

The 2020 Washington State Legislative Session

(Presentation to ECC: March 19, 2020)

(John Stafford)

Agenda



- **Overview**

- **Policy**

- Climate Change and the Environment
 - Taxation
 - Other

- **Themes**

Context

- **“Short Session” (60 Days); not a “Long Session” (105 Days)**
 - The State Operates on a Biennium Basis
- **A Primary Objective in “Short Sessions” is to Modify Three Budgets:**
 - Operating: \$52.4 BB to \$53.4 BB
 - Transportation: \$10.0 BB to \$10.4 BB
 - Capital: \$4.9 BB to \$5.1 BB (Approximately)
- **I-976 (To Reduce Car Tab Fees) Was Assumed to Become Law in these Budgets**
- **The Theme for this Session was: Homelessness**
- **Note: Comments on State Level Spending Increases are Misleading due to the McCleary “Levy Swap”**

Themes

- **Budget Does Not Reflect Economic Threat of Coronavirus**
 - A Major Problem
- **Legislative Session Was Marked by Timidity**
 - In Contrast to 2019
- **Thematic Focus Switched from Climate Change to Homelessness**
- **There are No New Sources of Revenue**
 - A Major Problem
- **Are We Positioned for a Problematic Environmental and Climate Agenda for 2021?**
 - Focus Elsewhere
 - Insufficient Funding
 - Perhaps Mitigated by Understanding that Science is Sacred

Coronavirus and the State Budget

- **Covid-19 will have devastating impacts on the state's finances**
 - Decrease in State Revenues
 - Increase in State Expenses
 - And: The State must Balance its Budget (Cannot Borrow)
- **This was not fully anticipated in the 2020 Budget Writing Process**
 - Steve O'Ban, State Senator (R 28) on March 2, 2020: "As work continues in Olympia toward adopting a new supplemental budget to fund day-to-day state government operations, the state Legislature finds itself in the enviable position of having far more money than expected." *Seattle Times*
 - There was an increase in funding for Covid-19 at the end of the session (to \$200 million), and an increase in the state's ending balance (to \$815 million), but both will likely prove inadequate
- **This will have significant implications**
 - Possible Special Session for 2020
 - Implications for available funds for 2021 Budgets
 - Implications for the prioritization of climate and environmental bills

Structural Policy Change in Washington State

2019 Legislative Session

- **Climate Change**: 100% Renewable Energy by 2045
- **K-12 Education**: Completion of McCleary Transition from Local to State Level Financing (“The Levy Swap”)
- **College/University Finance**: Guaranteed Scholarships for Those With Financial Need
- **Health Care**: Public Option (“Cascade Care”)
- **Mental Health**: From Centralized to Decentralized Model (Community Health Care Centers)
- **Gun Control**: 10 Bills Passed
- **Elections**: Move to Prepaid Mail-In Ballots Statewide

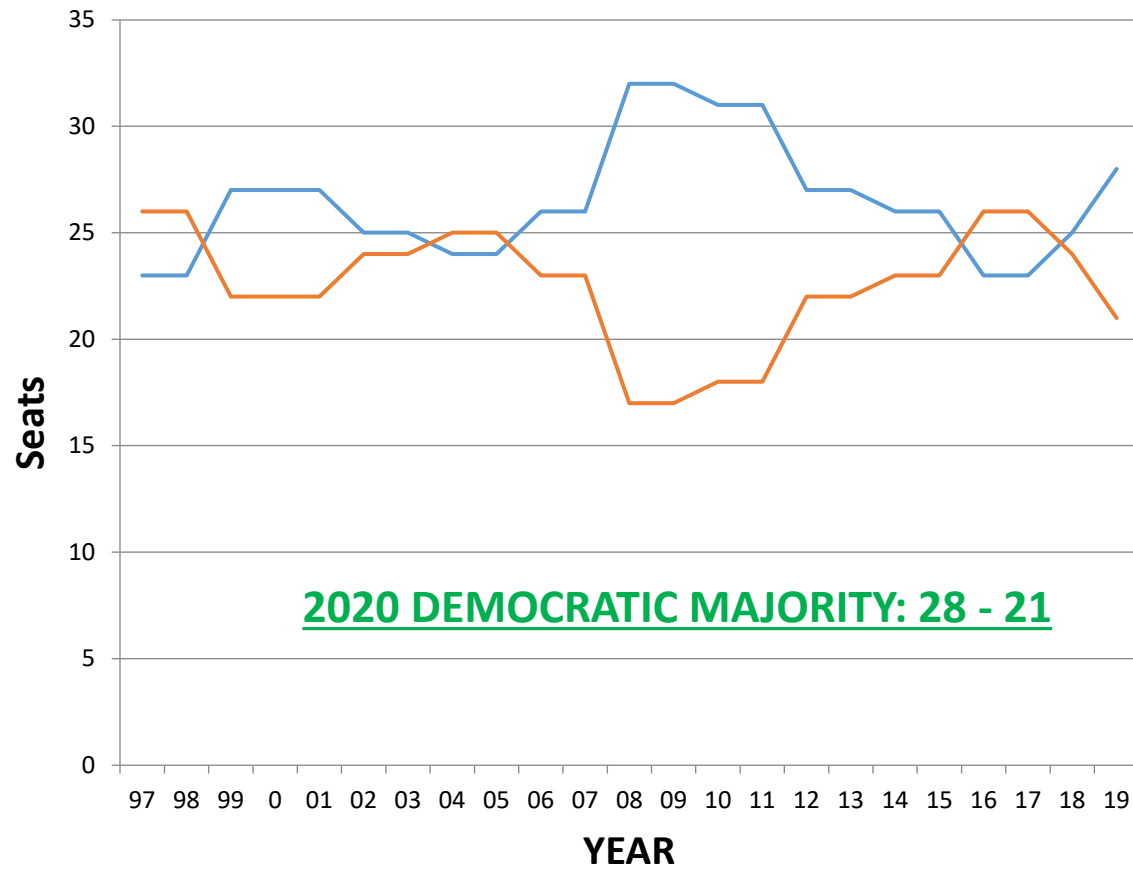
2020 Legislative Session

- None

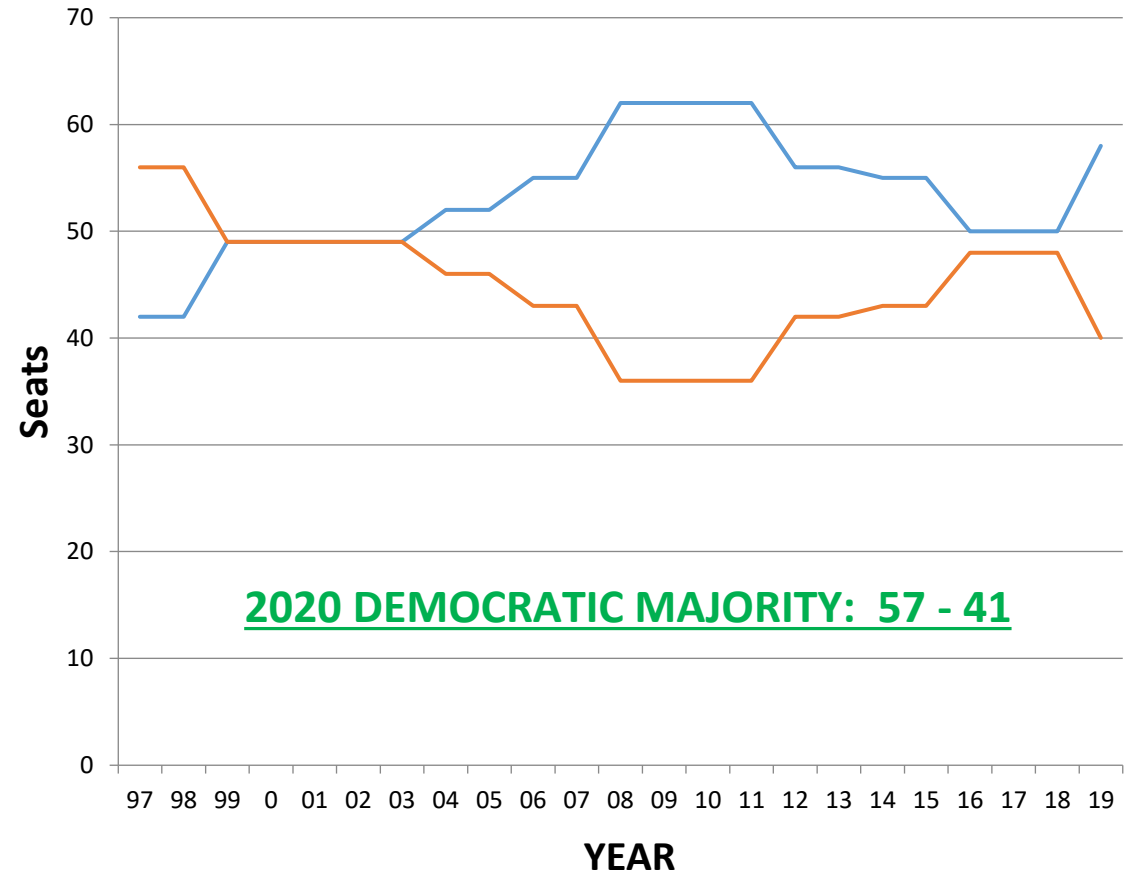
Washington State is One of Just 15 States with a Democratic Trifecta

Washington State Legislature: 1997 - 2020

SENATE



HOUSE



Note: Washington House: Based on election results as of November 10, 2018; Washington State Senate: Assumes Mona Das (D); Doug Erickson (R) and Marty McClendon (R) prevail.

Summary

- **The Session Lacked Vision**
 - No Major Structural Change
 - No New Source of Revenue
- **The Budgets Do Not Leave The State Well-Prepared for Covid-19 Economic Impacts**
- **There Was Some but Insufficient Progress on Climate and the Environment**
- **2021 Will Likely Be Problematic for Climate Change and Environmental Progress**
- **In My View, and Overly Timid Session**
 - At Odds With The Opportunity Afforded By: Significant Policy Needs; the Democratic Party Trifecta; Last Year's Momentum

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- **Themes**

Thoughts on Climate Change Policy

- **Washington State should be national leader in climate change policy**
 - The abundance of hydro reduces our cost of climate policy
 - In 2019, Washington did make significant progress in this direction
- **Climate Change should be a primary theme of every legislative session**
- **There are synergistic benefits to a “Solid West Coast” block of climate-committed polities**
 - Washington, Oregon, California, Hawaii, Province of British Columbia
- **It is useful to divide climate change policies into two categories: breakthrough and incremental**

Breakthrough Climate Change Policies for Washington State

(Based on International Best Practices)

- **INSTITUTE 100% RENEWABLE POWERED ELECTRIC GRID** (Bill Passed, 2019)
- **MAKE COAL ILLEGAL FOR ELECTRICITY PRODUCTION** (Bill Passed, 2019)
- **IMPLEMENT STATEWIDE PRICE ON CARBON** (Introduced, Not Passed)
 - **BAN INTERNAL COMBUSTION ENGINES** (Introduced, Not Passed)
- **INSTITUTE MANDATORY K-12 CLIMATE CHANGE CURRICULUM STATEWIDE** (Introduced, Not Passed)
- **MAKE NEW FOSSIL FUEL INFRASTRUCTURE ILLEGAL** (Partial Bill Introduced for Shorelines, Not Passed)
 - **REQUIRE ALL PUBLIC FLEETS TO BE FULLY ELECTRIC**
 - **CREATE TAX-INCENTIVIZED GREEN ENERGY BUSINESS CLUSTER**
 - **DIVEST FROM FOSSIL FUEL COMPANIES**
 - **SUPPORT MASSIVE INVESTMENT IN RENEWABLE ENERGY**

2020 Climate Change Legislation: Summary

| | Passed | Did Not Pass |
|--------------|---|--|
| Major | <ul style="list-style-type: none">• Zero Emission Vehicle (ZEV) Mandate• New State Standards for GHG Emissions (Net Zero By 2050)• Sustainable Farms and Fields (Carbon Sequestration) | <ul style="list-style-type: none">• Carbon Tax – Cap and Trade (Carlyle) and Cap and Invest (Hobbs)• Clean Fuels Standard• Ban Purchase of New Internal Combustion Engine Vehicles by 2030• New Authority to Department of Ecology to Regulate Carbon from Indirect Emitters Under Clean Air Act• K-12 Mandatory Climate Change Science Curriculum• Addressing Climate Change via Growth Management Act• Declaring a Climate Emergency in Washington State |
| Minor | <ul style="list-style-type: none">• \$50 Million for Local Climate Mitigation and Resilience Programs• Renewable Community Solar• Improvements to Solar Recycling Process• Provide Commercial Property Owners Incentive for Building Retrofits | <ul style="list-style-type: none">• Heal Act – To Study Disparities in Health Outcomes by Ethnic Group Due to Environmental Policy• Implementing Per Mile Charge for Electric Vehicles to Fund Road Construction/Maintenance• Dedicated Source of Funding for Wildfire Management |

Other Environmental Bills

Passed

- Plastic Bag Ban and 8 cent/bag fee for paper bags
- Additional Orca protections (Via Habitat Protections)
- Ban on Suction Dredge Mining
- Use of Traffic Cameras to Ticket Vehicles that Block Intersections (“Block the Box”) Pilot Program -- Through 2023
- Water Rights Bills to Avoid Third Party Brokering and Speculating on Water Policy (Some Bills Passed; Other Bills Failed)

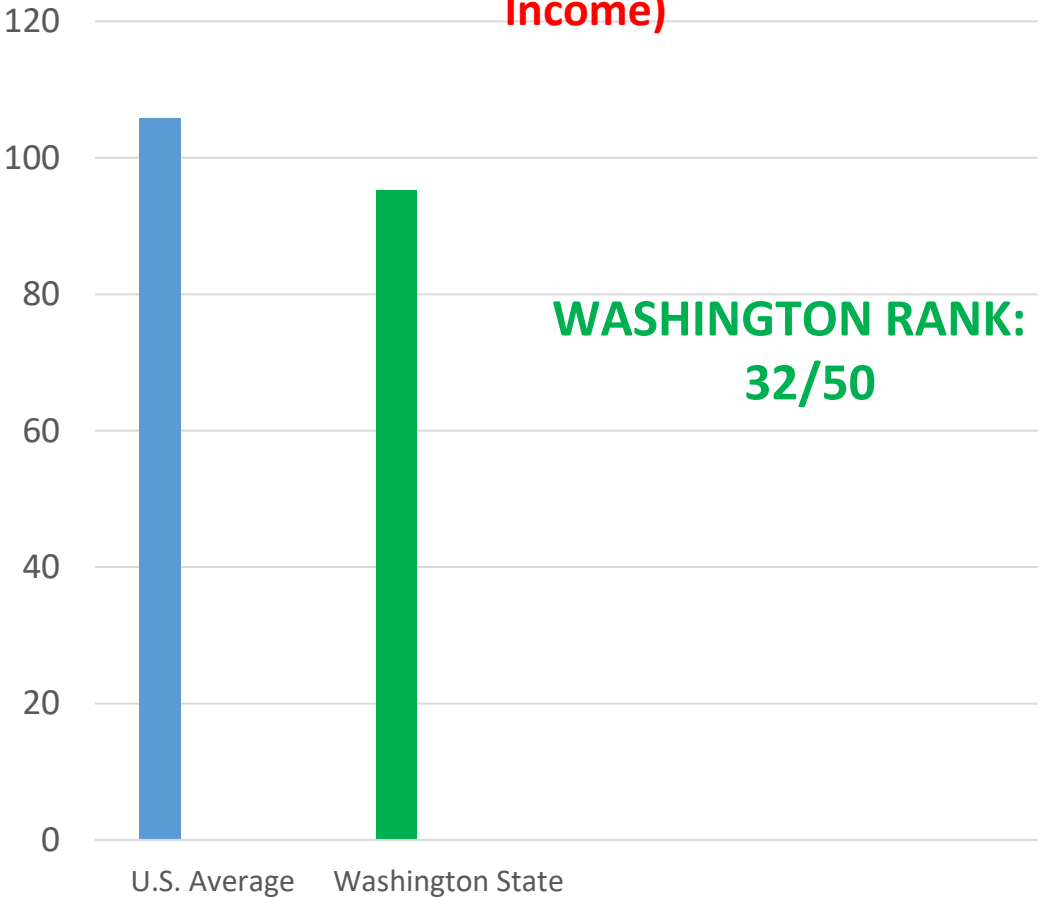
Did Not Pass

- Creation of Federal Nuclear Waste Repository for Hanford Waste
- Funding to Study Rail Transportation Safety to Determine Best Practices
- Use Shoreline Management Act to Ban Fossil Fuel Infrastructure on Shorelines
- Full Ban on Single Use Plastic Straws

Washington State: Tax Policy

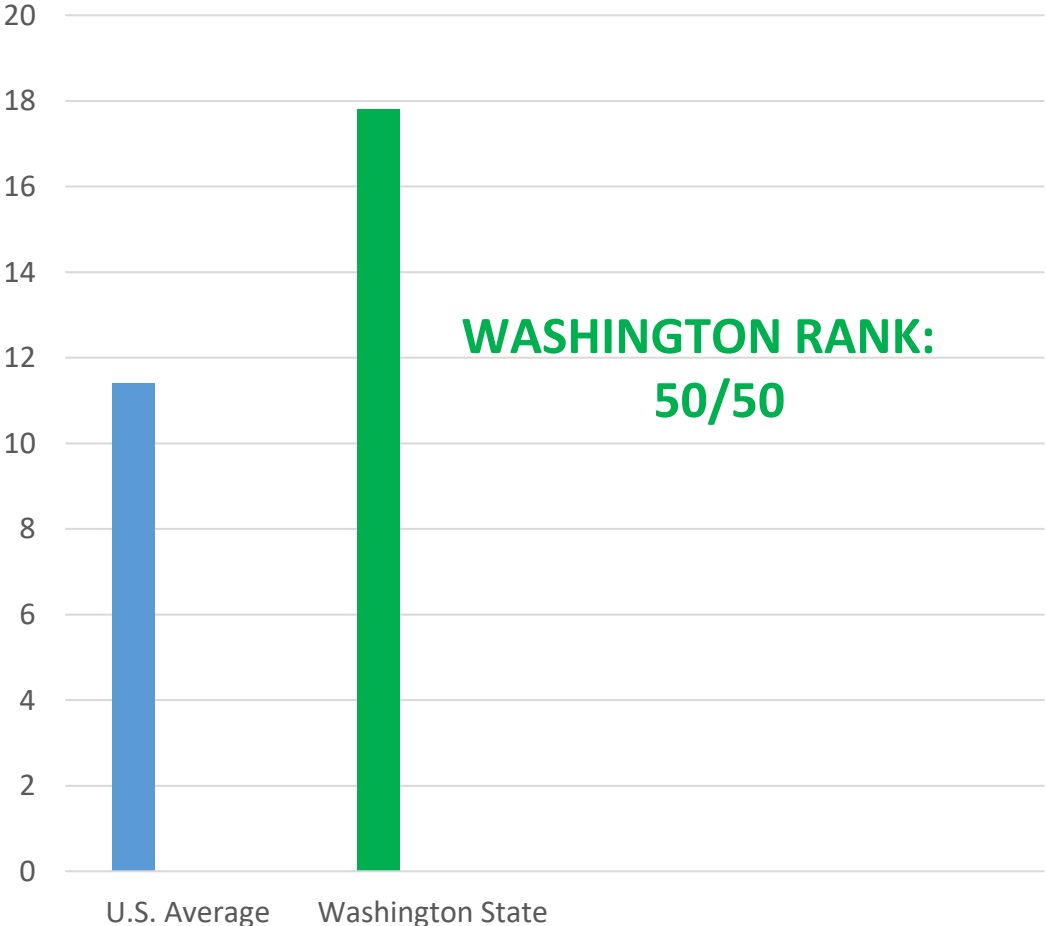
Level of Taxation

(State and Local Taxes Per \$1,000 of Personal Income)



Tax Regressivity

(Percent of Income Paid by Lowest 20%)



Sources: Washington State Office of Financial Management; Institute for Tax and Economic Policy, 2018

Comments on Taxation

- **Washington State's level of taxation:**
 - Low when measured as a percentage of personal income
 - Average when measured per capita
- **Washington has most regressive tax structure in nation:**
 - One of 8 states without an income tax
 - One of 9 states without a capital gains tax
- **We are regularly evaluated as having the most unjust tax system in the nation**
 - Institute for Taxation and Economic Policy (ITEP)
- **This tax regime constrains the liberal agenda**
 - Including climate change policy

Taxation Issues: 2020 Legislature

- **There is no new form of taxation in Washington State**
 - No Income Tax
 - No Capital Gains Tax
- **The budgets were prepared assuming that I-976 would become law**
 - However, Transportation Budget “backfilled” to ensure no stoppage of major projects
- **The Boeing Tax Breaks of 2013 Have Been Repealed**
 - At Boeing’s Request, To Comply with WTO Ruling and Avoid Tariffs
- **Sports Betting Only In Tribal Casinos**
- **Granting Large Municipalities The Right to Tax Large Businesses at Local Level to Fund Homelessness – Did Not Pass**

K-12 Education

- **McCleary Fully Implemented**
 - Special Education Underfunded
 - “Wrap Around Services” (Counsellors, etc.) Underfunded
- **Passage of K-12 Sex Education Bill**
- **Bill to fund Charter Schools at same level as K-12 Public Schools – Did Not Pass**

Health Care System

- **Extra Funding at Last Minute for Coronavirus (\$100 Million for Dedicated Call Center; Testing; etc.)**
 - Inadequate (Insufficient Funding for Skilled Nursing Facilities and Other Needs)
- **Insulin**
 - Cap on Cost of Insulin at \$100/Month – Passed
 - Establish Insulin Work Group to Study Total Costs of Procuring Insulin -- Passed
 - Centralized Bulk Purchasing Program for Insulin – Did Not Pass
- **Exempting Feminine Hygiene Products from Sales Tax**
- **Post-Partum Care in Health Care Plans Must be Extended to 12 Months**
- **Domestic Workers Bill of Rights**
- **Bills That Failed**
 - Pursue Universal Health Care
 - Repeal of Death Penalty
 - O.U.S. Importation of Vaccines
 - Vaccine Tourism
 - Ongoing Flavored Vaping Ban

Social Services

- **Decline in Federal Spending**
 - Food Stamps
 - TANF
 - Medicaid
- **Some Increase in Homelessness Funding**
 - \$160 Million to Build Out Shelters (Half of What Inslee Proposed Due to Coronavirus)
- **Bill to Ban Single Family Only Zoning – Did Not Pass**
- **Some Increase in Foster Care Spending**
 - Insufficient
- **Bill to Allow Municipalities to Exceed Existing Statutory Authority to Tax for Housing -- Passed**
- **Bill to Allow Cities with Two Million People to Put Excise Tax on Large Businesses – Did Not Pass**

Elections

- **Elections**
 - Statewide, Mail-In Ballots with Prepaid Postage
- **Modernizing Redistricting Process – Passed**
- **Increased Accountability to Limit Gerrymandering – Did Not Pass**
- **Eliminating Advisory Votes on Ballots – Did Not Pass**
- **Felony Voting Rights – Did Not Pass**

Personal Privacy and Public Transparency

Data Privacy

- Personal Data Privacy and Protections Bill -- Failed
 - Reuven Carlyle Bill
- Restrictions on Government Use Of Facial Recognition Technology -- Passed

Public Records/Transparency

- Bill to Restrict Release of Birthdates for Public Employees -- Passed
- “Title Only Bills” -- Not Made Illegal
- Bill to Restrict Revolving Door for Legislators Becoming Lobbyists – Did Not Pass

Gun Control

- **Bans Guns in Child Care Facilities**
- **Central Office for Conducting Background Checks**
- **Creation of Office of Firearm Safety and Violence Prevention**
 - Studying Causes of Firearm Violence
- **However: Major Failures**
 - High Capacity Magazines Not Banned
 - No High Capacity Magazine Buyback Program
 - No Assault Weapons Ban

Other Bills

Passed

- Increased Investment in Rape Kit Tracking
- Ban Private Prisons and Detention Centers in Washington State
- Limit use of Youth Solitary Confinement
- Diversification of Marijuana Establishment Ownership
- Ban Discrimination Based on Hairstyles
- Eviction Restrictions During Covid-19 Crisis (Via Executive Order)

Did Not Pass

- 2 Year Pilot Program to Test Universal Basic Income (U.B.I.)
- Prevent Employers From Turning Down Applicants Who Use Marijuana
- Prevent Immigration Officers from Making Arrests Within One Mile Of Courthouses

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Closing Thoughts

- A Tepid Session: Modest Goals; Modest Achievements
 - A Missed Opportunity
- Ongoing Major Issues with Taxation
- Ongoing Major Issues with Climate Change
 - No Declaration of Climate Emergency, No Carbon Tax, No Clean Fuels Bill, No ICE Ban, No K-12 Climate Curriculum, etc.
- Little Structural Change Elsewhere
- Poorly Positioned With Respect to Coronavirus Economic Impacts for 2021
 - This Will Negatively Impact the Progressive Climate and Environmental Agenda
- My Grade: D
 - My Grade Last Year: A-
- Too Much Timidity Amongst Democrats

Looking Forward to the 2021 Legislative Session: Climate/Environmental Priorities: Preliminary Thoughts

- New Source of Revenue Mandatory
 - Capital Gains Tax
- Declare Climate Emergency
- Carbon Tax
- Clean Fuels Bill
- Ban on Internal Combustion Vehicles (ICE)
- Mandatory K-12 Climate Curriculum
- ECC Grading Legislators on Climate/Environmental Performance?
- Etc.