



# SESSION WATCH 2017 WEEK 15

Sunday was the last day of the regular legislative session. Legislators wrapped up much of their work Saturday night and came back for a mostly pro forma adjournment of the session Sunday. The Governor announced that he will call a first special session for 10:00am this morning. The expectation is that most legislators will not be back in Olympia on Monday. Education negotiators are expected to return to Olympia on April 24<sup>th</sup> and are scheduled to continue to negotiate on a potential education agreement throughout the week. The expectation is also that negotiators on other topics will continue to talk, but there will be very little formal activity this first week of the special session.

There was still a fair amount of activity during the final week of the regular session. The Legislature passed a biennial transportation budget, reached agreement on legislation to address the federal REAL ID requirements for Washington State Drivers Licenses and passed legislation addressing the use of cell phones while driving. Additionally, Senator Palumbo introduced new legislation on a carbon tax.

The tension over budget negotiations continue. The Senate Majority Caucus Coalition (MCC) maintains that the House Democrats must pass the tax bills that support their budget proposals in order to negotiate in good faith. House Democrats have responded that it does not make sense to take a vote on taxes until there is an agreement on what programs the taxes will support. Yesterday, the Senate MCC initiated another vote on the capital gains and Business and Occupation (B&O) tax proposals. A previous vote on those bills did not occur because Senate rules require a 2/3 vote to advance bills that raise taxes to final passage.

Lieutenant Governor Habib ruled that the 2/3 rule is not enforceable. Lt. Governor Habib relied on Washington State Supreme Court decisions where the Court concluded that a supermajority requirement for increasing taxes violates the State Constitution. Lt. Governor Habib said that a 2/3 requirement for advancing a tax bill is not different than a 2/3 requirement for passing a tax bill. As a result, the Senate rules requiring a 2/3 vote to advance tax legislation are not enforceable. The Senate subsequently voted on both the capital gains and B&O tax bills. Both bills failed on a vote of 0-48. Additionally, Senator Rossi introduced legislation that duplicates the House's tax proposals. The Senate Ways and Means Committee will have a public hearing on that bill on Wednesday.

In addition to education and the operating budget, negotiations will continue over the next several weeks on paid family leave, homelessness and affordable housing, a legislative solution to the *Hirst* decision regarding exempt wells, and the Capital Budget. Senate Republicans have indicated that they will not pass a Capital Budget without the passage of legislation to address the *Hirst* decision. Other issues that also continue to linger include Sound Transit car tab fees, the establishment of a new agency on children's issues and an increase in the property tax cap.

## Upcoming Hearings

### Ways & Means (Senate) - SHR 4, JACB - 4/26 @ 3:00pm

- SB 5929 - Public Hearing - Concerning investing in Washington families by improving the fairness of the state's excise tax system by narrowing or eliminating tax preferences, imposing a business and occupation tax surcharge while eliminating tax liability for small businesses, enacting an excise tax on capital gains, modifying the real estate excise tax, making administrative changes, and implementing marketplace fairness in Washington.

### High Priority Bills

Bill #	Abbrev. Title	Short Description	Status	Sponsor
<a href="#">ESHB 1465</a>	Wolf depredation/public recs	Exempting from public disclosure certain information regarding reports on wolf depredations.	S Pres Signed	Short
<a href="#">HB 1555</a> (SB 5127)	Carbon pollution tax	Establishing a carbon pollution tax and investment program to reduce greenhouse gas emissions, facilitate the transition to a clean energy economy, and invest in K-12 education and other vital public services.	H Finance	Lytton
<a href="#">SHB 2186</a>	Taxes	Concerning investing in Washington families by improving the fairness of the state's excise tax system by narrowing or eliminating tax preferences, imposing a business and occupation tax surcharge while eliminating tax liability for small businesses, enacting an excise tax on capital gains, modifying the real estate excise tax, making administrative changes, and implementing marketplace fairness in Washington.	H Rules R	Lytton
<a href="#">HB 2195</a>	Water rulings/revaluation	Requiring revaluation of property in response to water rulings.	H Finance	Koster
<a href="#">SB 5075</a> (HB 1132)	Seed buyer & dealer disputes	Concerning dispute resolution between seed buyers and dealers.	Governor Signed	Takko
<a href="#">SB 5111</a> (HB 1730)	Capital gains excise tax	Enacting an excise tax on capital gains to improve the fairness of Washington's tax system and provide funding for the education legacy trust account.	S 2nd Reading	Braun

Bill #	Abbrev. Title	Short Description	Status	Sponsor
<a href="#">SB 5113</a> (HB 1550)	B&O tax/education	Investing in education by modifying the business and occupation tax and providing small business tax relief.	S 2nd Reading	Braun
<a href="#">SSB 5196</a> (SHB 1299)	Cattle feedlots/odor & dust	Including cattle feedlots implementing best management practices within the statutory exemption for odor or fugitive dust caused by agricultural activity.	Del to Gov	Warnick
<a href="#">SB 5331</a>	Irrigation district admin.	Concerning irrigation district administration.	Del to Gov	Takko
<a href="#">SB 5385</a>	Carbon pollution tax	Creating a fossil fuel carbon pollution tax.	S Energy, Enviro	Hobbs
<a href="#">SSB 5607</a>	Education	Concerning education.	H Approps	Braun
<a href="#">ESB 5720</a> (Dead) (HB 2049)	Production-based comp. wages	Addressing the payment of production-based compensation wages for the employment and use of labor in agricultural activities and in the production, handling, and storage of farm products.	H Labor & Workpla	Hawkins