

- Action  
 Discussion  
 Information

**SUBJECT:** 2013 STATE LEGISLATIVE INTERIM UPDATE

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**POLICY ISSUE:** The State Legislature addresses a range of policy issues of interest to the City.

**NEEDED FROM COUNCIL:** Council may wish to provide direction to staff regarding particular legislative proposals.

### **BACKGROUND**

While it seems like the 2013 legislative session just ended, the good news is that there is a chance that legislators will be back in Olympia in late fall to address the need for new transportation revenue. In addition, there are interim activities related to implementation of Initiative 502 that legalized the recreational use of marijuana by adults and other issues as well. Included below are updates on issues important to the City of Bellevue.

### **Transportation**

As noted above, there is a chance there will be a special session in late fall to pass a new revenue package for transportation. As outlined in a previous communication, Senate Co-Chairs Tracey Eide (D-Federal Way) and Curtis King (R-Yakima) are conducting a "listening tour"—a series of hearings around the state aimed at gathering input from residents on building a new package of transportation projects. The first meeting was held in Bellevue on September 17 in a packed Stevenson Elementary School cafeteria. Over 400 people attended the hearing and about 75 people spoke before time ran out. Councilmembers Balducci and Stokes provided comments and Councilmember Wallace attended the meeting. Most speakers urged the legislators to pass a transportation revenue package this November for upgrades to I-405 and to give King County authority to pass a fee to maintain Metro bus service. Nine additional meetings are scheduled, concluding October 14 with a hearing in Seattle at the King County Courthouse.

The Majority Coalition Caucus (MCC) in the Senate also released a list of transportation-related reforms it would like to have considered as part of the transportation revenue package discussion. While there is considerable debate about these, three of the proposed reforms seem to be of most interest to the MCC:

- Returning sales tax from transportation construction to the transportation budget.
- Using funds from the Environmental Legacy Stewardship Account (Model Toxics Control Act) to mitigate stormwater.
- Streamlining environmental permitting.

### Coalitions Actively Working to Get Transportation Package Passed

There are numerous ongoing efforts to persuade Governor Inslee to call a special session in November to pass a transportation revenue package:

- **Keep Washington Rolling:** a statewide group formed in 2005 as a coalition of business, labor and environmental interests to defend the state gas tax increase. The group reconvened when the 2013 legislative session ended without passage of new revenue for transportation.
- **Move King County Now:** a coalition of business, labor, environmental and transit advocates that have united under Move King County Now. Participants in the planning have included the Seattle Chamber of Commerce, Futurewise, the King County Labor Coalition, individual businesses and local elected officials. This group is working closely with Keep Washington Rolling while focusing on King County issues.
- **East King County Chambers of Commerce Legislative Coalition:** is actively working to inform its members of opportunities to support a new transportation revenue package.

### Local Business License and B&O Tax Portal Update

Councilmember Claudia Balducci spoke at the September 11 portal “kick-off” event in Seattle. Other elected officials who attended the event included State Representatives Reuven Carlyle and Ross Hunter, Seattle City Council President Sally Clark and Councilmember Richard Conlin, and Tacoma Deputy Mayor Marty Campbell. The vendor, eGov Systems (not to be confused with our local eCityGov Alliance), is on board and spending time in Seattle working on portal development. The quality assessment consultant issued its first monthly report in August noting that all is on track; the security consultant also issued a late August report saying eGov possesses the necessary security systems to ensure protection for the proprietary information for this project. Mike Doubleday is the “lead” lobbyist on this project and he is spending considerable time on this issue on behalf of the five cities. There will be a number of legislator briefings on this project before January. The portal project is on track to “go live” toward the end of second quarter in 2014.

### Initiative-502 Implementation/Marijuana Rule-Making

The state Liquor Control Board (LCB) has released and approved its final version of the draft rules for implementation of Initiative-502. The LCB included the allocation of the 334 total retail outlets statewide. King County will have a total of 61 retail outlets, 11 of which are “at large” or unallocated. The unallocated outlets could be located in unincorporated areas within the county or in cities that did not receive an allocation. The LCB anticipates that the demand for these unallocated outlets will likely be greater than the supply, and location decisions will be made based on a lottery system. Bellevue was “allotted” four retail outlets, the most of any city in King County with the exception of Seattle, which was allocated 21.

Recreational marijuana is subject to the normal state and local sales taxes. It is also subject to a 25% state excise tax at each transaction point—grower, processor, retailer—which goes to the state, much like the liquor excise tax. AWC is closely involved in the discussions about how this new excise tax will be distributed.

Regarding medical cannabis, the 2013 legislature passed a proviso that calls for the LCB and the Departments of Health and Revenue to develop recommendations on how medical cannabis could interact with the retail marijuana business to harmonize the two systems, including imposition of the state excise tax.

At the October 7 Study Session, staff will bring forward for Council consideration the appropriate land use districts for recreational marijuana producers, processors and retailers, with potential action scheduled for the October 21 meeting.

**Public Records**

The emphasis for the next year, probably leading up to the 2015 legislative session, will be on the Ruckelshaus Center at WSU, which was chosen by lawmakers in the budget to mediate this issue. Funding was included in the budget, but additional state funding and probably additional time will be needed, so this effort will likely stretch out into 2014. It is likely that no legislation on this issue will pass until this mediation work is completed. Bellevue staff will stay engaged in this effort.

**Human Health Water Quality Standards—Fish Consumption Rate**

This is an emerging issue that may see legislative action in the 2014 session. Discussions are ongoing about increasing water quality standards based on human health and an increased fish consumption rate. These discussions could result in significant changes to the way wastewater and stormwater are managed in communities around the state, and could represent a significant new cost to cities.

The Association of Washington Cities (AWC) is participating in the discussions the Department of Ecology (DOE) is convening. Some issues are surfacing regarding uncertainty around regulatory standards that could cause local governments to be out of compliance with permits or complicate permit renewals. Local governments will seek to support implementation tools that provide a realistic and affordable way for cities to make progress toward achieving Clean Water Act goals and will be successful and stable, and will not open cities to legal liability nonpoint source pollutants which cities do not have the authority to regulate or the ability to control and for standards that are not achievable with existing technology.

The DOE is expected to release draft fish consumption rules in early 2014. AWC is listing the following key issues based on its assessment of discussions to date:

- Treatment of salmon and other fish that get either a portion or none of their toxic load from Washington waters.
- Treatment of PCBs and mercury that DOE has indicated will get special treatment because they are very difficult to address.
- Implementation tools and their effectiveness and stability.
- Relative Source Contribution could make these water quality standards stricter to account for toxics coming from unregulated sources.

Staff will continue to keep Council informed of developments on the issues noted in this update as well as other issues that emerge that could lead to legislative activity in the 2014 session.

**ALTERNATIVES:** N/A

**RECOMMENDATION:** N/A

**ATTACHMENT:** N/A