



## SCA Public Issues Committee MINUTES

February 12, 2020 – 7:00 PM

Renton City Hall

1055 S Grady Way, Renton WA 98057

### 1. Welcome and Roll Call

PIC Chair Deputy Mayor Christie Malchow, Sammamish, called the meeting to order at 7:02 PM. 32 cities had representation ([Attachment A](#)). Guests present included Councilmember Kent Treen, Sammamish (PIC Alternate); Deputy Mayor Tony Ventrella, Newcastle (PIC Alternate); Councilmember Tamie Deady, Black Diamond (PIC Alternate); Councilmember Barbara DeMichele, Issaquah (PIC alternate), Councilmember Jeremy Barksdale, Bellevue (PIC Alternate), Councilmember Valerie O'Halloran, Renton; Councilmember JC Harris, Des Moines; Councilmember James Jerayaj, Auburn; Councilmember Mason Thompson, Bothell; Councilmember Earnest Thompson, Normandy Park; Joyce Nichols, Bellevue staff; Kelsey Beck, Seattle Staff; Susan Oxholm, King County staff; Lyman Howard, Clyde Hill staff; Diana Hart, Woodinville staff; Doug Levy, Renton consultant; Jenny Huston, King County staff; Hannah Bahnmler, Renton Staff; Harald Hyllseth; and Carmela Ennis, King County staff.

### 2. Public Comment

Chair Malchow asked if any member of the public would like to provide public comment. Seeing none, Chair Malchow closed the public comment portion of the meeting.

### 3. Approval of the December 11, 2019 PIC Minutes

Chair Malchow asked if there were any amendments to the December 11, 2019 PIC minutes.

**Councilmember Ed Prince, Renton, moved, seconded by Councilmember Kate Kruller, Tukwila, to approve the December 11, 2019 minutes. The motion passed unanimously.**

### 4. Chair's Report

Chair Malchow welcomed members to the first meeting of 2020. She noted that she serves as the PIC's representative on the SCA Board. She gave an overview of meeting procedures for new members. She encouraged members to come prepared to meetings, having read materials, and asked all members to RSVP for meetings.

### 5. Executive Director's Report

SCA Executive Director Deanna Dawson provided an update on the King County Regional Homelessness Authority that was recently formed to address homelessness crisis response. The Governing Committee for this new body will consist of three SCA members (Mayor Angela Birney of Redmond, Mayor Nancy Backus of Auburn, and Councilmember Ed Prince of Renton), as well as the County Executive, two County Councilmembers, Seattle Mayor, two Seattle Councilmembers, and three members representing individuals with lived experience. The first meeting of the Homelessness Authority will be held on a to be determined date in early March.

The three SCA members serving on this Governing Committee are committed to representing the interests of all 38 of our member cities. To that end, Mayor Birney, Mayor Backus, and Councilmember Prince have asked SCA to convene a meeting of all SCA cities in advance of the first meeting of the Regional Homelessness Authority. This will be an opportunity to update all 38 SCA cities on what we know about the new Homelessness Authority, and more importantly, to get direction from SCA cities prior to that first meeting. This meeting will be held on Monday, March 2, 2020 11:30 AM – 12:30 PM, Tukwila Community Center, Meeting Room A, 12424 42nd Ave S, Tukwila, WA 98168.

#### **6. 2020 PIC Meeting Schedule**

Chair Malchow asked if there were any questions about the 2020 PIC meeting schedule as provided in Resolution 2020-1 ([Attachment B](#)). **Councilmember Kate Kruller, Tukwila, moved, seconded by Councilmember James McNeal, Bothell, to approve Resolution 2020-1. There was no discussion. The motion passed unanimously.**

Councilmember Kate Kruller, Tukwila, noted that some members were likely to have a conflict for the March PIC meeting due to a National League of Cities conference scheduled that week and encouraged members to coordinate with their alternates.

#### **7. Regional Board and Committee Appointments**

PIC Nominating Committee Chair Councilmember Ross Loudonback, North Bend reported that the Nominating Committee met on February 10, 2020 to make recommendations to fill vacancies on regional boards and committees. He said there is a remaining vacant alternate seat on the King County Flood Control District Advisory Committee due to lack of applicants and encouraged members to apply.

**Councilmember Ross Loudonback, North Bend, moved, seconded by Councilmember Ed Prince, Renton, to recommend the SCA Board of Directors appoint Councilmember Robyn Mulenga, Auburn, as a member of the Children and Youth Advisory Board; Mayor Mary Lou Pauly, Issaquah, as a second-alternate to the PSRC Executive Board; and, Councilmember Kevin Schilling, Burien, as an alternate to the King County Flood Control District Advisory Committee. There was no discussion. The motion passed unanimously.**

#### **8. 2020 Legislative Session**

SCA Policy Director Brian Parry provided members with a report on bills under consideration related to the 2020 SCA Legislative Agenda or important to SCA cities ([Attachment C](#)). Parry introduced Candice Bock, Director of Government Relations for the Association of Washington Cities (AWC) who provided an update on the 2020 Washington State Legislative Session. Bock reported on priority bills of interest and provided members with a copy of the most recent AWC "[Hot Sheet](#)" bill tracking summary. Bock noted that the cutoff date for bills to be voted out of their chamber where they were introduced is Wednesday, February 19, and that will significantly winnow down the number of bills still being considered. She encouraged members to contact their legislators about issues important to cities.

Mayor David Baker, Kenmore, said that he is very concerned about proposed legislation that would remove local control over zoning and land use decisions. He also noted that it is

important for cities to consistently let legislators know the importance of replacing the 1% property tax restriction.

SCA Executive Director Dawson reported on [House Bill 2907](#), a proposal to authorize King County to implement a business payroll excise tax in King County. A handout ([Attachment D](#)) was provided with a summary of the bill. The bill would authorize King County to collect an annual excise tax on business payroll expenses of not less than one-tenth and not more than two-tenths of a percent. The tax applies to all payroll expenses attributable to employees making more than \$150k in annual compensation. The tax may be imposed for 25-years and may be reauthorized by the county. The City of Seattle [estimates](#) the tax would raise approximately \$120 million per year; however, it is not clear at this time the origin of that estimate. Exemptions from the tax include businesses with fewer than 50 employees, provided the business pays annual compensation of less than \$150k to at least half of its employees; payroll expenses attributable to grocery workers; businesses that only sell, manufacture, or distribute motor vehicle fuel; businesses that only sell, manufacture, or distribute liquor, and government entities. Per the bill, 43% of all revenue would be provided to the city with the highest homeless population (Seattle). The remaining 57% would be allocated to King County. At least half of all funds appropriated must go toward acquisition, rehabilitation, or construction of affordable housing. The remaining funds could be spent on other affordable housing and homelessness services described in the bill. The bill calls for an oversight and accountability board to be created to advise on spending, and that the make-up of that body was amended in committee to include city and sub-regional representation.

Dawson said that while many cities have expressed support for securing funding for affordable housing, concerns and questions have been raised about this specific proposal. These include not being consulted as the bill was being developed; the potential for the tax to push high-wage jobs out of King County cities, especially in the south end; a lack of clarity as to which businesses would be impacted and how much they would be required to pay; and whether the bill would be amended to preempt other local taxes that cities rely on for basic services. She asked members to share whether their city had discussed the proposal, what additional feedback PIC members or their cities have, and what questions SCA could help answer.

Councilmember Kate Kruller, Tukwila, said her city council discussed the bill and are opposed. She said the goals of addressing affordable housing and homelessness fit with the city's values, they have a lot of questions about the impact on their economy and felt caught off guard by the proposal and how quickly it appears to be moving through the legislature.

Mayor Nancy Backus, Auburn, said that she discussed the bill with Senator Karen Keiser and was told to expect significant changes to the bill as it is considered by the legislature. Backus said she is concerned about the tax pushing jobs out of communities as it is currently proposed. She noted that city funding sources are already very constrained and preemption of any of these options would make it harder for cities to provide basic services. She said it is very important to have sub-regional representation overseeing expenditures under the tax if it is authorized.

Mayor Elaine Cook, Woodinville, said her city is working on plans to attract high-wage jobs and said she is concerned the tax would be a deterrence.

Mayor David Baker, Kenmore, said his city council discussed the bill and are monitoring it, but that there are too many amendment proposals being discussed by various parties to weigh-in fully at this time.

Councilmember James McNeal, Bothell, said his city council has not had an opportunity to discuss the bill, but that he is concerned about the impact on small businesses, the construction industry, equity and sub-regional input in how any funds would be spent, and the potential for the tax to push high-wage jobs across county borders.

Councilmember Janice Zahn, Bellevue, said her city council has not had the opportunity to discuss the bill. She said that cities already have plans in place that they are working to implement to address affordable housing and homelessness and that any spending should be consistent with these plans. She said more information is needed about who would be impacted by the tax, that there needs to be city involvement in oversight, and that there should be more focus on homelessness prevention. She noted that the legislature is also considering authorizing a councilmanic sales tax for similar purposes and questioned whether both proposals would be approved.

Councilmember Ed Prince, Renton, said that he is very concerned about preempting other local funding sources and that cities need more tools to provide services, not fewer.

Councilmember Tola Marts, Issaquah, said his city council has not had the opportunity to discuss the bill. He said it doesn't seem like a good idea to have such a tax apply only to King County and that it seems to work against the region's goals of keeping jobs and housing together. He said it is unclear what the basis is for allocating 43% of any funds collected to the City of Seattle and that the proposal feels rushed.

Councilmember Chance LaFleur, Enumclaw, said his city council has not had the opportunity to discuss the bill. He expressed concerns about the bill, and noted that he is concerned with taking an approach that penalizes businesses that are bringing prosperity and high-wage jobs to the region. He said it is unclear why some business types were exempted and not others, and that the speed the proposal is moving is very concerning.

Mayor Erin Sitterley, SeaTac, said that she opposes the bill. She said the number one issue on SeaTac's legislative agenda is maintaining local control and that the proposal would take away their authority to decide on local taxes. She said that she is concerned about the tax pushing businesses out of the city. She noted airlines that have located offices in SeaTac and the threat that these jobs might be moved out of the region.

Mayor Angela Birney, Redmond, said that she supports the idea of looking to less regressive taxing options, but that she is very concerned about preempting local authority, pushing jobs out of the county, and the potential that it would be approved in addition to councilmanic sales tax authority.

Councilmember Semra Riddle, Lake Forest Park, said that she is concerned about local control as well as unintended impacts the tax may have on employees, such as businesses reducing the number of high-wage fulltime jobs with benefits and relying more heavily on part time workers or independent contractors.

Deputy Mayor Krystal Marx, Burien, said her city council has not had the opportunity to discuss the proposal. She said that any proposal should take into account sub-regional collaborations, such as the South King Housing and Homelessness Partners, and their priorities.

Councilmember Martin Moore, Federal Way, said that Federal Way is very concerned about the proposal and that there is a lot of frustration with how it was developed.

PIC Vice Chair Bill Boyce, Kent, said that it is important to have city and sub-regional perspectives taken into account.

Mayor Marianne Klaas, Clyde Hill, said that her city council has not had the opportunity to discuss the proposal. She said the city has a very small number of employers, but many residents who were business owners, and expressed concern about impacts. She said implementing the tax without a spending plan in place would be ill advised.

## **9. 2020 Regional Transit Policy and Plan Updates**

SCA Policy Analyst Cynthia Foley reported on updates to regional transit plans and said that Executive Director Deanna Dawson would be providing a report on discussions related to a potential countywide transit levy.

Foley said that the Regional Transit Committee will update several important transit policies in 2020 in anticipation of final action in early 2021: Metro Connects, Metro's Service Guidelines, and their Strategic Plan. Each of these policy documents play an important role in guiding the deployment of transit service in the region.

Foley said that Metro Connects is a long-range vision for transit service that outlines a regional transit service network through 2040. She stated that an [interactive map](#) of the Metro Connects service network is available online and is a useful tool for members to view Metro's long-range vision for service in their communities. Foley noted that Metro lacks funding to implement a significant share of the service envisioned in Metro Connects. The Service Guidelines provides metrics to evaluate service performance and are especially important to cities as they guide the addition and removal of service. The Strategic Plan for Public Transportation defines broad goals and objectives to guide Metro's performance as an agency.

SCA Executive Director Deanna Dawson reported on ongoing discussions about a countywide transit levy potentially being placed on the ballot in August of 2020. She noted that consideration of a ballot measure has been ongoing among King County leadership in anticipation of the expiration of Seattle's transit levy in 2020 and the potential to establish a "re-regionalized" system. If a countywide measure is not pursued, it is expected that the City of Seattle will seek to renew their own transit levy independently.

Dawson said county officials have stated that a decision should be made by end of February as to whether to put together a countywide levy for consideration by voters in August 2020, to give METRO staff and the County Council time to iron out details of what would be included in a levy. The proposal under consideration would levy a two-tenths of a percent sales tax under the authority of the King County Transportation Benefit District formed in 2014. Metro estimates the tax would raise approximately \$160 million annually.

Dawson said that members of the King County Council and Metro staff have said they will be meeting with cities and groups of cities over the next two weeks to discuss the proposal and solicit feedback. Dawson encouraged PIC members to discuss the issue with their city councils and asked members to share their initial thoughts or questions.

Mayor Elaine Cook, Woodinville, said that her city council would be discussing the proposal at their next meeting, and that Woodinville needs more transit to accommodate projected growth in the city.

Councilmember Ed Prince, Renton, said transit is vitally important to the city and that he looks forward to supporting a countywide measure.

Deputy Mayor Krystal Marx, Burien, said that transit is important to the city and that they are still dealing with the loss of \$800,000 in roads funding due to the passage of I-976.

Councilmember Chance LaFleur, Enumclaw, said the city was unlikely to see much transit benefit from a countywide measure and that it was bad timing as the city is looking at options to fund their Transportation Benefit District due to the passage of I-976.

Councilmember Ross Loudanback, North Bend, said he was concerned about moving forward without a clear plan, and that his community would need to see what service they would get if a transit levy was approved.

Mayor David Baker, Kenmore, said that there are too many questions at this point to know whether the city would support such a measure.

Councilmember Semra Riddle, Lake Forest Park, said the city's roads budget was wiped out by I-976 and they may be looking for approval of funding, and that having a transit measure on the ballot may make that more difficult.

Councilmember Tola Marts, Issaquah, said his city council has not discussed a proposed countywide measure directly. The city is concerned that light rail serving Issaquah that was approved in ST3 may not materialize. He said residents are frustrated with the service planned by Metro, which will require them to transfer in Bellevue rather than continuing direct to Seattle.

Mayor Angela Birney, Redmond, said that light rail is coming to the city in 2023 and 2024 and the city will need more transit service to connect residents to those stations. She said that as a

region, we need to invest in transit to reduce our carbon footprint. She said that with so many tax measures being considered, it will be hard to build momentum for another one regardless of how important it may be.

Councilmember Linda Newing, Newcastle, said that her city is very concerned about traffic and experiencing the impacts of new growth. She said they are currently underserved with limited non-peak service and overcrowded buses.

Councilmember Traci Buxton, Des Moines, said that the city's roads budget also took a significant hit from I-976. She said it will be difficult to ask residents to fund both local roads and regional transit at the same time. She said she would like more information about how such a measure would benefit her community.

Chair Malchow, Sammamish, said that her city lost express service in 2014 and restoring that service would be important for residents in her community.

## **10. Vision 2050**

SCA Policy Director Brian Parry reported on the release of the draft update to the region's plan for growth, VISION 2050. VISION is the plan that sets expectations for the four-county region that makes up the Puget Sound Regional Council. King, Pierce, Snohomish, and Kitsap Counties. The role of VISION is to provide a framework for managing that growth in the region with a consistent set of goals to provide for a sustainable region and high quality of life. The policies and growth pattern included in VISION will ultimately directly influence the type of planning that has to be included in local comprehensive plans on a range of topics.

In December, the PSRC Growth Management Policy Board unanimously recommended a draft update to VISION after more than two years of work by that body. The plan now goes to the PSRC Executive Board. The current schedule calls for the Executive Board make their final recommendation in March, which will then go before the PSRC General Assembly at their annual meeting on May 28, 2020.

Parry said that SCA representatives on the Growth Board supported the draft plan and felt that it reflected guiding principles adopted by SCA in 2019. He asked members to discuss VISION within their cities and share any concerns or to contact SCA if they need any additional information.

## **11. Affordable Housing and Countywide Planning Policies**

Discussion deferred to a future meeting.

## **12. Long-Range Solid Waste Disposal in King County**

Discussion deferred to a future meeting.

## **13. Levies and Ballot Measures in King County**

SCA Policy Director Brian Parry asked members to provide updates on any ballot measures under consideration in their cities or impacting their communities.

#### **14. Potential Upcoming SCA Issues**

There was no discussion.

#### **15. Upcoming Events**

- a. SCA Networking Event (guest speaker Dow Constantine) – Feb 19, 2020
- b. SCA Public Issues Committee – Wednesday, March 11, 2020 – 7:00 to 9:00 PM

#### **16. For the Good of the Order**

Councilmember Janice Zahn, Bellevue said that there will be a meeting hosted by the National League of Cities First Tier Suburbs Council on March 10. The topic is innovation, homelessness, and collaborative partnership. She encouraged members to contact her if they would like more information.

Councilmember Erin Stout, Black Diamond, reported that the city now has a seven-member council and that they recently went through the process of appointing three new members.

#### **17. Adjourn**

The meeting was adjourned at 9:00 PM.



**Public Issues Committee Meeting  
February 12, 2020**

| <b>City</b>             | <b>Representative</b>        | <b>Alternate</b>  |
|-------------------------|------------------------------|---|
| Algona                  | Dave Hill                    |   |
| <b>Auburn</b>           | Nancy Backus                 | James Jeyaraj   |
| Beaux Arts Village      | Tom Stowe                    | Athena Howes  |
| <b>Bellevue</b>         | Janice Zahn                  | Jeremy Barksdale  |
| <b>Black Diamond</b>    | Erin Stout                   | Tamie Deady   |
| <b>Bothell</b>          | James McNeal                 |   |
| <b>Burien</b>           | Krystal Marx                 | Nancy Tosta   |
| <b>Carnation</b>        | Dustin Green                 | Kim Lisk  |
| <b>Clyde Hill</b>       | Marianne Klaas               |   |
| <b>Covington</b>        | Fran Hollums                 | Joseph Cimaomo  |
| <b>Des Moines</b>       | Traci Buxton                 |   |
| <b>Duvall</b>           | Michelle Hogg                | Jennifer Knaplund   |
| <b>Enumclaw</b>         | Chance LaFleur               | Tony Binion   |
| <b>Federal Way</b>      | Martin Moore                 | Lydia Assefa-Dawson                                       |
| Hunts Point             | Joseph Sabey                 | N/A   |
| <b>Issaquah</b>         | Tola Marts                   | Barbara de Michele  |
| <b>Kenmore</b>          | David Baker                  | Corina Pfeil  |
| <b>Kent</b>             | Bill Boyce                   | Toni Troutner   |
| <b>Kirkland</b>         | Kelli Curtis                 | Toby Nixon  |
| <b>Lake Forest Park</b> | Tom French                   | Semra Riddle  |
| <b>Maple Valley</b>     | Sean Kelly                   | Les Burberry  |
| <b>Medina</b>           | Jen Garone                   |   |
| Mercer Island           | Benson Wong                  | David Rosembaum   |
| <b>Milton</b>           | Jim Gillespie                | Shanna Styron Sherrell                                    |
| <b>Newcastle</b>        | Linda Newing                 | Tony Ventrella  |
| <b>Normandy Park</b>    | Sue-Ann Hohimer              | Ernest Thompson   |
| <b>North Bend</b>       | Ross Loudenback              | Heather Koellen   |
| <b>Pacific</b>          | Leanne Guier                 | David Sporaasli   |
| <b>Redmond</b>          | Angela Birney                |   |
| <b>Renton</b>           | Ed Prince                    | Armondo Pavone  |
| <b>Sammamish</b>        | Christie Malchow             | Kent Treen  |
| <b>SeaTac</b>           | Erin Sitterley               | Pam Fernald   |
| Shoreline               | Chris Roberts                | Will Hall   |
| <b>Skykomish</b>        | Henry Sladek                 |   |
| <b>Snoqualmie</b>       | Katherine Ross               | Matt Larson   |
| <b>Tukwila</b>          | Kate Kruller                 | Verna Seal  |
| <b>Woodinville</b>      | Elaine Cook                  | Gary Harris   |
| Yarrow Point            | Dicker Cahill                |   |
| SCA                     | Deanna Dawson<br>Brian Parry | Cynthia Foley<br>Alexis Mercedes Rinck<br>Leah Willoughby |

Voting members are highlighted. Cities represented are **bolded**.

**Sound Cities Association  
Resolution 2020-1  
2020 Public Issues Committee Schedule**

**WHEREAS**, the Public Issues Committee (PIC) of the Sound Cities Association meets monthly on the 2<sup>nd</sup> Wednesday of the month at 7:00 PM to conduct the regular business of the Committee, unless otherwise stated; and

**WHEREAS**, the Public Issues Committee holds a Pre-PIC workshop monthly at 6:00 PM on the 2<sup>nd</sup> Wednesday of the month for informational, educational or other PIC-related purposes, unless otherwise stated; and

**WHEREAS**, the Public Issues Committee holds the majority of its meetings at Renton City Hall;

**NOW THEREFORE:**

BE IT RESOLVED BY THE PUBLIC ISSUES COMMITTEE OF THE SOUND CITIES ASSOCIATION AS FOLLOWS:

**SECTION 1:**

The Public Issues Committee sets the following schedule for 2020 PIC meetings:

February 12  
March 11  
April 8  
May 13  
June 10  
July 8  
August 12  
September 9  
October 14  
November 11  
December 9

**SECTION 2:**

Public Issues Committee meetings will typically be held at Renton City Hall. Alternate meeting locations may be determined by the membership.

PASSED BY THE PUBLIC ISSUES COMMITTEE OF THE SOUND CITIES ASSOCIATION AT ITS REGULAR MEETING ON THE 12<sup>th</sup> DAY OF FEBRUARY, 2020.

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Christie Malchow, 2020 PIC Chair

Date

Attest:

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Deanna Dawson, SCA Executive Director

Date

## Item 08:

### 2020 Legislative Update

#### ***HANDOUT – Updated February 13, 2020***

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The following update on bills under consideration in the Washington State Legislature is ordered in relation to priorities identified in the SCA 2020 Legislative Agenda. This is intended to provide a status update of those bills and does not reflect support or opposition to a particular bill.

### **Address the Affordable Housing and Homelessness Crisis**

[SHB 2907](#) would allow King County to impose a payroll tax for every employee making \$150,000 or more to fund affordable housing and homelessness services. This legislation passed been referred to the House Rules Committee.

[HB 1590/SB 6126](#) would provide authority for cities and counties to impose a sales tax for housing and related services. The Senate version of this legislation have been referred to Rules Committee. The House version is on the floor calendar for a possible vote.

[HB 2797/SSB 6631](#) extends the deadline for jurisdictions to participate and expands allowable uses of funds authorized in 2019 by [HB 1406](#), under which cities and counties receive a portion of state sales taxes collected in the jurisdiction for affordable housing. The House version of this legislation is in the Rules Committee.

The Multifamily Property Tax Exemption (MFTE) allows for a property tax exemption if the owner commits to renting or selling at least 20 percent of multi-family housing units as affordable housing to low and moderate-income households. Extension of the timeframe for the tax exemption and expansion of eligibility ([HB 2620/SB 6411](#)) for the program has been referred to the Rules Committees in the House and Senate. Without this legislation, only SCA cities in the Sound Transit district qualify for the MFTE program.

Legislation adding development of permanently affordable housing to the allowable uses for community revitalization financing ([HB 2497](#)), the local infrastructure financing tool, and local revitalization financing has been referred to the House Rules Committee.

[HB 2649](#) would require certain cities and counties to develop a list of parcels that are zoned, suitable, and potential feasible for development of shelters, sanctioned camping, affordable housing for persons with disabilities, permanent supportive housing, and behavioral health facilities. Directs the Department of Commerce to work with counties and cities to develop plans for addressing unmet housing and sheltering needs. This legislation has been referred to the Rules Committee.

### **Invest in Transportation Infrastructure and Mobility**

[HB 2362](#) / [SB 6652](#) would create new local transportation options, including a city utility tax, countywide motor vehicle excise tax, and increased sales tax authority for transportation benefit districts. The bill received a hearing in the Senate but was not advanced out of committee prior to the deadline.

[SB 6606](#) would change depreciation schedule for a Regional Transit Authority (RTA) that levies a Motor Vehicle Excise Tax (MVET). This legislation would require approval by a two-thirds vote because it repeals part of I-976. This legislation has been referred to the Senate Rules Committee.

### **Preserve Local Decision-Making Authority**

[HB 2343/SB 6334](#) identifies planning actions that certain cities are encouraged to take to increase density, sets a cap on minimum residential parking requirements, and exempts certain projects from appeal under SEPA. Both the House and Senate versions of this legislation has been referred to the Rules Committees.

[HB 2342](#) would change the frequency of required comprehensive plan updates under the Growth Management Act (GMA) from every eight years to every 10 years. A substitute version passed out of the Energy and Environment Committee and has been referred to the House Rules Committee.

[HB 2780/SB 6536](#) would require allowance of the development of duplexes, triplexes, quadplexes, townhouses, and courtyard apartments in areas zoned for detached single-family residences. It also prohibits (without clear definitions) any regulations that discourage the development of such housing, including unreasonable costs, fees, or delays. The Senate bill has been referred to the Rules Committee.

[SSHB 2570](#) requires that all GMA planning cities with a population of 5,000 or more in counties of 50,000 to adopt ordinances and development regulations allowing at least one accessory Dwelling Unit (ADU) on all single-family lots. The bill outlines prescriptive dos and don'ts on how cities write their ADU development regulations and set fees. This legislation has been referred to the House Rules Committee.

[SB 6617](#) requires all cities to create or update existing ADU ordinances. The proposal prohibits cities from requiring off-street parking for ADUs within a half a mile of a major transit stop. Owner occupancy requirements are also prohibited unless the ADU is used as a short-term rental or the owner has five or more ADU properties. This legislation has been referred to the Senate Rules Committee.

[HB 2549](#) requires all cities and counties planning under the GMA to develop a salmon and steelhead comprehensive plan element. This bill establishes a standard of net ecological gain applicable to fish recovery. This legislation received a public hearing but has not been voted out of committee. It is unlikely to pass during the 2020 legislative session.

### **Provide the Tools for Cities to Address Local Priorities and Infrastructure Needs**

[HB 2145](#) would eliminate the 1% limit on increases to local property taxes. The bill was not heard in committee prior to the cutoff.

Local Revitalization Financing (LRF) allows local governments to finance public improvement projects within a designated revitalization area through the incremental increases in tax revenue that will be realized from the completion of the project. [SHB 2804](#) reopens and funds additional Local Revitalization Funding applications. This legislation has been referred to the Senate Rules Committee.

Tax increment financing (TIF) is another revenue raising tool that is being considered at the State Legislature. Typically, under TIF, a local government issues bonds to finance public improvements. To repay its bondholders, the local government is permitted to draw upon regular property tax revenue collected from property owners inside a special district surrounding the site of the public improvements. [HB 2778](#) authorizes Tax Increment Financing. Implementing this legislation would require voter approval of a constitutional amendment. This legislation has been passed out of the Finance Committee. [HR 4212](#) would amend the Washington State Constitution to provide an exception to requirements that taxes be applied uniformly within the taxing district and the one percent growth limit on property tax growth, thus allowing the implementation of TIF. Both pieces of legislation have been referred to the House Rules Committee.

[HB 2900](#) increases cannabis revenue sharing with cities and counties. This legislation did not receive a hearing prior to the cutoff.

[SSHB 2870](#) establishes a Marijuana Social Equity Program that authorizes the issuance of previously forfeited, cancelled, and revoked marijuana retail licenses to applicants that meet social equity requirements. This would require cities consider implementation of new licenses for cannabis businesses. This bill has been referred to the House Rules Committee.

[SB 5400](#) would provide a one-time increase to the Public Employees' Retirement System and Teachers' Retirement System Plans. This legislation is currently in the Senate Rules Committee.

**Item 08:**

2020 State Legislative Session – HB 2907/SB 6669 Business Payroll Excise Tax  
***HANDOUT – FEBRUARY 12, 2020***

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**Business Payroll Excise Tax (HB 2907 / SB 6669)**

**Bill Summary**

The proposed business payroll excise tax was introduced in the House as [HB 2907](#) and a companion bill was introduced in the Senate as [SB 6669](#). The bill would authorize King County to collect an annual excise tax on business payroll expenses of not less than one-tenth and not more than two-tenths of a percent. The tax applies to all payroll expenses attributable to employees making more than \$150k in annual compensation. The tax may be imposed for 25-years and may be reauthorized by the county.

The City of Seattle [estimates](#) the tax would raise approximately \$120 million per year; however, it is not clear at this time the origin of that estimate.

Exemptions from the tax include:

- Small businesses with fewer than 50 employees, provided the business pays annual compensation of less than \$150k to at least half of its employees
- Payroll expenses attributable to grocery workers
- Businesses that only sell, manufacture, or distribute motor vehicle fuel
- Businesses that only sell, manufacture, or distribute liquor
- Government entities

The county must adjust the \$150k threshold annually commensurate with the rate of growth of the prior year's consumer price index (CPI-U).

**Distribution of Funds**

43% of all revenue is provided to the city with the highest homeless population (Seattle). The remaining 57% is distributed by the county with cities and regional housing partnerships. At least half of all funds appropriated must go toward acquisition, rehabilitation, or construction of affordable housing. The remaining funds may be spent on other eligible expenses outlined in the bill.

**Eligible Expenses**

Funds collected may only be used for the following purposes:

- Acquisition, rehabilitation, or construction of affordable housing units. At least half of all funds must be spent for this purpose.

- Supportive services to persons with behavioral health conditions with frequent criminal justice involvement. No more than 10% of all funds may be spent for this purpose.
- Housing, shelter, and evidence-based interventions to address and prevent homelessness. Any appropriated funds must be allocated directly to the regional homelessness authority.
- Operation and maintenance of affordable or supportive housing (including services)
- Low income rental assistance
- Acquisition, construction, or operation of behavioral health related facilities
- The revenue collected may be used for repayment of bonds.

Housing, services, and rental assistance may only be provided to persons whose income is at or below 80% of median income in the county – with at least half of that spending going toward persons whose income is at or below thirty percent of median income.

### **House Finance Committee Hearing**

The House Finance Committee held a hearing on HB 2907 on Friday, February 7, and passed the bill to the Rules committee for further consideration as amended. One amendment was adopted to require representatives from cities and state elected officials from each subregion of the county be included on the accountability and advisory committee. Several other amendments that were considered but not adopted would have added healthcare workers to the list of exempt employees; change the threshold for the definition of small business; limit administrative fees; and add non-supplant language for county spending. Bill sponsors indicated at the hearing that there would be ongoing negotiation that would address some of the issues raised in the amendments that were not adopted.