

MEMORANDUM

From: Tom McBride
Subject: 2018 Washington State Legislative Session Preview
Date: January 5, 2018

On January 8 the Washington State Legislature returns to Olympia to begin its 2018 60-day legislative session. The session is scheduled to end on March 8. After five years of Republican Majority Coalition Caucus control, this session Democrats will lead the Senate. Democrats will hold the majority in both chambers and the governor's office. But the margins of control are narrow as the House is split 50-48 and the Senate is divided 25-24.

Two pressing issues remain in play from the 2017 session. These outstanding matters are the 2017-19 biennium capital budget and a legislative fix to the 2016 Washington State Supreme Court *Hirst* decision impacting water rights for land development. The issues remain intertwined as explained below.

In 2017 the Washington State Legislature did not pass a capital budget for the 2017-19 biennium. As a result, passing a capital budget is a top-priority for legislators this year. Another high-priority issue in 2018 relates to the October 2016 *Hirst* decision that requires counties to ensure there is enough water available to accommodate growth before more development is authorized. In 2017 the Senate Majority Coalition Caucus insisted on passage of a legislative "fix" for the *Hirst* decision before passing a capital budget. Despite considerable efforts during session and over the interim, a compromise could not be reached. As a result, a capital budget was not passed in 2017. A bipartisan group of legislators, the governor's office and legislative staff continue to work on a solution to the *Hirst* decision that would also clear the way for passage of the capital budget.

In other fiscal news, supplemental versions of the 2017-19 biennium operating and transportation budgets will be passed during the short 60-day window. These adjustments to the enacted budgets from the preceding year allow for any unaccounted expenses to be addressed. In addition, it is anticipated this session that Democrat Governor Jay Inslee will introduce legislation to impose a carbon tax as a revenue source to be used for education funding deficiencies. However, passage of any new revenue source in 2018 will be difficult as explained in this *Seattle Times* [op-ed](#).

Interestingly, education funding will continue to receive attention this session. The governor recently proposed a supplemental operating budget that includes using \$950 million in state reserves to provide an additional \$1 billion in K-12 basic education funding. This proposed increase in education funding is motivated by a recent Supreme Court ruling in the McCleary case. The Order stated that education funding increases approved by the Legislature in 2017 must be implemented earlier than currently scheduled in order to satisfy the 2012 mandate that adequate funding be in place by 2018. The House and Senate will release their respective proposed supplemental budgets during the 2018 session. Then negotiations will begin in earnest between the two chambers.

Over 240 bills have been pre-filed leading up to the 2018 session and can be viewed [here](#). Issues expected to gain attention during this session are plentiful, such as [opioid addiction/treatment](#), [net neutrality](#) and [Atlantic salmon farming](#). The proposed cut-off calendar for the 2018 session can be viewed [here](#) and legislative committee information can be located [here](#). Weekly reports with legislative tracking updates will be sent to you starting next week.