

From: Tom McBride
Subject: July 2018 Washington State Interim Report
Date: July 2, 2018

Washington State's primary election will be held on August 7. Washington runs a top-two primary system in which the two highest vote getters advance to the general election ballot regardless of party affiliation. All 98 House positions are up for election this year. In the Senate 24 of the 25 seats are up for election. With slim margins of control by the Democrats in both the House (50-48) and Senate (25-24), this campaign season has already been active and interesting.

Below is a summary of political and legislative highlights in Washington State over the past month.

Budget

Washington State's budget outlook continues to be positive. The most recent revenue forecast reported a \$298 million net increase in revenue above the original projection for the two-year budget cycle. The state is now expected to have more than \$2.9 billion in reserves in the current budget cycle, as reported in this Associated Press [article](#). However, there are a number of growing state expenses that could put a strain on the next budget, such as mental health program needs, fish culvert investment mandates, unfunded pension liabilities and local government funding.

K-12 Public Education Funding Sanctions Lifted

This past month, the Washington State Supreme Court ended oversight of the McCleary decision case, citing that the state has met its obligation to fully fund K-12 basic education. As noted in this *Seattle Times* [article](#), as a result of the funding progress the \$100,000 per day sanction order was lifted.

Tax Structure Work Groups

Three tax structure work group meetings for the House are scheduled around Washington State. The purpose of the work groups is to provide briefings on Washington State's current tax structure, facilitate small group discussions and allow for public testimony. The House Tax Structure Work Group meetings will be held in Spokane (July 19), Yakima (July 20) and Vancouver (July 23). You can register for any of the workgroups [here](#).

Online Sales Tax Collections

A June U.S. Supreme Court ruling that states can collect sales tax for online purchases could provide a new revenue source for Washington State, as reported in this *Seattle Times* [article](#). But Washington won't see a revenue windfall as it has already moved forward with a partial expansion of online sales tax collection.

Western State Hospital – Federal Funding Lost

Washington's largest psychiatric hospital, Western State, has lost an estimated \$53 million of annual funding that was pulled by the federal government after the hospital failed its most recent inspection. As explained in this *The News Tribune* [article](#), Western State has been struggling for years to comply with federal inspection findings. Starting on July 9, Washington State will be responsible for covering the cost of new patient treatments.

Business & Labor

Business Tax Credit

Rep. Jim Walsh (R-19) will propose legislation to implement a business tax credit in rural parts of Washington State to counter the Seattle head tax passed in May and then repealed in June. As explained in this MyNorthwest [article](#), the proposal was first advanced by Sen. O'Ban (R-28) to provide a \$275 tax credit per employee for companies located in specific rural counties.

Governor Issues Executive Order Regarding Vulnerable Workers

Democrat Governor Inslee issued an [Executive Order](#) to support worker rights to effectively address workplace violations in response to a May ruling by the U.S. Supreme Court regarding workers rights and individual arbitration agreements.

Rural Broadband Access Priority for Governor

Governor Inslee issued this [press release](#) expressing his support to expand high-speed internet statewide. In June Inslee went on a three-day tour to visit rural communities, including the Quileute Indian Reservation, to discuss broadband needs and solutions.

Health Care

Insurers Propose 19% Rate Increase for 2019

For 2019 eleven insurers have filed 74 health coverage plans in Washington State with an average price increase of 19% for family and individual plans, as reported in this Associated Press [article](#). The plans are scheduled to be certified on September 13 and open enrollment will begin for the upcoming year on November 1.

Equity Statement Adopted by Exchange

The Health Care Authority's Health Equity Technical Advisory Committee recently created an [equity statement](#) that was adopted by the Health Care Exchange (Exchange) on June 27. The statement will be used during the 2018-2019 strategic planning for the Exchange.

Premera to Provide Individual Insurance Coverage in Grays Harbor County

For a second consecutive year, Premera Blue Cross is the sole individual health insurance provider in Grays Harbor County. As explained in this *Daily World* [article](#), Premera offered individual insurance in Grays Harbor County at a time when there was no provider.

Environment – Natural Resources

Sen. Takko Expresses Concerns About Permitting

In this [guest editorial](#), Sen. Takko (D-19) expressed his concerns that politics are interfering with the permitting process at the Washington State Department of Ecology.

Wildfire Season Predictions

Washington State's Public Lands Commissioner issued a warning that she expects to see a treacherous wildfire season in both eastern and western Washington this year. As explained in

this King 5 News [story](#), Franz stated 75% of wildfires are caused by humans and as of June 12 the state had already seen 315 wildfires.

Opposition Towards Solar Farms on Farmland

As reported in this Northwest Public Broadcasting [news story](#), an organized group called Save Our Farms is actively opposing a proposed 200-acre site made up of five farms that would provide a solar array near Ellensburg.

Electric Cars Falling Short In State Agencies

A 2007 legislative requirement for Washington State agencies to electrify their fleets is not being satisfied. As noted in this *Seattle Times* [article](#), less than six percent of vehicles owned by the state are operating on electricity.

Transportation

Pedestrian & Bicycle Deaths Double

This recent Washington State Dept. of Transportation [study](#) stated that statewide pedestrian and bicycle deaths doubled over four years.

Washington State Driver's License Changes

In an effort to move towards compliance with the federal REAL ID Act, newly issued Washington State driver's licenses soon will indicate that they do not meet federal standards. As explained in this *Seattle Times* [article](#), as of July 1 the driver's licenses will have the words "federal limits apply" printed on them in the upper left corner.

Gun Responsibility

A mass shooter workgroup has been established in Washington State, as reported in this *Northwest News Network* [article](#). The group has been asked to report back to the Legislature at the end of 2018.

State Government Appointments

The following appointments by Governor Inslee have been made over the past month.

- John H. Chun to the Washington State Court of Appeals, Division 1 (replacing Judge Trickey who is retiring)
- Michelle Gonzalez as the Director of Washington State's new Women's Commission
- Kelly Susewind as the new Fish & Wildlife Agency Director beginning August 1
- David Holt as the interim CEO for the Western State Hospital
- Department of Revenue Director Vikki Smith (on leave) to serve as the Interim Director of WA Tech
- Lisa van der Lugt as the new Director of Office of Minority & Women's Business Enterprises

Assembly Days Dates Set - Mark Your Calendar

The 2018 Assembly Days for the Washington State Legislature have been announced. Assembly Days is a time when legislators return to Olympia to plan for the upcoming session that begins in January. The Assembly Days dates are as follows.

- Senate Assembly Days – November 14 & 15
- House Assembly Days – December 3 & 4
- Joint Assembly Days for House & Senate – December 5