs, including the Sports Complex.

We briefed members of the 26th district on this project prior to session, hoping to secure sponsorship of all three members. All three members agreed, with Rep. Jesse Young (R- Gig Harbor) and Rep. Michelle Caldier (R- Port Orchard) jointly submitting the request in the House, while Sen. Emily Randall (D- Bremerton) submitted the request in the Senate. Our legislators were very supportive of the project but expressed concern that there were competing priorities within the district. With many communities located in the 26th legislative district, our legislators relayed they were submitting multiple requests. Despite the increased size of the Governor's budget, House and Senate capital budget leads Rep. Steve Tharinger (D- Dungeness) and Sen. David Frockt (D- Seattle) indicated they would not utilize the Governor's strategy to expand the budget's capacity by borrowing against future bonding capacity.

GTHGA worked with staff to draft capital budget forms for the request. We provided the forms to sponsors to submit within the first weeks of session. Prior to the release of proposed budgets, GTHGA coordinated mid-session check in meetings with members of the delegation and Council. We prepared talking points and an agenda for these meetings. Our legislators again expressed support for the City's Sport Complex Project but reiterated there would be limited capacity in the capital budget for requests in the 26th legislative district.

Both chambers released their capital budget proposals the week of March 22nd. Unfortunately, neither the House nor the Senate funded the City's \$2 million local community projects request. Both budgets provided less funding for RCO grant programs than the Governor's proposed capital budget: while the City received the full \$500,000 in the LWCF program, neither budget funded the WWRP program sufficiently to fund the Sports Complex. This was a disappointing outcome for the City's project.

The final capital budget was released on April 22. Consistent with the House and Senate proposals, the Sports Complex did not receive local community project funding and did not receive grant funding through the WWRP program, which was funded at \$15 million. Fortunately, the project did receive the full \$500,000 requested through the Land and Water Conservation Fund Program, listed on [page 211 of the budget](#).

Capital budget writers left a total of \$89 million in additional budget capacity to fund projects in the 2022 legislative session. Should the City decide to pursue this request next legislative session, we will need to make sure our legislators are willing to prioritize this project; without their strong support, this project will not be funded in the budget, especially if other requests have been submitted from members of the 26th legislative delegation.

Highway 16 Congestion Improvements

The City of Gig Harbor requested \$1.16 million to cover 80% of design and construction costs for three congestion relief projects along SR 16. The City has put forward this request in prior legislative sessions, receiving strong support from the delegation; however, facing transportation budget shortfalls in the past few years, the Legislature has been largely unable to fund new projects. This

year was no different: Legislators entered this session anticipating transportation revenue loss totaling \$523.6 million this biennium and \$234 million next biennium. To address these shortfalls, both Transportation Committee Chairs, Rep. Jake Fey (D- Tacoma) and Sen. Steve Hobbs (D- Lake Stevens), ramped up efforts to garner support of a new revenue package over the interim. Without an influx of new funding, transportation budget writers were prepared to make cuts to existing projects and programs, including Connecting Washington funding, to balance the budget. New funding for projects would need to be tied to a transportation revenue package.

Last session, the City undertook significant outreach efforts to bolster support for this project with our delegation and transportation budget writers, including taking Chair Fey, House Transportation Ranking Member Andrew Barkis (R- Olympia), and Rep. Caldier on a tour of the project. Throughout the 2020 session, we coordinated with Rep. Barkis and Senate Transportation Ranking Member Sen. Curtis King (R- Yakima) to advocate for the inclusion of this project in the transportation budget. While the House did not release a revenue package proposal, our work paid off in the Senate: the *Forward Washington* proposal included full funding for the City's Highway 16 Congestion Improvements. Having laid the groundwork for this project last session, our delegation was extremely familiar with the request and expressed their support for the project when we briefed them prior to session. This year, all three delegation members agreed to sponsor the request.

Both the House and Senate transportation chairs introduced their revenue package proposals in the first weeks of session. After conducting over 90 stakeholder listening sessions over the interim, Rep. Fey released a revenue and spending plan for his *Miles Ahead Washington* proposal the week of January 18th. As introduced, the proposal would have raised \$26 billion over sixteen years, including \$6.7 billion for state and local projects. Revenue sources included a carbon fee of \$15/ton starting in 2021-2023 and increasing to \$25/ton in 2025-2027, as well as an eighteen-cent gas tax, and other fees. The proposal did not include a project list, as Rep. Fey planned to work with House members over the course of session to identify priority projects within their districts to include in the proposal.

Soon after, Sen. Hobbs introduced a revised version of his *Forward Washington* proposal, originally introduced in the 2019 legislative session. *Forward Washington* would raise \$18-19 billion over sixteen years utilizing either a carbon tax or a cap-and-trade system, which requires certain emitters to "purchase" greenhouse gas allowances to limit emissions and utilizes the resulting revenue for transportation purposes. Other sources of revenue include a 6-cent gas tax increase, a fee on new construction, a fee on for-hire vehicles (including Uber, Lyft, etc.), an automobile parts sales tax, rental car tax, a sales and use tax on bicycles, and several other fee increases. This proposal was accompanied by a project list, developed in the 2020 legislative session. As in the 2020 session, The City's Highway 16 request was funded in the Senate proposal; additionally, funding was provided for the Wollochet Widening Project, which the City had not requested funding for this session. Mayor Kuhn testified at the hearing on the proposal thanking Sen. Hobbs and Sen. Randall for their work to include the projects in the package.

Shortly after revenue package proposals were released, the House and Senate Transportation Committees unveiled transportation request forms for local projects. Since we submitted request forms for this project in previous sessions, we did not need to re-submit forms. Instead, GTHGA worked with Rep. Caldier and Sen. Randall's offices to confirm that budget writers had the necessary forms for the project. Meanwhile, House and Senate proposed transportation budgets were released

the week of March 22nd. Both were “current law” proposals, reflecting no additional revenue and funding no new projects, including the Highway 16 Congestion Improvements project.

In the last month of session, transportation chairs rushed to advance their respective revenue package proposals while moving the current law budget forward. Rep. Fey released an updated framework and project list for his *Miles Ahead Washington* proposal on March 31. The proposal provided \$2.2 million, well above the \$1.16 million requested, for the Highway 16 Congestion Improvements. Soon after, Sen. Hobbs released an updated version of his *Forward Washington* proposal, including an updated project list. The revised proposal included \$2.095 million for the City’s project. The House and Senate held a series of hearings on their proposals in early April; Mayor Kuhn testified at all three of these hearings, thanking both Chairs for their investment in the City.

Ultimately, the Legislature was not successful in passing a revenue package this session, and a negotiated current law transportation budget was adopted. Transportation revenue package discussions will continue through the interim and into the next legislative session. Fortunately, the City is extremely well positioned to receive not only full funding for the project, but beyond the \$1.16 million requested. As revenue package discussions continue, we will be sure to continue our strong advocacy on this project, urging budget writers to retain funding for this project in the final revenue package.

Multifamily Property Tax Exemption for Affordable Housing (MFTE)

The City of Gig Harbor supported removing the population threshold, currently 15,000, from the Multifamily Property Tax Exemption (MFTE), which could be used as a tool to generate affordable housing in the City. Extension and expansion of the MFTE program was a hot topic in the 2020 legislative session, and GTHGA was very involved in stakeholder negotiations on this proposal on behalf of the City. Ultimately, legislators and program advocates could not reach agreement on extending this program in the 2020 session, and negotiations continued over the interim and into the 2021 session. [Senate Bill 5287](#), sponsored by Sen. Mona Das (D- Kent) and Sen. Patty Kuderer (D- Bellevue), was the vehicle for renewing and expanding the MFTE program this legislative session.

GTHGA began attending MFTE stakeholder meetings prior to session, convened by legislative sponsors and other supportive members including Rep. Alex Ramel (D- Bellingham). As occurred in the 2020 legislative session, affordable housing advocates, local governments, builders, and other interested parties struggled to come to agreement. AWC was also involved in negotiations. Early in session, the bill was amended to include provisions making the proposal unusable for small cities, and we signed the City in opposition to the bill.

As a result of our involvement with the issue, we learned that cities within Buildable Lands Counties, including Pierce County, were already eligible to use the existing MFTE program. Given that Gig Harbor was already authorized to use the existing program, our advocacy switched from seeking inclusion, to ensuring the City didn’t lose authority to use the program. We were successful in this endeavor.

As passed by the legislature and signed by the Governor, SB 5287 makes sweeping changes to the MFTE program, including sunsetting the entire program on December 31, 2026 – at which time, no new exemptions may be issued. Under current law, jurisdictions may offer the multifamily property tax

exemption for either 8-years for market-rate housing, or 12-years for low-income housing. Cities using this program must require owners to commit to selling or renting at least 20 percent of the multifamily housing units for affordable housing to be eligible for either the 8- or 12-year exemptions. For the most part, counties are currently not able to use the program.

The bill makes changes to existing program requirements, including providing authority to counties with an unincorporated population over 170,000 to utilize this program within the UGA. Changes are made to median family income calculations. To calculate median family income, city and metropolitan statistical area family median income may be used in addition to county family median income. References to high-cost areas are removed from the program. This will change how some jurisdictions calculate what qualifies as low-income in the program.

An owner of a property receiving an exemption must file additional information with the city or county including unit size, annual income and household size. All cities and counties that issue certificates of tax exemption must report annually by April 1st of each year. Reporting requirements expire January 1, 2058.

The Department of Commerce must establish a program to audit or review that the owner or operator of each property receiving a tax exemption under the MFTE program is offering the number of units at rents as committed to in the approved application and that tenants are being properly screened to be qualified for income-restricted units. If a property is found to be out of compliance with program requirements, Commerce must notify the city or county and the city or county must impose a sliding scale penalty not to exceed an amount calculated by subtracting the amount of rents that would have been collected had the owner or operator complied with their commitments from the amount of rents that the owner or operator actually collected. A finding of continued noncompliance in a subsequent audit must result in cancellation of the exemption. Properties owned or operated by a nonprofit and properties receiving an exemption from a city or county that operates an independent audit or review program are not subject to the audit or review program administered by Commerce.

The bill also creates a new 20-year tax exemption for properties that sell or rent 25 percent of the units to non-profit organizations or local government partners that assure permanently affordable homeownership. Permanently affordable homeownership units must be sold to households earning no more than 80 percent of the average median income for the city or local jurisdiction in which the unit is located.

In addition, the operating budget provides \$500,000 to the Department of Commerce to study and report to the legislature on city and county implementation of the exemption. The proviso does not provide a due date for the report, but it is presumably targeted at the 2023 legislative session as the resources run out in that fiscal year.

Other Policy Document Items

Open Public Meetings Act Flexibility

Gig Harbor supported flexibility in the OMPA to host virtual meetings in an emergency. This was authorized in [House Bill 1056](#), sponsored by the two leaders of the bi-partisan Local Government Caucus: Rep. Gerry Pollet (D- Seattle) and Rep. Keith Goehner (R- Dryden). This was AWC priority legislation this session. The bill would have allowed local governments to hold virtual meetings during

any emergency where it is reasonably unsafe to meet in-person (e.g. current pandemic, or a snow storm), without having to wait for the Governor to make a proclamation and/or for the proclamation to be continuously extended by the Legislature. This bill advanced quickly throughout the beginning of legislative session but halted in the Senate Rules Committee. Despite unanimously passing the House, the bill was never pulled from the Senate Rules Committee to be debated on the floor. The bill will return automatically next session to be reconsidered.

Main Street Funding

Gig Harbor supported [House Bill 1279](#), sponsored by Rep. Alicia Rule (D- Blaine), which modifies the main street tax program to respond to the economic impacts of the COVID-19 pandemic. The main street program allows businesses to receive a B&O or public utility tax credit when they financially contribute to local main street program fund, which promotes local small business development. The City's Downtown Waterfront Alliance utilizes the main street program. Early in session, GTHGA developed talking points for Mayor Kuhn for a hearing in the House Finance Committee. Mayor Kuhn testified in support of the bill in committee, along with AWC and other jurisdictions utilizing the program. Fortunately, the bill advanced through the legislature quickly, and was signed into law on April 21, 2020. The final operating budget includes one-time funding totaling \$1.05 million to expand the Main Street Program, found on [agency detail page 170](#).

CARES Act Funding Allocations

In February, the House and Senate Democrats fast tracked a jointly introduced proposal allocating federal funding for COVID-19 pandemic relief: [House Bill 1368](#), sponsored by Appropriations Chair Rep. Timm Ormsby (D- Spokane). The bill appropriated federal funding provided in the CARES Act for the remainder of the current fiscal year, until June 30, 2021. Distributions were provided for childcare, rent relief, food assistance, developmental disability and senior programs, medical and health care assistance, education, and public health activities, including testing and vaccine distribution. Altogether, the Legislature allocated almost \$2.2 billion. The bill became effective February 19th, 2021.

Culvert Funding

The Legislature invested significantly to ensure that the state could meet its legal obligations but did not match this investment in local culverts. Of the \$1.1 billion spent on state projects, \$400 million came from federal American Rescue Plan Act and \$726.3 million from state funds. The capital budget retains language to require coordination of this work with the Fish Barrier Removal Board on a watershed approach to include local culverts. The budget also provides \$400,000 to finalize an inventory of city-owned culverts.

Bills of Interest

The legislature considered several bills of interest to the City, several of which passed.

Senate Bill 5476 – Addressing *State v. Blake*

[Senate Bill 5476](#), sponsored by Sen. Manka Dhingra (D-Redmond), is in response to the Washington State Supreme Court ruling in *Blake*, which asserted that the statute stating that the possession of controlled substances is illegal, is unconstitutional. Senate Bill 5476 re-criminalizes the possession of

controlled substances, making it a misdemeanor rather than a felony until July 1, 2023. Notably, misdemeanors are handled through municipal/district court, rather than superior court. It is possible, if not likely, that there will be a shift in costs from superior court to municipal/district court. [Click here](#) to view AWC's summary of this issue.

For such violations, law enforcement officers can confiscate the controlled substances but must offer a referral to available assessment and services in lieu of jail booking and referral to the prosecutor. If law enforcement records indicate that a person has previously been diverted to referral for assessment and services at least twice, the officer may then arrest. Prosecutors are not precluded from exercising discretion to divert or decline to file charges when referred drug possession cases, and are encouraged to divert such cases for assessment, treatment, or other services. Unlike previous drafts, there are no provisions that contain legalized personal use amounts, nor a reduction from a misdemeanor to a civil infraction at a later date.

The Washington State Health Care Authority (HCA) is charged with establishing a recovery services advisory committee to create a substance use recovery services plan. The purpose of the plan is to implement measures to assist those with a substance use disorder in accessing outreach, treatment, and recovery support services that are low-barrier, person-centered, informed by people with lived experience, and culturally and linguistically appropriate. Additionally, the committee must make recommendations regarding the appropriate criminal legal system response, if any, to possession of controlled substances. It must also make recommendations regarding the collection and reporting of data that identifies the number of people law enforcement officers and prosecutors engage with regarding drug possession, and the design of a mechanism for referring people with a substance use disorder, or who display problematic behaviors resulting from substance use, to supportive services. A final plan is due to the Legislature by December 1, 2022.

The HCA will also establish several other plans and programs, including:

- A comprehensive statewide substance misuse prevention plan. As a part of this plan, the HCA must administer a competitive grant process for existing local community efforts to prevent substance misuse. The plan must be completed by January 1, 2024.
- A grant program to provide treatment for low-income individuals with substance use disorder who are not eligible for Medicaid. Grant distribution must begin by March 1, 2022.
- A grant-based homeless outreach stabilization transition program. Grant distribution must begin by March 1, 2022.
- Funding for behavioral health administration services organizations to establish recovery navigator programs. These programs will provide community-based outreach, intake, assessment, connection to services, and, as needed, long-term intensive case management and recovery coaching services to individuals with substance use disorders.
- An expanded recovery support services program that increases regional access to recovery services for substance use disorder such as housing, employment training, recovery coaching, and legal support.

By July 1, 2022, the Criminal Justice Training Commission must develop new training for law enforcement officers on how to manage interactions with people they encounter with substance use

disorders, including referral to treatment and recovery services. The training will be incorporated into the curriculum at the Basic Law Enforcement Academy.

In addition to the \$83.5 million in the state's budget to help the state and counties manage the legal impacts of the *Blake* decision, an additional \$88.4 million is provided to help establish the new programs outlined above. Of that \$88.4 million, \$4.5 million will go to the Administrative Office of the Courts to help enhance municipal and district therapeutic courts. There are no direct appropriations to cities to offset the costs of diversion and prosecution. The final bill can be found [here](#) and a summary can be found [here](#).

Carbon: Cap and Invest (Senate Bill 5126)/Low Carbon Fuel Standard (House Bill 1091)

The legislature adopted two bills part of the transportation/carbon "grand bargain" associated with revenue package negotiations: Senate Bill 5126, implementing a cap-and-invest program beginning in 2023; and House Bill 1091, enacting a low carbon fuel standard.

[Senate Bill 5126](#), sponsored by Sen. Reuven Carlyle (D-Seattle), would establish a cap-and-invest program in Washington state which places an economy wide charge on carbon emissions in an effort to reduce carbon over time. Those who are regulated entities either need to reduce carbon emissions or pay a fee. The program is set to begin in 2023 however the bill includes a provision that delays implementation until at least a five-cent gas tax increase is enacted as part of a transportation revenue package. Unlike a Low Carbon Fuel Standard, this policy raises direct revenue for projects in the state's transportation budget (that must be tied to decarbonization). Examples of projects that could be funded from this pot of money include electric ferries, transit and various multimodal projects. The Department of Ecology will begin rulemaking in anticipation of a revenue package eventually being adopted. The final bill can be found [here](#) and a summary can be found [here](#).

Meanwhile, [House Bill 1091](#), sponsored by Rep. Joe Fitzgibbon (D-Buren), will enact a statewide low carbon fuel standard that aims to decrease the carbon intensity of transportation related fuels by 20% below 2017 levels by 2038. Traditional fuel producers will need to either decrease the carbon intensity of their fuels or purchase clean fuel credits which may increase the cost of gasoline. Clean Fuel producers will generate credits that can be monetized to further support decarbonization efforts such as electric vehicle infrastructure like public and fleet charging. The program is set to begin in 2023 however the bill includes a provision that delays implementation until at least a five-cent gas tax increase is enacted as part of a transportation revenue package. The Department of Ecology will begin rulemaking in anticipation of a revenue package eventually being adopted. The final bill can be found [here](#) and a summary can be found [here](#).

The day after the legislature adjourned, Tim Eyman filed referendums to overturn both of these measures. If sufficient signatures are gathered the issue will appear on the ballot this fall.

Senate Bill 5226 – Eliminating License Suspension for Traffic Infractions

[Senate Bill 5226](#), sponsored by Sen. Jesse Salomon (D- Shoreline), would eliminate drivers' license suspension for the failure to pay, respond, or appear at a requested hearing for a traffic infraction for a moving violation. The bill would create a way for an individual to attest that they do not have the current ability to pay the penalty in full and allows the individual to request a payment plan at any time for the payment of any penalty, fee, cost, assessment, or other monetary obligation associated with a

traffic infraction. Additionally, the time period for a person to respond to a traffic infraction is increased from 15 days to 30 days from the date of the infraction. The legislative assessment on traffic infractions is increased from \$20 to \$24 and maintains cities' share of the fee at \$11.50. The final bill can be found [here](#) and a summary can be found [here](#).

House Bill 1220 – Development Regulations for Shelter and Housing

[House Bill 1220](#), sponsored by Rep. Strom Peterson (D-Edmonds), would update the GMA to include planning for and accommodating affordable housing and also includes language preempting local control on the siting of certain types of housing. The bill requires jurisdictions to amend the housing element of the GMA comprehensive plan. It also includes language preempting local control on the siting of certain types of housing. Cities must allow transitional housing and permanent supportive housing in any zone where residential units or hotels are allowed. Indoor emergency shelter and emergency housing must be allowed in any zones where hotels are allowed or in a majority of zones within a one-mile proximity to transit. Cities retain the authority to require reasonable occupancy, spacing, and intensity of use requirements to protect health and safety. There are several ongoing conversations that certain provisions of this bill may be vetoed. The final bill can be found [here](#) and a summary can be found [here](#).

House Bill 1069 – Fiscal Flexibility Bill

WSAC and AWC worked with Local Government Chair Rep. Gerry Pollet (D- Seattle) and Ranking Minority Member Rep. Keith Goehner (R- Dryden) over the 2020 interim to introduce [House Bill 1069](#), providing temporary flexibility for existing local government revenues. The bill provides authority to cities and counties to repurpose a variety of existing revenue sources until December 31st, 2023. Under this bill, local governments are allowed to use criminal justice sales tax revenues towards efforts reducing homelessness or improving behavioral health; allows REET 2 to be used to provide services to residents of affordable housing or shelters; allows up to \$100k or 35% of REET 2 funds to be used for operations and maintenance of existing capital projects; allows supplanting of funds from voter-approved levies adopted in 2019; allows city-owned utilities to assess liens past the statutorily authorized 4-month period, and allows mental health and chemical dependency sales tax revenues collected to spent on minor improvements to protect health and safety. The bill was briefly held up in the Senate but passed the Legislature on April 11th. The bill was signed by the Governor on May 13th.

House Bill 1189 – Tax Increment Financing

[House Bill 1189](#), sponsored by Rep. Davina Duerr (D-Bothell), authorizes increment financing in the state of Washington, which is an economic development tool that allows growth to pay for the infrastructure needed to spur that growth. This financing tool is already available in 49 other states and Washington, D.C. The final bill can be found [here](#) and a summary can be found [here](#).

GMA Interim Work

While the Legislature considered half a dozen bills reforming the Growth Management Act (GMA), those bills did not pass into law. Instead, the Operating Budget directs three interim actions to occur this next interim:

- In lieu of the passage of [House Bill 1117](#), the Office of Financial Management is directed to report to the Legislature on how to incorporate a net ecological grain standard into state land use, development, and environmental laws. A report is due by December 1, 2022 (page 81 of the 2021-23 Operating Budget).

- In lieu of the passage of [House Bill 1099](#), the Department of Commerce is directed to create optional model climate elements for cities to consider.
- The Department of Commerce is directed to convene a task force to make recommendations regarding needed reforms to the state growth policy framework, including the growth management act, state environmental policy act, and other statutes related to growth, change, economic development, housing, social equity, and environmental conservation (page 64 of the 2021-23 Operating Budget).

Comprehensive Bill List

The following bill list includes all of the bills that GTHGA tracked on behalf of the City of Gig Harbor during the session, whether the City formally took a position or not. The bills are separated into those that passed and those that did not, ordered by bill number.

Bills That Passed the Legislature – Lobbying

Bill #	Abbrev. Title	Short Description	Sponsor	Position
SHB 1279	Main street program	Modifying the Washington main street program tax incentive to respond to the economic impacts of the COVID-19 pandemic.	Rule	Support

Bills That Did Not Pass - Lobbying

Bill #	Abbrev. Title	Short Description	Sponsor	Position
ESHB 1056 (Dead)	Public meetings/emergencies	Concerning open public meeting notice requirements and declared emergencies.	Pollet	Support
SHB 1421 (Dead)	Utility service charges	Concerning a property owner's or tenant's liability for delinquent and unpaid utility service charges.	Dufault	Oppose

Bills That Passed the Legislature – Monitoring

Bill #	Abbrev. Title	Short Description	Sponsor	Position
ESHB 1054	Peace officer tactics, equip	Establishing requirements for tactics and equipment used by peace officers.	Johnson	
ESHB 1070	Housing/local tax revenue	Modifying allowed uses of local tax revenue for affordable housing and related services to include the acquisition and construction of affordable housing and facilities.	Ryu	

E3SHB 1091 (SB 5231)	Transportation fuel/carbon	Reducing greenhouse gas emissions by reducing the carbon intensity of transportation fuel.	Fitzgibbon	
ESHB 1189 (2SSB 5211)	Tax increment financing	Authorizing tax increment financing for local governments.	Duerr	
E2SHB 1220	Emergency shelters & housing	Supporting emergency shelters and housing through local planning and development regulations.	Peterson	
SHB 1223	Custodial interrogations	Enacting the uniform electronic recordation of custodial interrogations act.	Peterson	
ESHB 1368 (SB 5344)	Federal funding/COVID-19	Responding to the COVID-19 pandemic through state actions supported by federal funding.	Ormsby	
EHB 1386	Industrial/manuf. facilities	Modifying the property tax exemption for the value of new construction of industrial/manufacturing facilities in targeted urban areas.	Wicks	
E2SHB 1477	National 988 system	Implementing the national 988 system to enhance and expand behavioral health crisis response and suicide prevention services.	Orwall	
HB 1565	PERS/TRS 1 benefit increase	Providing a benefit increase to certain retirees of the public employees' retirement system plan 1 and the teachers' retirement system plan 1.	Johnson	
SB 5032	Alt public works contracting	Concerning the reauthorization and improvements to alternative public works contracting procedures.	Hasegawa	
ESSB 5096	Capital gains tax	Enacting an excise tax on gains from the sale or exchange of certain capital assets. (REVISED FOR ENGROSSED: Investing in Washington families and creating a more progressive tax system in Washington by enacting an excise tax on the sale or exchange of certain capital assets.)	Robinson	
E2SSB 5126	Climate commitment act	Concerning the Washington climate commitment act.	Carlyle	

E2SSB 5287	Afford. housing incentives	Concerning affordable housing incentives.	Das	
2SSB 5368	Rural economic development	Encouraging rural economic development.	Short	
ESB 5476	State v. Blake decision	Addressing the State v. Blake decision.	Dhingra	

Bills That Did Not Pass – Monitoring

Bill #	Abbrev. Title	Short Description	Sponsor	Position
HB 1025 (Dead) (SB 5006)	Local parks funding options	Concerning local parks funding options.	Wicks	
E2SHB 1099 (Dead)	Comprehensive planning	Improving the state's climate response through updates to the state's comprehensive planning framework.	Duerr	
E2SHB 1117 (Dead)	Comp. planning/salmon	Promoting salmon recovery through revisions to the state's comprehensive planning framework.	Lekanoff	
HB 1198 (Dead)	Aviation coordinating comm'n	Concerning the state commercial aviation coordinating commission.	Dent	
2SHB 1202 (Dead)	Police misconduct/civil rem.	Addressing meaningful civil remedies for persons injured as a result of police misconduct, including by allowing for an award of attorney fees in addition to damages and injunctive and declaratory relief.	Thai	
ESHB 1232 (Dead)	GMA/affordable housing plans	Planning for affordable housing under the growth management act.	Barkis	
ESHB 1241 (Dead)	Growth management act plans	Planning under the growth management act.	Duerr	
SHB 1298 (Dead) (SB 5221)	Accessory dwelling units	Concerning regulation of accessory dwelling units located outside of urban growth areas.	Vick	
HB 1308 (Dead)	Apprenticeship utilization	Expanding apprenticeship utilization requirements.	Riccelli	
ESHB 1329 (Dead)	Public meetings	Concerning public meeting accessibility and participation.	Wicks	
HB 1337 (Dead)	Accessory dwelling units	Concerning accessory dwelling units.	Gregerson	

HB 1353 (Dead)	Main street program/access	Improving the equitable access to the main street program.	Maycumber	
HB 1362 (Dead)	Property tax revenue growth	Modifying the annual regular property tax revenue growth limit.	Duerr	
HB 1414 (Dead)	Marijuana licensing/zoning	Aligning marijuana licensing decisions by the liquor and cannabis board with local zoning ordinances.	Goehner	
HB 1440 (Dead)	Small wireless facilities	Bringing innovation and investment to Washington's economy by streamlining the requirements for deployment of small wireless facilities.	Boehnke	
SHB 1456 (Dead)	Main street prg staffing	Concerning minimum staffing levels for Washington main street programs.	Rule	
HB 1523 (Dead)	Transp. benefit district tax	Concerning renewal of the sales and use tax for transportation benefit districts.	Wylie	
SB 5006 (Dead) (HB 1025)	Local parks funding options	Concerning local parks funding options.	Van De Wege	
SB 5042 (Dead)	GMA actions effective date	Concerning the effective date of certain actions taken under the growth management act.	Salomon	
SB 5110 (Dead)	Telecommunications companies	Promoting greater access to the internet by modifying permitting, taxation, and other standards for telecommunications companies and facilities.	Ericksen	
SSB 5189 (Dead)	American dream homes	Promoting housing affordability by incentivizing the construction of American dream homes.	Fortunato	
2SSB 5211 (Dead) (ESHB 1189)	Tax increment financing	Authorizing tax increment financing for local governments.	Frocht	
SB 5221 (Dead) (SHB 1298)	Accessory dwelling units	Concerning regulation of accessory dwelling units located outside of urban growth areas.	Gildon	
SB 5231 (Dead) (E3SHB 1091)	Transportation fuel/carbon	Reducing greenhouse gas emissions by reducing the carbon intensity of transportation fuel.	Stanford	
SSB 5390 (Dead) (2SHB 1157)	Housing supply	Increasing housing supply through the growth management act and housing density tax incentives for local governments.	Liias	

SB 5463 (Dead) (HB 1579)	Residential prop valuation	Exempting a portion of the valuation of residential property from property taxation.	Wilson	
SB 5471 (Dead)	Controlled subst. possession	Concerning knowing possession of a controlled substance.	Padden	
SB 5472 (Dead)	Utility customers/COVID-19	Providing support for utility customers impacted by COVID-19 through payment plans, including partial forgiveness of arrearages and a credit against the public utility tax.	Van De Wege	

Appendix A
Capital Projects in the 26th Legislative District 2021-23
(Dollars in Thousands)

	New Appropriations
Total 26th Legislative District	9,964
<i>Commerce</i>	
2021-23 Behavioral Health Community Capacity Grants #	
91001700 Renovation Youth Evaluation & Treatment Facility (Bremerton)	316
2021-23 Building for the Arts Grant Program #	
40000175 Roxy Bremerton Foundation	269
2021-23 Dental Capacity Grants #	
91001662 Peninsula Community Health Services (Gig Harbor)	490
2022 Local & Community Projects #	
91001827 NJROTC/NNDCC Program Peninsula School District (Gig Harbor)	170
92001067 South Kitsap Community Events Center (Port Orchard)	1,236
91001832 South Kitsap HS Phys Ed Support (Port Orchard)	15
91001855 Vaughn Library Hall Restoration (Vaughn)	103
Food Banks #	
91001723 Gig Harbor Peninsula FISH New Facility Construction (Gig Harbor)	2,050
<i>Community/Technical College System</i>	
40000308 Minor Repairs - Facility #	342
40000361 Minor Repairs - Roof #	118
40000321 Minor Works - Preservation # %	590
<i>Corrections</i>	
40000254 Minor Works - Preservation Projects # %	1,500
<i>Historical Society</i>	
Heritage Capital Grant Projects 2021-2023 #	
40000100 Maritime Gallery Construction	450
<i>Recreation and Conservation Office</i>	
2021-23 - Puget Sound Estuary and Salmon Restoration Program #	
91001649 DeMolay Sandspit Nature Preserve Bulkhead Removal	95
91001418 Filucy Bay Estuary and Shoreline Protection IV	370
2021-23 - Washington Wildlife Recreation Grants #	

91001586	SP Inholdings and Adjacent Properties	1,000
91001598	TR Cushman Trail 14th Avenue to 24th Street Northwest	500
2021-23 - Youth Athletic Facilities #		
91001471	LG Sehmel Homestead Park Turf Replacement	350

Appendix B 26th Legislative District Transportation Projects 2021-2023 (Dollars in Thousands)

Project	Leg Dist	Prior	2021-23	2023-25	2025-27	2027-29	2029-31	Future	Total
26th Legislative District 026		84,362	88,771	68,151	41,627	34,569	118,536	142,554	578,570
Projects only in 26th Legislative District		3,461	17,478	31,067	14,246	0	13,208	12,889	92,349
Route	WSF - Terminal Improvements	1,154	0	122	0	0	0	0	1,276
304	Bremerton Tml Improvement - 930410U	1,154	0	122	0	0	0	0	1,276
Route	WSF - Terminal Preservation	1,768	14,517	30,945	14,246	0	13,208	12,889	87,573
160	Southworth Tml Preservation - 916008R	1,310	11,261	7,202	2,893	0	6,977	11,067	40,710
304	Bremerton Tml Preservation - 930410T	458	3,256	23,743	11,353	0	6,231	1,822	46,863
Route	Connecting Washington - Pedestrian & Bike Projects	539	2,961	0	0	0	0	0	3,500
000	Bay Street Pedestrian Project - G2000015	539	2,961	0	0	0	0	0	3,500
Note: Funding for the following project(s) covers multiple locations.		80,901	71,293	37,084	27,381	34,569	105,328	129,665	486,221
Route		1,242	1,300	0	0	0	0	0	2,542
000	Powering Kitsap Transit Toward Zero Emissions - GT192106	1,042	0	0	0	0	0	0	1,042
303	SR 303 Warren Ave Bridge Pedestrian Improvements - L2000339	200	1,300	0	0	0	0	0	1,500
Route	SR 16, Tacoma - New Narrows Bridge	0	0	0	0	0	0	57,593	57,593
016	SR16/ Repayment of Sales Tax for New Tacoma Narrows Bridge - TNB001A	0	0	0	0	0	0	57,593	57,593

Route	Regional Mobility Grants Reappropriated and Four Year		2,100	2,100	0	0	0	0	0	4,200
000	Pierce Transit: Pacific Ave/SR 7 Corridor BRT Stations - 20190A23	25, 26, 27, 28, 29, 30, 31	2,100	2,100	0	0	0	0	0	4,200
Route	Green Transportation Program		0	1,481	0	0	0	0	0	1,481
000	Kitsap Transit - Powering Kitsap Transit Toward Zero Emissions - Phase 2 - GT212306	23,26	0	1,481	0	0	0	0	0	1,481
Route	Bridge Preservation - Repair		2,207	9,730	2,587	1,638	1,428	4,637	690	22,917
016	SR 16/Tacoma Narrows Bridge R&R - Preservation - TNBPRES	26, 28	2,207	9,730	2,587	1,638	1,428	4,637	690	22,917
Route	WSF - Administrative and Systemwide		1,122	3,524	679	0	0	0	0	5,325
000	WSF/IT Terminal Telecommunications - 998602A	10, 21, 23, 26, 34, 40, 43	500	275	0	0	0	0	0	775
000	Computerized Maintenance Management System (CMMS) Transition - 998607A	10,21,23,26,34,40,43	0	620	136	0	0	0	0	756
000	WSF/Systemwide - Dispatch System Replacement - 998901O	10, 21, 23, 26, 34, 40, 43	622	0	0	0	0	0	0	622
000	Computerized Maintenance Management System (CMMS) Transition - 998951T	10,21,23,26,34,40,43	0	2,479	543	0	0	0	0	3,022
000	Globe Fleetwatch Application and AIS Replacement - 998951V	10,21,23,26,34,40,43	0	150	0	0	0	0	0	150
Route	WSF - Emergency Repairs		26,427	5,000	5,000	5,000	5,000	5,000	15,000	66,427
000	Emergency Repair - 999910K	26, 40, 43	26,427	5,000	5,000	5,000	5,000	5,000	15,000	66,427
Route	WSF - Terminal Improvements		2,426	67	0	0	0	0	0	2,493
000	RFP Development and Installation of a One Account-Based Ticketing System - 998521A	10, 21, 23, 26, 34, 40, 43	403	0	0	0	0	0	0	403
000	Life Extension of Electronic Fare System (EFS) - 998521B	10, 21, 23, 26, 34, 40, 43	1,182	0	0	0	0	0	0	1,182
000	WSF/Systemwide - Ladder Safety - 998603A	10, 21, 23, 26, 34, 40, 43	222	0	0	0	0	0	0	222
000	WSF/IT EFS Preservation - 998604A	10, 21, 23, 26, 34, 40, 43	544	67	0	0	0	0	0	611
000	Terminal Energy Efficiency Project - Ameresco - 998901K	10,21,23,26,34,40,43	75	0	0	0	0	0	0	75

Route	WSF - Vessel Improvements		7,787	2,306	1,647	1,647	1,647	2,310	0	17,344
000	MV Issaquah Improvement - 944401E	26, 34	979	41	329	329	329	462	0	2,469
000	MV Kitsap Improvement - 944403E	26, 43	764	38	329	329	329	462	0	2,251
000	MV Tillikum Improvement - 944413C	26, 34	67	0	329	329	329	462	0	1,516
000	MV Hyak Improvement - 944431E	26, 43	88	0	0	0	0	0	0	88
000	MV Walla Walla Improvement - 944441C	26, 43	788	89	330	330	330	462	0	2,329
000	MV Wenatchee Improvement - 944499H	26, 43	860	6	330	330	330	462	0	2,318
000	Security System Upgrades Placeholder for W2 - 998951F	10, 21, 26, 43	4,241	2,132	0	0	0	0	0	6,373
Route	WSF - Vessel Preservation		37,590	45,785	27,171	19,096	26,494	93,381	56,382	305,899
000	MV Issaquah Preservation - 944401D	26, 34	4,868	8,895	4,866	1,785	6,514	22,495	7,436	56,859
000	MV Kitsap Preservation - 944403D	26, 43	4,783	5,668	10,698	3,038	3,653	1,128	8,230	37,198
000	MV Tillikum Preservation - 944413B	26, 34	1,894	0	0	0	0	0	0	1,894
000	MV Hyak Preservation - 944431D	26, 43	3,744	0	0	0	0	0	0	3,744
000	MV Walla Walla Preservation - 944441B	26, 43	3,952	10,983	10,531	5,505	2,583	2,855	2,030	38,439
000	MV Chetzemoka Preservation - 944471A	26, 40, 43	1,910	3,389	82	4,882	3,502	31,755	1,444	46,964
000	MV Wenatchee Preservation - 944499E	26, 43	16,439	16,850	994	3,886	10,242	35,148	37,242	120,801

CITY OF GIG HARBOR

2021 LEGISLATIVE SESSION

Josh Weiss & Annika Vaughn
GORDON THOMAS HONEYWELL GOVERNMENTAL AFFAIRS

PURPOSE

- Overview of the 2021 Legislative Session
- Outcome of Gig Harbor's 2021 State Legislative Priorities
- Other Bills of Interest
- Next steps

OVERVIEW OF 2021 LEGISLATIVE SESSION

- Democrats hold majority in both House of Representatives (57-41) and Senate (28-21)
- First year of the two-year legislative biennium - 105 days
- Focused on adopting operating, capital, and transportation budgets
- Legislation that did not pass will “carry over” to 2022 session for consideration
- Nearly 1,500 bills introduced, 341 passed the legislature
 - 23% passage rate, 80% of those passed were sponsored by D’s
 - In 2019, 2208 bills introduced; 481 passed (22% passage rate)
 - 32% less introduced, 29% less passed
- Consequential session: capital gains, cap and trade, low carbon fuel standard

OVERVIEW OF 2021 LEGISLATIVE SESSION 2021 OPERATING BUDGET SUMMARY

- The state operating budget funds all state agency operations
- State fiscal year runs July 1, 2021 - June 30, 2023
- March revenue forecast showed rebound from pandemic, combined with federal funding
 - \$59.2 billion total budget - \$3.2 billion increase in investment compared to last biennium
- Next revenue forecast: June 2021

OVERVIEW OF 2021 LEGISLATIVE SESSION 2021 CAPITAL BUDGET SUMMARY

- The state capital budget funds public and nonprofit construction projects (excluding transportation) throughout the state
- Total capital budget: \$6.3 billion
 - Includes federal stimulus funds: \$589 million
- 222 local community projects funded at an average of \$725,000 per project
- \$82 million in bond capacity left for the supplemental budget

OVERVIEW OF 2021 LEGISLATIVE SESSION 2021 TRANSPORTATION BUDGET SUMMARY

- Transportation revenues have been heavily impacted by the pandemic. Less gas purchased, and fewer tolls paid
- I-976 overturned – Allowed legislature to appropriate \$453 million back into the 2021-23 budget
- Shortfall continues – COVID-19 creates a significant gap, in addition to the overall need for fish culvert funding and new project funding
- Federal funds utilized to continue Connecting Washington projects and to replace state-owned culverts
 - This budget fully funds the state's culvert obligation

OVERVIEW OF 2021 LEGISLATIVE SESSION DEVELOPMENT OF TRANSPORTATION REVENUE PACKAGE

- The revenue shortfall creates increased pressure to develop a package. A significant amount of progress was made this session:
 - Senate – “Forward Washington”: Draft transportation package/project list was shared in 2019 and 2020; it was revised and shared twice more this session
 - House – “Miles Ahead Washington”: Chair Fey held over 90 session with different stakeholder groups to identify the main priorities and needs for transportation. A package/project list was released this session.
 - Linkage to carbon policy - low carbon fuel standard, and cap and trade.

OUTCOME OF GIG HARBOR'S 2021 STATE LEGISLATIVE PRIORITIES

- Gig Harbor Sports Complex – partial success
- Highway 16 Congestion Improvements – partial success
- Multifamily Property Tax Exemption – partial success
- Policy Document Items – partial success

GIG HARBOR SPORTS COMPLEX

- Total request of \$3 million from three separate capital budget sources
 - \$2 million from the Local Community Projects category – did not receive
 - \$500,000 from the Washington Wildlife Recreation Program Local Parks category – did not receive
 - \$500,000 from the Land and Water Conservation Fund – **received**
- Why not more?
 - Capital budget smaller than originally expected; smaller than Governor proposed
 - Huge pressure; most communities anticipated problems in operating budget and instead sought capital
 - Delegation prioritized other projects

HIGHWAY 16 CONGESTION IMPROVEMENTS

- Congestion relief study – priority since 2016; study funded in 2017; completed in 2019
- 2021 session is the third session we've requested funding for three projects:
 - Metering on Burnham Drive for entrance to roundabout - \$500,000
 - Adding a turn lane for west bound SR 16 at Wollochet - \$400,000
 - Adding a slip lane for east bound off ramp at Wollochet - \$550,000
- Widening Wollochet identified as a long-term need - \$18m
- All four projects funded in the Senate proposal; top three funded in the House proposal
- Mayor Kuhn testified before House and Senate a total of three times this session
- Legislature did not pass a revenue package

MULTIFAMILY TAX EXEMPTION

- The City's goal was to ensure it had access to the local-option property tax exemption for affordable housing
- The Legislature began debating extension and expansion of the current program in 2020
- SB 5287 introduced last session; negotiated all session long
 - As introduced would have been unworkable for small cities like Gig Harbor; we opposed
 - As passed, the bill still allows Gig Harbor to utilize the program
 - There are lengthy legislative requirements that must be satisfied, and the authority expires at the end of 2026
- The Department of Commerce will be undertaking a study on implementation of the new law – presumably this will lead to additional discussions about whether to extend again

POLICY DOCUMENT ITEMS

- Open Public Meetings Act Flexibility – HB 1056 did not pass
- Main Street Program – HB 1279 passed; budget provides an additional \$1 million for the program
- Federal Funding Allocation
 - CARES Act - \$2.2 billion via HB 1368
 - American Rescue Plan Act via operating and capital budgets
 - \$4.25 billion total
 - \$1 billion set aside
- Culvert Funding
 - State fully funds its responsibility through federal funds
 - Cities are directed to the Brian Abbot Fish Barrier Removal Board program
 - \$400,000 provided to complete an inventory

RESPONDING TO OTHER OPPORTUNITIES & RISKS

- Blake decision – SB 5476
 - Supreme Court threw out criminal possession statute – SB 5476 makes it a misdemeanor
 - Diversion is required; funding is provided:
 - \$45 million for grants to counties to assist with resentencing
 - \$23 million for grants to counties to assist with LFO refunds
 - Nearly \$80 million for additional treatment, outreach, housing, therapeutic courts
- Siting Shelters – HB 1220
 - Must allow transitional and permanent supportive housing in any zone allowing residential or hotels
 - Indoor emergency shelters and emergency housing must be allowed in any zone allowing hotels, or in a majority of the zones within one-mile of transit
- Utility Liens – HB 1421 did not pass

RESPONDING TO OTHER OPPORTUNITIES & RISKS

- GMA
 - HB 1099 – adding climate change to the GMA
 - HB 1117 – adding salmon recovery to the GMA & net ecological gain
 - HB 1241 – changing the update cycle from 8 to 10 years
 - SB 5368 – annexation reform
 - Legislative task force
- Additional Budget Items
 - \$3 million for 5 additional BLEA classes
 - \$250,000 for DNR to provide grants to local law enforcement to assist in enforcing vessel registration

NEXT STEPS

- Special session to adopt a transportation revenue package?
- Redistricting Commission meeting through the year – recommendations to the Legislature in early 2022
- Legislature meets for pre-session committee days in September & December
- Governor's proposed supplemental budgets in early December
- 2022 legislative session begins January 10

QUESTIONS?

It is a privilege to represent the City of Gig Harbor!

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