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Published on Thursday, April 28, 2016

2016 session recap: Several disappointments for cities, the Governor's vetoes help, and trouble on the horizon for 2017

The state and local governments used to work together to solve problems. That's not always the case these days as we witness the state unilaterally walking away from that partnership by budget actions that make them an unreliable partner. Legislators again concluded an overtime 2016 session without addressing several AWC priorities and having passed supplemental budgets that again drained some important city resources by means of cost shifts and fund transfers. This is a troubling pattern that could well worsen next year when the state's bill comes due to adequately fund K-12 education.

On the bright side, Governor Inslee took actions when signing supplemental budgets that eliminated several major problems for cities, at least for now. He halted the planned diversion of local government public works loan repayments that legislators had planned to use to fund education instead of supporting infrastructure investments. He also vetoed a provision that would have essentially ceased a decades-old agreement whereby the state helps fund a portion of local firefighter pension obligations. Lastly, he made sure there were funds to support performance audits and assistance from the State Auditor's office that helps many cities perform efficiently.

How'd our priorities fare?

Legislative sessions during the second year of a biennial state budget are mostly focused on fine-tuning budgets to reflect current fiscal conditions. They aren't normally intended to produce major policy initiatives, and this year again proved that to be the case. Following is a snapshot of how AWC's 2016 priorities fared, noting both positive outcomes and areas of concern:

Infrastructure: Halt the diversion from critical infrastructure programs to help cities grow and prosper

- **Pro** – In initial budget proposals, House budget leadership and the Governor did not propose further reductions in key programs like the Public Works Trust Fund. While the House and Senate ultimately agreed to further reductions in the final budget sent to the Governor, the Governor vetoed the cuts to keep the fund alive in the out years. The critical question: Is there bipartisan interest in figuring out “what's next?”

- **Con** – Senate budget leadership proposed and stated that fees and loan repayments to the Public Works Trust Fund should be diverted to other uses. The House ultimately agreed. Even though the Governor vetoed these provisions, the threat remains.

Fiscal sustainability: Ensure sufficient and flexible revenue for essential city services

- **Pro** – Neither the Governor or House budget leadership proposed reductions in revenues shared with cities. Bipartisan legislation was proposed in both the House and Senate to eliminate the recession-era cap placed on liquor profits shared with cities and counties and had broad House support. A cap on the city utility tax was killed.
- **Con** – Neither House or Senate budget writers allowed the city-sponsored liquor budget cap removal bill to move forward. Legislators are predominately focused on their own challenge to fund education and continue to lack a basic understanding of city fiscal challenges. Cities continued to fend off Senate proposals like capping local utility taxes and defunding programs and services like MRSC. Additionally, local Business & Occupation tax authority is under review by a task force during the interim.

Public records: Strengthen the Public Records Act in response to changing technology and burdensome requests

- **Pro** – Legislative champions in the House actively promoted bipartisan legislation aimed to address changing technology and burdensome requests. Constructive legislation was passed with bipartisan support that promises some relief for those cities that have law enforcement body camera technology.
- **Con** – House leadership ultimately stopped short of allowing a vote on the floor for a modest proposal addressing public records abuses and failed to give the Senate the opportunity to seriously consider the city proposal.

Human services, homelessness and affordable housing: Enhance the provision of much needed human service programs to address issues that drive increased homelessness and public safety costs

- **Pro** – Legislators focused greater attention on these issues, which resulted in small, but important, additional investments in mental health and homelessness.
- **Con** – City priority bills aiming to help provide more affordable housing (low-income and market rate) did not advance. The funded investments, though appreciated, are not enough to have significant impact.

Emergency responsiveness: Help cities prepare for and address impacts of natural disasters and other emergencies

- **Pro** – The final budget provides relief for expenses incurred fighting last summer's devastating wildfires.

- **Con** – The House failed to move a city proposal that would have addressed regulating fireworks during times of drought and threat of wildfires. The Senate was not interested in taking up this issue without House action.

Building AWC's 2017 legislative agenda and how you can participate

As candidates for statewide office and legislative seats work to win in November, AWC and other groups are already at work developing our messages and agendas.

First out of the gate at AWC, we'll send a brief questionnaire early in the week of May 23 to all legislative candidates who've filed to run. We'll ask them their views on how best to partner with cities if they're elected. Whether they answer in writing or not, we'll share the questions with you that can be used in one-on-one meetings. Answers received in writing will be posted on our website by the start of our AWC Annual Conference in Everett on June 21.

Also by June 21, we'll distribute the latest edition of our Strong Cities Pocket Guide that contains a number of useful tips and suggestions on how to engage candidates, other interests, and your community on things that can help cities serve our communities. We'll also announce this year's recipients of our Legislative Champion recognizing those officials who did the most to advance and protect city interests during the 2016 session.

In addition, our AWC Leadership will soon appoint a new two-year Legislative Committee to collect ideas, discuss them, and forward suggestions for the AWC Board's consideration as priorities at their late September meeting. We're also listening to input from our Large Cities, Small Cities, and Strong Cities Committees, and ad hoc groups like those advising us on infrastructure and fiscal sustainability.

Finally, we'll keep you posted in weekly and monthly AWC publications as our agenda and ideas how you can help continue to emerge. We very much appreciated the frequent contacts city officials throughout the state made during session when calls or contacts to legislators from home really made a difference.

Thanks for helping cities not lose more ground in 2016. Now cities need your leadership to help make sure the 2017 session is not just about avoiding more fraying of our local/state partnership, but about helping to rebuild it and the trust needed to sustain it.