

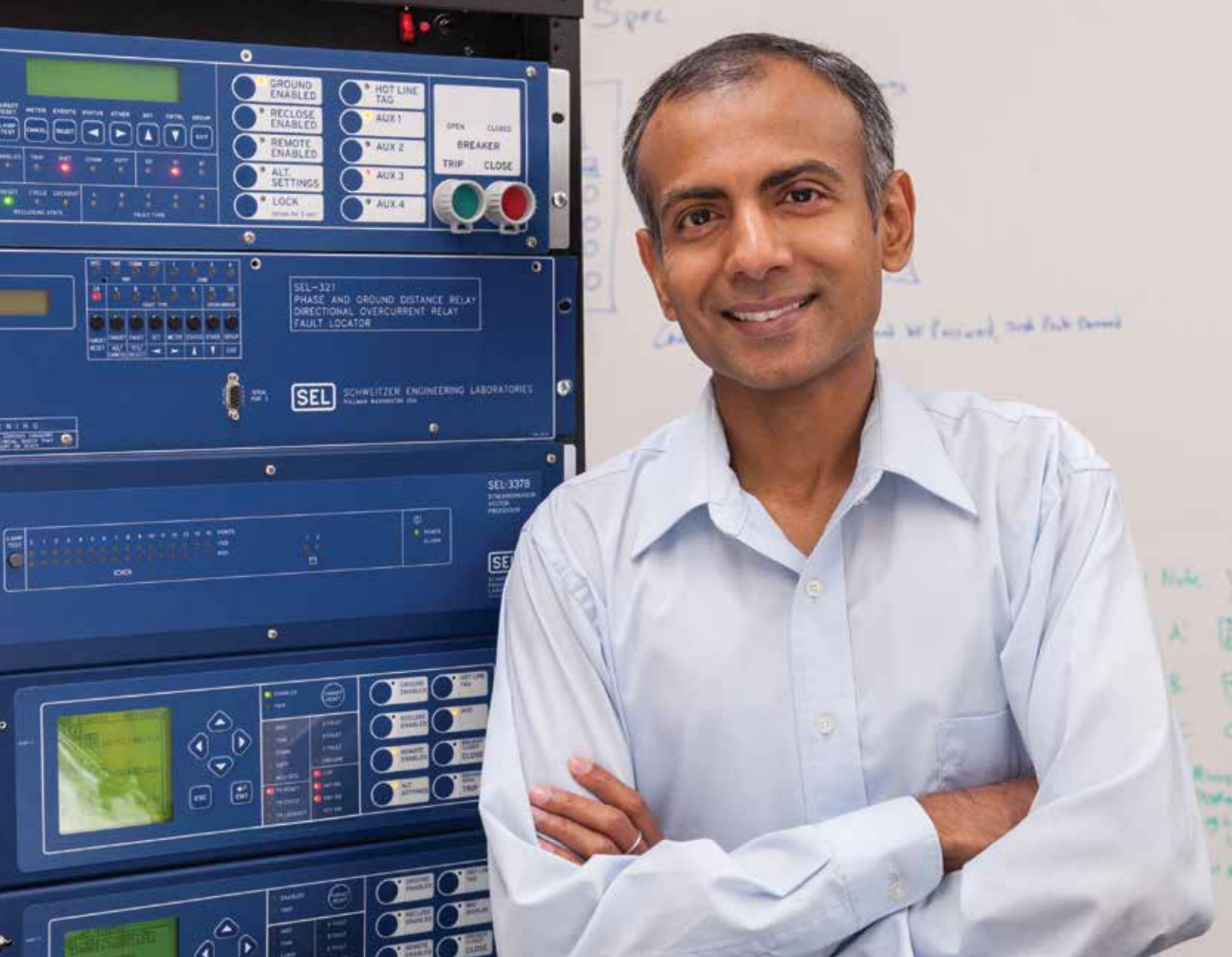
Washington Business

NEWS WITH A COMPETITIVE EDGE

2017
Legislative Review

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For the first time in decades, lawmakers put more than half of the state's two-year operating budget toward K-12 education. But, is it enough? **BOBBI CUSSINS**

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Highlights from AWB's (@awbolympia) Twitter feed.



UPDATED: Legislature adjourns after record 193 days having literally spent the last 20 days accomplishing nothing bit.ly/2ufgXLt #waleg
Melissa Santos, The News Tribune (@MelissaSantos), 8:55 p.m., July 20



#WaLeg tells court: We kept promise on public schools. Not so fast, McCleary atty says.
Jim Camden, The Spokesman-Review, 4:07 p.m., July 27



State AG Says Washington's Education Funding Plan Fulfills #McCleary Decision goo.gl/Ly1xe5
@knkxfm @AGOWA #WALeg #WAedu
Partnership4Learning (@Part4Learning), 10:45 a.m., Aug. 2



Humbled to play a part in helping families in Washington get the time they deserve when it matters most. #waleg family.senatorfain.com
Sen. Joe Fain, R-Auburn, (@senatorfain), 10:05 p.m., June 30



Washington needs a permanent legislative fix for Hirst and Foster rulings – Olympia Business Watch owl.ly/CYBG30dNcxq #waleg #FixHirst
AWB (@awbolympia), 2:35 p.m., July 20



Well I guess they decided to make it official after all. Both chambers are now adjourned: app.leg.wa.gov/farHouse/Cale... #waleg
Rachel La Corte (RachelAPoly), 7:56 p.m., July 20



Go home and sleep. Next session starts in less than 5 1/2 months. (Lord help us...) #waleg
Holly Chisa, (HollyChisa)



Thanks, Rep. Halder, @awbolympia @GovInslee for supporting customized training for business owners. @Nuke7 #waleg bit.ly/2opGcGD



SBCTC Washington (@SBCTCWashington), 9:57 a.m., April 18



"Lobbyists Give the 2017 Session a 'D+' is the headline of latest Elway Poll. Read overview here: tinyurl.com/ybszrcyu #waleg #WaElex
Jerry Cornfield, The Herald, (@dospueblos), 10 a.m., July 31



The "Sine Die Tree" at #waleg has been removed. I guess they figured it wasn't quite accurate anymore?
Matt Helder (@matt_helder), 8:37 a.m., Aug. 1

2017 Washington State Legislative Leaders



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Government Affairs

A Record that Should Never be Broken

GARY CHANDLER

AWB VICE PRESIDENT, GOVERNMENT AFFAIRS

The 2017 legislative session produced some good outcomes, particularly around education funding, but it was tarnished by unfinished work on the capital budget and the Hirst water ruling, as well as the governor's veto of a tax-relief measure for manufacturers. And at 193 days, it was needlessly — and unacceptably — long.

The longest legislative session in Washington history came to a disappointing close July 20 as lawmakers left town with some important work left unfinished — namely, passing a capital budget and a permanent fix for the Hirst water ruling that's holding up economic development in rural communities.

It's disappointing not only because of the unfinished work and the missed opportunities — or even the ever-lengthening duration of our state's legislative sessions — but because of how unnecessary it was to take a session scheduled to end in April and stretch it into mid-summer.

The political landscape was no different after 193 days than it was after 105 days. Nothing changed. There's really no reason the budget that was adopted June 30, barely avoiding a partial government shutdown, couldn't have been adopted April 23.

So why do lawmakers keep doing this?

To be fair, it's not easy to craft a budget that adds billions of dollars to K-12 funding while trying at the same time to avoid cutting important programs and raising taxes.

But the main reason, I believe, is because we have let them do it. For years now, lawmakers have been routinely going into overtime without serious consequences.

One special session is nothing. Two isn't surprising. Three special sessions are now the norm.

It used to be the July 1 start of a new fiscal year and the threat of a government shutdown if a budget wasn't approved by then was a real motivator. But this year's record-setting session, and the 2015 session that ended just 10 days earlier on July 10, prove that doesn't even work anymore.

What can we do about it? One idea is to consider changing the state constitution to require lawmakers to complete their work in 105 days. If they go beyond 105 days, there would be no per diem.

Tying performance to finances is nothing new in the private sector. Maybe it's time to consider it for our state's elected officials.

Despite the unnecessary length of the session, there were some positive outcomes and education funding is at the top of the list.


The 2017-19 state budget added \$7.3 billion to K-12 funding over the next four years, an amount that Gov. Inslee and legislators believe is enough to satisfy the Supreme Court's McCleary ruling. That's in addition to \$4.5 billion added since 2013.

As the bipartisan group of lawmakers noted in their report to the Supreme Court, the latest increase more than doubles state funding for K-12 public schools since the 2012 McCleary ruling, and for the first time since the 1980s, it makes education funding more than 50 percent of the state budget.

That's a remarkable increase in school funding in a relatively short amount of time and it's an achievement that should be celebrated.

We should also be celebrating a tax reduction for manufacturers, but unfortunately Gov. Inslee used his veto pen to strike down a provision in the 2017-19 budget that would have lowered the business and occupation (B&O) tax for manufacturers.

The reduction would have benefitted small- and medium-sized manufacturers greatly, and given rural communities a needed boost. As we noted immediately following the governor's veto, the B&O tax reduction was agreed upon in good faith by a bipartisan group of legislators and it was approved with a bipartisan supermajority in both chambers.

The governor's veto, and the Legislature's failure to override the veto, were two of several missed opportunities that made 2017 the year lawmakers finally fixed McCleary, but still came up short in the longest session ever. 

Editorial Scorecard

“This is no way to run a lemonade stand, much less a state government. The brinksmanship bears an unflattering resemblance to recent secretive attempts by Republicans in Congress to gut Obamacare.

It defies common sense that these largely intelligent framers of public policy consistently end up rushing to beat deadlines — year after year, in state after state. It boggles the mind that leaders from both parties and all regions ultimately make a mockery of their duty to hear from the people who elect them.

Habitual oversleepers trick themselves by setting their alarm clocks several minutes ahead. The Washington Legislature must find its own method of self-deception, and systematize it before this group convenes again in 2018.

Washingtonians can feel glad they weren’t locked out of state parks or public beaches over the holiday weekend. But in the long run, their exclusion from a historic state budget rates far worse.”

— The News Tribune (1)

“In case you didn’t notice, your aforementioned state lawmakers are hurtling toward yet another special session, or as the Sniff likes to call it, that moment when everyone starts negotiating after pretending for four months to be interested in negotiating. Other names for this time of year include a) Ignoring Gov. Big Jay Inslee; b) Leaving town until leadership sorts it out; and c) Let’s take some more shots at Inslee and hope everyone buys it.

The new squabble is the same as the old squabble: a budget and state school funding. As it happens, legislators have been so busy not negotiating that they took time out this week to fuss over the surge of dandelions sprouting on the Capitol Campus and its ecofriendly lawns. The horror!”

— The News Tribune (2)

“While school funding is the focus of this year’s special session in the Legislature, the extra time also gives the House of Representatives an opportunity to take important action regarding water rights.

A state Supreme Court ruling from October places undue burdens upon development in rural areas, inhibiting landowners and stifling economic growth in many portions of the state. Before leaving Olympia for good this year, members of the Democrat-controlled House should follow the lead of the Senate and pass a bill addressing the issue.

Environmental protections and growth management are important, but those desires should not quash smart development — which is the result of the Supreme Court’s 6-3 ruling in *Whatcom County v. Hirst*. That decision places extra scrutiny upon the state’s precarious balancing of water rights by demanding that counties, independent of the state, guarantee that water is available for development before issuing building permits in certain areas. Several counties, in the wake of the decision, have taken steps to limit the issuing of permits.

The net effect is to make the drilling of new wells prohibitively expensive and impractical for landowners planning minor developments. Legislators heard emotional testimony from landowners who poured their life savings toward building a home in a rural area, only to now be told they are unable to procure a permit because of the court ruling...

While a desire to limit large developments in rural areas is reasonable, the ruling unfairly encumbers private owners looking to build a single dwelling.

Because of that, the Legislature must to step in and restore some checks and balances to the system.”

— The Columbian (3)

“Despite this historically wet winter, there is a huge political fight underway about the scarcity of water.

The state Legislature failed to resolve it before blowing through its regular session; they are now in overtime. Before lawmakers leave Olympia for good this year, they must clean up the mess left by an October state Supreme Court ruling and restart smart development in Washington’s economically challenged rural counties.

At issue are Washington’s Byzantine water laws. The law tenuously balances century-old water claims for municipalities and farmers with tribal rights to fish in healthy rivers. The law grants limited exemptions for well drilling too.

The Supreme Court ruling knocked that balance askew. In a decision known as the Hirst ruling, the justices put extra scrutiny on — and dramatically raised — the price of drilling wells that are exempted from the water-rights law...

But the economic damage to rural Washington — which lags extensively behind the superheated central Puget Sound economy — is too great to ignore. It is also too important to be used as a political bargaining chip. The Republican-led Senate passed a Hirst fix with bipartisan support, but the bill was held up in the Democratic-led House.

The Legislature is now back in special session, working to write a two-year budget which finally fully funds education. The House must act. Fixing the Hirst ruling is on the must-do list before lawmakers adjourn for good.”

— The Seattle Times (4)

“By one important measure, the 2017 Legislature is already a failure.

For the second time in three years, budget negotiations have gone into triple overtime, to the brink of a government shutdown. Without a budget approved by both houses and signed by the governor, state government could shut down nonessential functions, starting Friday.”

— The Seattle Times (5)

“It’s all over. Except for the unintended consequences.

With only hours to spare before triggering a partial state government shutdown and the layoffs of 32,000 state employees, the Legislature delivered a budget and its resolution of the school funding crisis to Gov. Jay Inslee for his signature...

The good news is that lawmakers agreed to a budget and avoided a government shutdown. The bad news is that school districts, teachers, parents, students and taxpayers had less than 18 hours to understand what was proposed and no opportunity to be heard before it became law.

That’s unacceptable. And unnecessary. There’s nothing in the final budget agreement that couldn’t have been arrived at during the regular session that ended April 23 or even before the end of the first two 30-day special sessions that followed.”

— The Everett Herald (6)

“Instead of going to the government, make the government come to you.

This is part of the concept behind offering remote testimony locations to Washington state residents during the upcoming



Legislative session. For those of us living in the eastern part of the state, driving over the Cascade Mountains to the capital in Olympia isn’t always possible or practical.

The recent snow storms, bringing poor visibility and icy roads, have kept people close to home. During session, it is difficult for some to take time off work to make the trek to Olympia to participate in state government.

This is why the expansion of a video testimony program in the Senate is a welcome addition to the government process. A more diverse cross-section of people have the opportunity to testify on bills that impact them. Weather and schedules don’t have to be the final factors with participation. Last year’s pilot program was successful. During 19 hearings, 44 people gave expert testimony to six Senate committees...

Take the time to testify when remote options are offered this year. Doing so helps ensure government is better informed, better balanced and represents the entire state.”

— The Columbia Basin Herald (7)

Sources: **(1)** “While Chris Christie soaks up the sun, Washington state pols work in shadows,” July 5, 2017; **(2)** “The Nose: A solution to lengthy public testimony, plus legislators fighting over lawn mowing,” April 20, 2017; **(3)** “Balancing water rights,” May 3, 2017; **(4)** “Water-rights ruling leaves rural Washington high and dry,” April 26, 2017; **(5)** “Washington lawmakers, this is no way to run a state,” June 27, 2017; **(6)** “We have a state budget, but at what cost?” July 2, 2017; **(7)** “Make use of remote testimony options,” Jan. 5, 2017

Legislature Reaches Funding Milestone for K-12 Education

For the first time in decades, lawmakers put more than half of the state's two-year operating budget toward K-12 education.

BOBBI CUSSINS

Now that the program of basic education makes up more than 50 percent of the record-high \$43.7 billion state operating budget, the Supreme Court issued a ruling saying it is satisfied that the funding is sufficient, but the timeline for implementing the Legislature's plan is not.

At A Glance

In the 2012 *McCleary v. State of Washington* education funding case the state Supreme Court ordered the state to comply with the state constitution and fully and equitably fund the program of K-12 basic education as defined in House bills 2261 (2009) and 2776 (2010).

Since 2013, the Legislature has allocated an historic \$4.5 billion more toward K-12 education, funding pupil transportation, full-day kindergarten, K-3 class-size reductions and materials, supplies and operating costs, or MSOCs.

The final piece — levy reform — was enacted in the 2017-19 budget with a restructuring of the state property tax and local levies.

For more information on *McCleary*, educational outcomes and program specifics, contact AWB Government Affairs Director Amy Anderson at AmyA@awb.org. For information on the budget and tax implications of *McCleary*, contact AWB Vice President Government Affairs, Gary Chandler at GaryC@awb.org. Both can be reached at 360.943.1600.



Legislative leaders and Gov. Jay Inslee gather in the final minutes of the fiscal year after approving and signing the bipartisan budget agreement.

The governor and lead budget writers in the House and Senate took a victory lap June 30 as they proclaimed that the two-year, \$43.7 billion state budget, finally fulfills the obligations under the state Supreme Court's 2012 *McCleary* education funding ruling.

More than half of the state's budget — 50.3 percent — now goes toward K-12 education.

"This is a historic budget because we are going to be fully funding the education of our children for the first time in the state of Washington in over 30 years," Gov. Jay Inslee said during the bill signing. "This budget will at long last fulfill our constitutional obligations to fully and fairly fund basic education and it also addresses the responsibilities we have under the *McCleary* decision to equitably fund our schools.

"With that, I'm going to find a good bill to sign, and I have one right here," Inslee said.

But, that's not the end of the education funding saga that began in the 1970s and was supercharged in 2012.

MCCLEARY: THE 'READERS' DIGEST' VERSION

In the 2012 *McCleary v. State of Washington* education funding case, the state Supreme Court ordered the state to comply with Article IX, Section 1, of the state constitution, which reads in part: "It is the paramount duty of the state to make ample provision for the education of all children residing within its borders..."

The plaintiff's case was bolstered by a pair of laws that defined the program of K-12 basic education — House bills 2261 (2009) and 2776 (2010) — that make up the framework the court used to hand down its ruling that the state had failed to meet school funding requirements under state law.

Those requirements include pupil transportation, full-day kindergarten, K-3 class-size reductions and materials, supplies and operating costs, or MSOCs.

And, with school districts using roughly \$1.5 billion in local levy dollars every year for teacher salaries — as much as \$14,000 per teacher, according to a report released last year to the Legislature — the court added in its ruling that the state must come up with a solution to move the costs of teacher salaries back to the state budget, protecting levy dollars for school program enhancements, such as art, music and sports, for which they are intended.

STATE DOUBLES EDUCATION SPENDING: IS IT ENOUGH?

Education spending looks a lot different today than it did in 2012, thanks to bipartisan approval of Engrossed House Bill 2242, the bill that reforms state property taxes to ensure educational funding equity throughout the state. The bill made state property tax and local levy changes to ensure the state is paying the entire cost of basic education.

"The reforms in EHB 2242 will result in unprecedented increases to state K-12 funding allocations," lawmakers said in the July 27 report from the Joint Legislative Task Force on Article IX Litigation, or the "McCleary compliance" task force. "Since the Court's original ruling January 5, 2012, state funding for K-12 has increased from \$13.4 billion in the 2011-13 biennium to \$22.0 billion in the 2017-19 biennium. At full implementation in the 2019-21 fiscal biennium, EHB 2242 requires expenditures totaling \$26.6 billion."

"This budget will at long last fulfill our constitutional obligations to fully and fairly fund basic education and it also addresses the responsibilities we have under the McCleary decision to equitably fund our schools."

— GOV. JAY INSLEE

The report also notes that K-12 education makes up 50.3 percent of all Near General Fund spending in the 2017-19, \$43.7 billion budget, a number that will climb to 53.3 percent in the 2019-21 budget.

"Students from every community in our state will now have the same opportunity and support as their peers in high-performing schools," Sen. John Braun, R-Centralia and lead budget writer, said in a press release that echoed the governor's statement. "We're solving a generational problem facing our students and taxpayers, with a generational solution."

Braun added that the "bipartisan budget includes \$21.9 billion for K-12 education in 2017-19, a 62 percent increase since the 2012 state Supreme Court's McCleary ruling."

That's significant progress. Or is it?

The McCleary plaintiff's attorney, Thomas Ahearne, told Crosscut that despite the bulk of state spending now going toward basic education, it "does not even come close to what the state assured the Supreme Court that the state was going to be doing."

For his part, Ahearne said he doesn't believe elected officials are "lying" with regard to their position on fulfilling McCleary, but rather "they just don't know what they're talking about."

NEXT STEPS

Lawmakers filed the Joint Legislative Task Force on Article IX Litigation on July 27, ahead of the July 31 deadline, formally requesting a ruling on whether they met the constitutional and statutory threshold for K-12 spending under McCleary. The plaintiff had one month to respond to the state's report.

Now, they wait to see what the nine state Supreme Court justices say.



Lost Dreams

The 2016 state Supreme Court Hirst water rights ruling has rural Washington residents falling to their knees and begging lawmakers to fix it.

BOBBI CUSSINS

Water is the lifeblood of Washington state — it provides clean power, grows food that feeds the world and spawns economic development. But, that's in jeopardy in rural parts of the state thanks to the state Supreme Court's Hirst water rights ruling last fall. The issue is rekindling the debate over the urban-rural divide. Rural residents, unable to develop their property, watch urban centers like Seattle and Bellevue in a building frenzy, bringing to mind the old adage that "whiskey is for drinking and water is for fighting."



The urban-rural divide grew wider this year after the controversial Hirst water rights ruling by the state's high court was left unresolved during the record 193-day legislative session.

In the absence of the permanent legislative remedy in Senate Bill 5239, sponsored by Sen. Judy Warnick, R-Moses Lake, the battle over rural water access is leaving land owners high and dry.

And, the issue has left the state's capital budget, and the bonds to pay for construction projects, in limbo until an agreement is reached.

THE STATE SUPREME COURT HIRST WATER RIGHTS RULING

In October 2016, the Washington state Supreme Court handed down a ruling in a Growth Management Act (GMA) case, *Whatcom County vs. Hirst, Futurewise, et al*, commonly referred to as the Hirst decision.

At A Glance

In October 2016, the Washington state Supreme Court handed down a ruling in a Growth Management Act (GMA) case, *Whatcom County vs. Hirst, Futurewise, et al*, commonly referred to as the Hirst decision.

The decision directed counties to make new water resource determinations before issuing building permits, something counties were ill-equipped to do.

Before the Hirst decision, counties relied on regulations adopted by the Department of Ecology for such water resource decisions.

The Washington State Association of Counties estimates the implementation costs statewide would be about \$25 million annually.

Senate Bill 5239, sponsored by Sen. Judy Warnick, R-Moses Lake, was the only permanent solution to address the fallout from the Hirst ruling during the 2017 session.

In the 6-3 decision, the court ruled that under the GMA, counties must make their own determinations about adequate water supplies before issuing a building permit that relies on a well.

Before the Hirst decision, counties relied on regulations adopted by the Department of Ecology (DOE) for such water resource decisions.

Small, household wells (limited to 5,000 gallons per day, but typically used for 300-400 gallons per day of household use) are common in Washington state and are exempt from water rights permitting requirements because their overall impact is regarded as minor. The DOE estimates that 17,200 wells were drilled from 2008 to 2014, and statewide exempt wells represent only 0.9 percent of overall consumptive use.

The Washington State Association of Counties estimates the implementation costs statewide would be about \$25 million annually.

THE FALLOUT

Without a legislative fix, the Hirst decision will have significant impacts in rural Washington. During the legislative session, lawmakers heard testimony from citizens who bought property and designed a home, and even drilled a well but were then denied a building permit.

“We are technically homeless because we are thousands and thousands (of dollars) into this project. We have septic and electric, but we can’t have our building permit. I’m going to get on my knees and beg you to fix this,” said Whatcom County landowner Zach Nutting testifying at a Jan. 24 hearing before the Senate Agriculture, Trade, Water and Economic Development Committee.

Nutting then dropped to his knees, placed his hands in a prayer position, and begged lawmakers to act on legislation to address the ruling so he could build his family’s home on their five-acre parcel.

“Because of the confusion and potential costs the ruling created, some counties now require building permit applicants to sign a disclaimer in case the county’s water availability decision is later ruled unlawful,” said Mike Ennis, AWB government affairs director for water issues. “This creates a significant consumer protection risk for rural landowners and practically invites litigation.”



“I have made a concerted effort to hear stakeholders out and understand their concerns, but I have been clear that we need a solution to this problem this year. Families cannot wait.”

— SEN. JUDY WARNICK, R-MOSES LAKE

“Delaying implementation does not remedy any uncertainty from the Hirst decision. A delay is no fix at all.”

— MIKE ENNIS, AWB GOVERNMENT AFFAIRS DIRECTOR
FOR WATER ISSUES

Other counties are requiring expensive hydrogeological studies that may or may not show adequate water availability to satisfy counties, Ennis added.

Aside from project permitting confusion, lawmakers and others also fear banks would deny loans on projects that do not have guaranteed water.

Some on the high court foresaw the fallout.

State Supreme Court Justice Debra Stephens stressed the catastrophic implications of the Hirst ruling, writing in her dissent, in part: “The majority’s decision hinges on an interpretation of (state law) that is unsupported by the plain language of the statute, precedent, or common sense. The practical result of this holding is to stop counties from granting building permits that rely on permit-exempt wells. The majority’s holding pushes a massive, and likely insurmountable, burden onto individuals applying for a building permit.”

The confusion and lack of legislative action to resolve the issue continues to leave landowners and local governments in a state of uncertainty.



AWB Water Resource Committee chair Bill Clark discusses the importance of finding a legislative solution to the Hirst issue at a meeting with a bipartisan group of lawmakers: Rep. Larry Springer, D-Kirkland, Sen. Judy Warnick, R-Moses Lake, Sen. Jim Honeyford, R-Sunnyside, and (in foreground at right), Senate Majority Leader Mark Schoesler, R-Ritzville.

THE PERMANENT HIRST FIX

Several bills to address the Hirst decision were introduced during the 2017 legislative session, but the only one with traction was Warnick’s Senate Bill 5239.

Warnick’s bill would reestablish the relationship between county governments and the Department of Ecology when it comes to managing water resources, and reestablish the expectation that small household wells would be exempt from the state permitting process.

In the regular session and at the start of each of the three special sessions, the Senate passed Warnick’s bill over to the House four times, where the Democratic majority refused to bring it to the floor, despite having the votes to pass it.


“I have made a concerted effort to hear stakeholders out and understand their concerns, but I have been clear that we need a solution to this problem this year. Families cannot wait,” Warnick told The Columbia Basin Herald.

However, the governor and House Democrats insisted that their proposal, House Bill 2239, that would temporarily postpone the impacts of Hirst through Dec. 31, 2018, was the right solution.

“At this point, a 24-month delay is the best approach to give the legislature time to evaluate a permanent fix while giving suffering property owners immediate relief,” Gov. Jay Inslee said in a statement July 19.

But, Ennis countered, a temporary fix wouldn’t give anyone any relief.

“With the continued uncertainty created by simply delaying Hirst, counties would remain cautious about issuing final building permits and lenders would remain skeptical about offering loans on properties that may have no value if the water rights are not guaranteed at the start of the project,” Ennis said. “Delaying implementation does not remedy any uncertainty from the Hirst decision. A temporary fix is no fix at all.”

For more information on the Hirst issue, contact Ennis at mikee@awb.org or 360.943.1600. 

For more information: www.fixhirst.com

Paid Leave Law Balances Employer, Employee Needs

Passed with strong bipartisan support, Washington's new paid family and medical leave law is the result of months of negotiations between employers, labor and lawmakers.

BOBBI CUSSINS

At A Glance

Senate Bill 5975 was negotiated by business, labor and a bipartisan group of legislators in the House and Senate.

Senate Bill 5975 passed June 30 by a vote of 65-29 in the House and 37-12 in the Senate.

Small businesses with fewer than 50 employees are not required to participate or pay into the plan, but their employees pay into the program and are covered.

Employers of any size with an equal or better paid leave benefit can apply for a waiver to opt out of the program.

Employers and employees will begin paying into the program Jan. 1, 2019.

The paid family and medical leave benefit will be available to employees beginning in 2020.

The new law is uniform throughout the state, ending the confusion created when leave laws vary from city to city.

Washington state is the fifth state to provide this benefit.

On July 5, Gov. Jay Inslee put his signature on Senate Bill 5975, creating a statewide paid family and medical leave law. The new law provides workers with paid time off for the birth or adoption of a child, or a serious medical condition by the worker or worker's family members. AWB Government Affairs Director Bob Battles and dozens of member companies of all sizes negotiated the legislation over several months, reaching an agreement that gives small-business owners relief and employees of all Washington companies the financial security they need to tend to family or medical issues.

Complex policies that impact employees and their employers are best worked out at the legislative level.

That was the conclusion lawmakers, business and labor leaders made this year as they worked together to reach agreement on a state-wide, uniform paid family and medical leave law after several years of debate on the policy.

AWB, led by Government Affairs Director Bob Battles, facilitated member-driven meetings and legislative and stakeholder negotiations over several months. The result was bipartisan agreement on a paid leave law that protects small-business owners and gives workers income security in their times of need.

The legislation, Senate Bill 5975, was sponsored by Sen. Joe Fain, R-Auburn, who worked alongside Sen. Karen Kaiser, D-Kent, and a host of other lawmakers from both sides of the aisle, and from both chambers, including Rep. Gina McCabe, R-Goldendale, and Rep. Matt Manweller, R-Ellensburg.

"When you're dealing with a policy that affects people's lives, everyone needs to come to the table, share their views and be willing to find compromise."

— BOB BATTLES, AWB GOVERNMENT AFFAIRS DIRECTOR

IN BRIEF: THE PAID FAMILY AND MEDICAL LEAVE LAW

The paid family leave law allows workers to take 12 to 16 weeks of leave using disability definitions under the Federal Medical Leave Act (FMLA). That includes: birth or



Sen. Karen Keiser, D-Kent, ranking minority member of the Commerce, Labor and Sports Committee.

adoption of a child, recovery or treatment for a serious medical condition or care for a family member.

Employees will receive 90 percent of half the state's Average Weekly Wage, and 50 percent of earnings above that, up to a maximum of \$1,000 per week, adjusted annually for inflation.

Small businesses with fewer than 50 employees are not required to participate or pay into the plan, but their employees pay into the program and are covered. Employers of any size with an equal or better paid leave benefit can apply for a waiver.

All employees are eligible to receive the benefit after working 820 hours. The program provides a uniform statewide system benefit that follows employees when they change jobs or move locations.

Employers and employees will begin paying into the program Jan. 1, 2019 and the paid family and medical leave benefit will be available to employees beginning in 2020. The state Employment Security Department will oversee the program.

Finally, the new law is uniform statewide, ending the confusion created when leave laws vary from city to city.

BIPARTISAN LEGISLATION SUPPORTS EMPLOYERS, EMPLOYEES

At a time when many believe politics wins over policy, the paid family and medical leave law was a good example that divergent political views don't mean common ground is unattainable.

"Not only did we have representatives for employers of all sizes participating in negotiations, but we had labor, Republicans, Democrats and every other place on the political spectrum," Battles said. "When you're dealing with a policy that affects people's lives, everyone needs to come to the table, share their views and be willing to find compromise."



Sen. Joe Fain, R-Auburn, majority floor leader and vice chair of the Early Learning and K-12 Education Committee.

"It's historic because this achievement marks an amazing collaboration of work over the last several years of both Republicans and Democrats, and business, and labor, and family leave advocates."

— GOV. JAY INSLEE


In the waning hours of the fiscal year cutoff, the paid family leave law passed with overwhelming bipartisan support in both chambers and was signed by Gov. Jay Inslee on July 5, who noted the ideologically diverse coalition that brought it to his desk.

"It's historic because this achievement marks an amazing collaboration of work over the last several years of both Republicans and Democrats, and business, and labor, and family leave advocates," Inslee said.

LOCAL CHAMBERS OF COMMERCE LEND SUPPORT

Working alongside AWB was its network of chambers of commerce known as the "Grassroots Alliance," many of which supported the legislation, not only as a way to head off the patchwork of local paid leave laws making it hard for their business members to operate, but to ensure a uniform policy that protected employees across the state and employers of all sizes.



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Business
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Evening of
Excellence

Join us for our second annual
Evening of Excellence
to celebrate business leaders
across the state.

This formal event is our
chance to acknowledge and
thank members for the work
they do to support AWB in
becoming the catalytic
leader and unifying voice
for economic prosperity
throughout Washington state.

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AWB's Evening of Excellence
November 29
Benaroya Hall, Seattle
Call (360) 943-1600 for tickets

PAID FAMILY AND MEDICAL LEAVE

Paid family leave is a benefit provided to employees to take time off work to care for a newborn, treatment or recovery from a serious illness, or to care for a family member.

PLAN'S BENEFITS, QUALIFYING EVENTS

- The paid family leave law allows workers to take 12-16 weeks of leave using disability definitions under the Federal Medical Leave Act (FMLA).
- Employees will receive 90 percent of half the state's Average Weekly Wage and 50 percent of earnings above, up to a maximum of \$1,000 per week, adjusted annually for inflation.
- All employees are eligible to receive the benefit after working 820 hours. The program provides a uniform statewide system benefit that follows employees when they change jobs or move locations.

FUNDING AND ADMINISTRATION

- Employers pay 37 percent of the premium and employees pay 63 percent, except in small businesses with 50 or fewer employees. Those small businesses can opt-in to the program and pay their premium portion or remain opted-out, but their employees still pay their 63 percent premium and have access to the program's benefits.
- The state Employment Security Department (ESD) will oversee the program. This includes processing leave claim submissions, which is the employee's responsibility; notifying the employer of the leave request; and, paying out the leave benefit.
- A rate smoothing mechanism ensures the program's fund reserves will not get too large.

SMALL BUSINESS PROVISIONS

- **Employers with fewer than 50 employees are exempt from the program** and their portion of premiums, but their employees are in the program and pay their share of premiums, giving them access to the benefit.
- Small businesses with 150 employees are eligible for grants to train replacement workers to fill in for employees on leave.
- All employers benefit from an Unemployment Insurance (UI) provision that ensures UI rates do not go up due to layoff of a temporary worker.
- The program also maintains the FMLA job protection provisions to ensure ease in administration and predictability for employers.
- **Employers of any size with an equal or better plan can apply for a waiver from the program through ESD.**

“I have been so impressed with the process of bringing (together) legislators from both sides of the House and Senate, as well as employers and employees, to come to an agreement that works for all,” said Anacortes Chamber of Commerce President Stephanie Hamilton. “I appreciate the work that AWB put into this to safeguard businesses and give employees the leave they need for their families.”

Maud Daudon, president and CEO of the Seattle Metropolitan Chamber of Commerce, hailed passage of the law.

“This legislation is a victory for families, businesses, and the economic vitality of our state,” Daudon said. “Thanks to the collaborative efforts of legislators in both parties and stakeholders across the state, we have ended up with a solution that strengthens working families and balances the needs of small businesses and other employers.”

Battles said the ultimate success of the balanced paid leave legislation is due to everyone’s willingness to listen and compromise.

“We had a lot of moving pieces in the legislation,” he said. “Without the input from chamber leaders, businesses and their representatives, labor leaders and lawmakers, this bill would have ended up like other paid leave legislation — sitting on a shelf or being put out to a statewide ballot vote. I believe our process is a model for addressing complex policies that have a personal impact on families at critical points in their lives.”

For more information on the paid family and medical leave law, contact Battles at 360.943.1600 or BobB@awb.org. 

“I appreciate the work that AWB put into this to safeguard businesses and give employees the leave they need for their families.”

— STEPHANIE HAMILTON, PRESIDENT,
ANACORTES CHAMBER OF COMMERCE

“Thanks to the collaborative efforts of legislators in both parties and stakeholders across the state, we have ended up with a solution that strengthens working families and balances the needs of small businesses and other employers.”

— MAUD DAUDON, PRESIDENT AND CEO,
SEATTLE METROPOLITAN CHAMBER OF
COMMERCE

CHAMBERS OF COMMERCE SUPPORTING THE LEGISLATION INCLUDE:

- Anacortes Chamber of Commerce
- Auburn Area Chamber of Commerce
- Bellevue Chamber of Commerce
- Bellingham-Whatcom Chamber of Commerce
- Camas-Washougal Chamber of Commerce
- Kelso-Longview Chamber of Commerce
- Kittitas County Chamber of Commerce
- Maple Valley Black Diamond Chamber of Commerce
- Moses Lake Chamber of Commerce
- Pullman Chamber of Commerce
- Port Angeles Regional Chamber of Commerce
- Seattle Metropolitan Chamber of Commerce
- Seattle Southside Chamber of Commerce
- Greater Vancouver Chamber of Commerce

PAID FAMILY & MEDICAL LEAVE PROGRAM ISSUE BRIEFS:

Detailed Paid Family and Medical
Leave Issue Brief:

bit.ly/PFLDetailedIssueBrief

One-page Paid Family and Medical Leave
Issue Brief:

bit.ly/PFLOnePageOverview

Paid Family and Medical Leave Waiver
Program Overview and Criteria:

bit.ly/PFLWaiverProgramOverview

A Missed Opportunity for Manufacturing

JASON HAGEY

Gov. Jay Inslee's use of the veto pen to wipe out a 40 percent tax reduction for manufacturers was a blow for small- and medium-sized employers, particularly in rural areas, and it could have implications for future negotiations.



Gov. Jay Inslee uses his line-item veto to remove a bipartisan agreement on business and occupation tax relief for manufacturers as he signs the state budget.

Since 2000, the state's
manufacturing sector
has lost more than
50,000 jobs.

When Gov. Jay Inslee signed an order on July 7 undoing a tax relief measure that legislators had just approved a few days earlier — with strong bipartisan votes in the both the House and Senate — it triggered an angry backlash from legislators.

With the stroke of his pen, the governor blew up a complicated budget agreement that lawmakers spent months negotiating, a move that could have lasting implications.

“Negotiating a budget is already an enormously difficult process that requires working in good faith,” lead budget negotiator Sen. John Braun, R-Centralia, said in a press release. “Vetoing part of the agreement will seriously undermine our ability to govern.”

Rep. JT Wilcox, R-Yelm, took to Facebook following the veto, calling it “an immense mistake that will have serious repercussions for the state and the reasonable functioning of government.”

The governor's veto didn't just upset legislators. It also sent the message to small- and medium-sized manufacturers in rural Washington that their challenges aren't fully

understood or appreciated in a state with a booming metropolitan economy.

While unemployment continues to drop in the Puget Sound region, it remains much higher elsewhere in the state particularly in rural areas where manufacturing jobs are especially prized because of their relatively high wages and benefits. On average, a manufacturing position in Washington pays nearly \$87,000 per year, compared to \$56,780 in other sectors.

But while manufacturing remains a key component of Washington's economy, employing more than 284,000 people, it is showing signs of distress. Since 2000, the state's manufacturing sector has lost more than 50,000 jobs.

So, a 40 percent reduction in the business and occupation (B&O) tax rate for manufacturers, which lawmakers had approved as part of their budget agreement, would have provided a needed boost to all manufacturers, but especially to those in rural communities.

Many of the manufacturers that have held on in rural Washington are multi-generation family-owned operations such as Simpson Door in McCleary or Lampson International in Kennewick.

AWB staff visited with Simpson Door and Lampson — and dozens of other manufacturers — during a statewide bus tour this fall highlighting the manufacturing sector.

Hundreds of workers signed the sides of custom-wrapped buses to show their support for manufacturing and many also signed a petition calling on lawmakers to restore the B&O tax relief for manufacturers.

Following the governor's veto, which 23 legislators requested in a July 3 letter, AWB called on lawmakers to override it. "We should be doing everything we can to support manufacturers," said AWB President Kris Johnson.

Restoring the tax relief would help Washington's existing manufacturers survive and thrive in a competitive regional, national and global market. It would help make Washington, which is a relatively expensive state for business, attract new employers.

And perhaps most important, it would send a message that Washington's leaders understand and appreciate the challenges facing manufacturers — and the value they bring to the state's economy, communities and families. [▶](#)

Jt Wilcox
July 7 · McKenna · 🌐

The veto of the new manufacturing tax rate by the Governor is an immense mistake that will have serious repercussions for the state and for the reasonable functioning of government. The policy itself was an attempt to strengthen the part of the economy that often provides great jobs to people who are left behind in the new economy and jobs that are available in the parts of the state that were left behind.

Apart from the policy, though, the Governor's actions contribute to a climate of distrust that did not formerly exist in Olympia. In the past, the sides could differ but they trusted that the caucuses could make reasonable deals and that the Governor would see the sense of helping to build that trust. No more.

It will be extremely difficult to compromise in the future when there can be no confidence that the House majority will honor the agreements made by their leadership. The letter that 23 members of the House Democrats sent asking the Governor to breach the budget agreement made by their elected leadership means that there is no effective leadership left in that caucus.

I have sympathy for the leadership of the House D's. I'm not sure I could continue to serve in their position. The contention of their members, that there was insufficient time to understand the bill, which the majority of them voted YES on, is ridiculous. Several days passed between the agreement and voting on it. The entire legislature was present, sometimes in caucus, other times simply waiting for the House majority to run bills and anyone who wanted to know more could have asked for staff briefings. House Republicans were exhaustively briefed.

There were three major compromises reached this year that had promise for the economy outside of the Seattle area. This was one, the school siting bill was another and the original short-line rail bill was the third. They all passed overwhelmingly. Governor Inslee vetoed every one. For most of my time in Olympia I've felt confident in telling people that I work in the good Washington, not the bad one. At this moment, there's not much difference.

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Employment & Labor Law

ROBERT BATTLES: LABOR & EMPLOYMENT LAW, IMMIGRATION, TECH ISSUES

The record-setting 193-day legislative session included discussion of many of the same issues we have seen for the last several years. The issues included workers' compensation reform, wage and hour reform, noncompetition agreements, pay equity, so-called "ban the box" legislation to prevent employers from seeking job applicants' criminal history, and paid family leave. In addition, we saw the continued efforts to pass legislation regulating the use and collection of individuals' biometric data and to regulate the internet. This session also saw attempts to address the recent passage of Initiative 1433 that increased the minimum wage and provided for paid safe and sick leave.

Many of the labor and employment issues introduced this session failed to find traction in a divided Legislature that often tended toward contention rather than compromise. One exception was the successful negotiations around paid family and medical leave. Through a negotiated process that included both labor and business, AWB was instrumental in negotiations that led to a solution that not only addressed employees' need for leave, but also addressed employers' concerns for a fair and affordable benefit that would not disproportionately affect small businesses. The negotiation process allowed for many voices to be included and resulted in Senate Bill 5975, (see page 14), which passed with bipartisan support.

While not a perfect solution, the process showed that parties can find solutions through working together and listening to all sides. Even with the success of paid family leave, the long session ultimately left more issues unresolved, than resolved. Many of the labor issues continue to be debated at the local level, resulting in a patch work of labor and employment regulations that will ultimately stunt business growth and prevent innovation.

AWB is committed to a balanced approach to labor and employment law. We believe that a balanced approach to legislation that promotes economic opportunities for all Washington residents is best for the state.

WAGE AND HOUR ISSUES

SHB 1300 ★ EMPLOYEE STATUS ENFORCEMENT

Failed/AWB Opposed

Substitute House Bill 1300, sponsored by Rep. Marcus Riccelli, D-Spokane, would have established the Employee Fair Classification Act. It was intended to simplify and enforce employee status under employment laws to ensure fairness to employers and employees and address the underground economy. Unfortunately, the bill set tests for compliance that were subjective and would have been almost impossible to implement fairly. Furthermore, laws regarding independent contractors already exist. AWB testified opposed to the bill.

HB 1301 ★ EMPLOYEE ANTIRETALIATION

Failed/AWB Opposed

House Bill 1301, sponsored by Rep. Cindy Ryu, D-Shoreline, would have created parallel retaliation provisions in several wage and related laws. It would have imposed new penalties — including criminal penalties — against employers accused of retaliating against a worker for inquiring or asserting rights under the Washington employment statute. It also would have created a presumption of guilt against the employer for any action taken against an employee within the 90-day protection period, regardless of the reason for action. The 90-day presumption provision would have required an employer to prove its case

by "clear and convincing evidence" while the employee would only need to meet a "preponderance of the evidence" standard. AWB testified opposed to the bill.

HB 1302 ★ PROVIDING DAMAGES FOR WAGE VIOLATIONS

Failed/AWB Opposed

House Bill 1302, sponsored by Rep. Noel Frame, D-Greenwood, would have increased the penalty for an employer who unlawfully collects a rebate from an employee's wages or willfully and intentionally deprives an employee of wages, from double damages to triple damages. This was the continued effort by labor to increase penalties without

any showing that the increase would address their concern. Increasing the damages awarded will only encourage frivolous lawsuits. There is no evidence to show that triple damages decrease wage violations. They failed to show why the current law is insufficient to protect against wage violations. AWB testified opposed to the bill.

SHB 1486 ★
WAGE LIENS/WAGE RECOVERY ACT

Failed/AWB Opposed

Substitute House Bill 1486, sponsored by Rep. Mia Gregerson, D-Des Moines, sought to create a statutory wage lien for claims on unpaid wages and create procedures for establishing, foreclosing, extinguishing, and prioritizing wage liens. The bill would have changed long-standing practices around lien rights and would have placed financial institutions in an inferior lien position on disputes that the financial institution had no control over and where the financial institution is not at fault. AWB testified opposed to the bill.

PAY EQUITY

Pay equity legislation was considered “necessary to implement the budget” (NTIB). A bipartisan group of lawmakers, including Rep. Tana Senn, D-Mercer Island (prime sponsor of House Bill 1506), Rep. Vicki Kraft, R-Vancouver (prime sponsor of House Bill 1447),



Tanya Neilsen of Thrive Community Fitness in Maple Valley and AWB Government Affairs Director Bob Battles at the Senate Commerce, Labor and Sports Committee.

Sen. Joe Fain, R-Auburn (prime sponsor of Senate Bill 5344), and Sen. Annette Cleveland, D-Vancouver (prime sponsor SB 5140) met to see if a compromise bill could be found. AWB was part of the discussions. While progress was made in the special sessions a final compromise failed to materialize. This was a missed opportunity to pass meaningful legislation. We expect to see this issue in 2018.

HB 1506 ★ ■■
GENDER PAY EQUITY

Failed/AWB Opposed

AWB worked with all the prime sponsors of the four bills to find common ground. Substantial progress was made as the special sessions progressed.

House Bill 1506, sponsored by Rep. Tana Senn, D- Mercer Island, was the primary bill used during the negotiations. This was Rep. Senn’s previous pay equity bill retooled from the last two years. Unfortunately, it still contained several elements of concern for employers including additional penalties above wage recovery. It also allowed for multiple causes of action by third parties. In addition, it included an opportunity clause that would have limited an employer’s ability to control day to day business operations. AWB testified opposed to the bill.

Alternatively, AWB supported House Bill 1447, sponsored by Rep. Vicki Kraft, R-Vancouver. It addressed wage discrimination due to an employee’s gender. It was a more balanced approach to the issue. It would have allowed an

■■■ Bill considered as part of AWB’s voting record

★ Favorable outcome for Washington businesses

✗ Missed Opportunities

employee to inquire about, discuss, and/or disclose, the compensation of the employee. It allowed protections for employees if an employer set pay based solely on gender. House Bill 1447 bill was based on draft legislation that was drafted by AWB and the business community as an alternative to House Bill 1506.

PAID FAMILY & MEDICAL LEAVE

Paid family leave was another issue considered “necessary to implement the budget,” or NTIB. Meetings with the prime sponsors of the three bills introduced continued throughout the special sessions. AWB along with a coalition of business associations worked with labor and the legislators to find a solution. After months of negotiation and meetings, a compromise bill was ultimately passed and signed by the governor. The final bill that passed was Senate Bill 5975. The previous bills that were introduced included House Bill 1116, sponsored by Rep. June Robinson, D-Everett; Senate Bill 5032, sponsored by Sen. Karen Keiser, D-Kent; and Senate Bill 5149 sponsored by Sen. Joe Fain, R-Auburn.

SSB 5975 ★ PAID FAMILY AND MEDICAL LEAVE

Passed/AWB Supported

Substitute Senate Bill 5975, sponsored by Sen. Joe Fain, R-Auburn, was the final bill that resulted from hundreds of hours of meetings between business and labor. The legislation will provide paid leave benefits to employees to take time off work to care for a newborn, treatment or recovery from a serious illness, or to care for a family member. All employees are eligible to receive the benefit after working 820 hours. The program provides a uniform statewide system benefit that follows employees when they change jobs or move locations.

The paid family leave law allows workers to take 12-16 weeks of leave using the

definitions under the Federal Medical Leave Act (FMLA). That includes: birth of a child, recovery or treatment for a serious medical condition or care for a family member. Those eligible for the leave will receive a percentage of their wages based on a set formula. The maximum anyone can receive would be \$1,000 per week, adjusted annually for inflation.

The funding for the leave is split between the employer and employee. Employers pay 37 percent of the premium and employees pay 63 percent, except in small businesses with 50 or fewer employees. Businesses with fewer than 50 employees are exempt from the program and their portion of premiums, but their employees are in the program and pay their share of premiums, giving them access to the benefit.

Small businesses with 150 employees are eligible for grants to hire and/or train replacement workers to fill in for employees on leave. All employers benefit from an Unemployment Insurance (UI) provision that ensures UI rates do not go up due to layoff of a temporary worker. The program maintains the FMLA job protection provisions to ensure ease in administration and predictability for employers. Employers of any size with an equal or better plan can apply for a waiver from the program. AWB supported this legislation.

PREGNANCY ACCOMMODATIONS

SSB 5835 ★ HEALTH OUTCOMES/ PREGNANCY

Passed/AWB Supported

Substitute Senate Bill 5835, sponsored by Sen. Karen Keiser, D-Kent, was an effort to pass bipartisan legislation ensuring employers provide reasonable accommodation for pregnant employees. With assistance from Sen. Michael Baumgartner, R-Spokane, lawmakers succeeded in advancing a bill that should have passed in 2016 but for the House’s failure to move it. The bill

requires employers to provide reasonable accommodation in employment for pregnancy unless the accommodation would impose an undue hardship on the employer’s business. It also requires certain health care facilities that provide newborn delivery services to establish skin-to-skin contact and room-in policies for newborn infants. In addition, it creates the Healthy Pregnancy Advisory Committee to develop a strategy to improve health outcomes for mothers and infants. This was a compromise bill. AWB supported the bill.

(Other pregnancy accommodation bills introduced include ESHB 1776 sponsored by Rep. Jessyn Farrell, D-Seattle; HB 1448 sponsored by Rep. Michelle Caldier, R-Port Orchard; SB 5299 sponsored by Sen. Karen Keiser, D-Kent; and SB 5531 sponsored by Sen. Michael Baumgartner, R-Spokane.)



Rep. June Robinson, D-Everett, vice chair of the House Appropriations Committee.

NONCOMPETITION AGREEMENTS

EHB 1967 NONCOMPETITION AGREEMENTS

Failed/AWB Neutral

Engrossed House Bill 1967, sponsored Rep. Derek Stanford, D-Bothell, originally would have restricted the use of noncompetition agreements. The initial concerns with the bill were that it unreasonably prohibits noncompetition agreements involving seasonal or temporary employees or for employees who are terminated “without just cause or laid off.” Companies’ confidential information, goodwill, customer relationships, and other protectable interests are implicated in any separation of employment. This language puts these assets at risk. It further would have limited non-competes only to executive employees, undermining the protections needed in sales workforces, technology, and other industries that depend on non-competes to ensure that they remain competitive. This bill was amended on the House floor. The result of the amendment was to substantially change the bill. It essentially required employers to follow common law. Unfortunately, the bill failed to move out of the Senate. AWB was neutral on the compromise bill that failed.

SB 5756 NONCOMPETITION AGREEMENTS

Failed/AWB Neutral

Senate Bill 5756, sponsored by Sen. Kirk Pearson, R-Monroe, would have voided a noncompetition agreement between an employer and an employee if the employee’s compensation, excluding benefits, is less than \$55,000 per year. The amount is adjusted for inflation. It sought to provide for actual damages, plus \$5,000 and attorneys’ fees and costs if an employer attempts to enforce a void non-competition

agreement. AWB raised concerns regarding the complete removal of noncompetition agreements for a specific group of individuals. After further negotiations, a compromise was proposed to allow for a rebuttable presumption. The bill ultimately failed to move.

WORKERS’ COMPENSATION

Washington’s compulsory workers’ compensation system remains one of the most expensive and administratively complex in the nation. The last major workers’ compensation reforms were passed in 2011, yet some of the largest cost-saving reforms have not produced the promised savings or increased efficiencies. The 2011 reforms have failed to make our state’s system competitive with other states and workers continue to have limited options for resolving their claims. The state Department of Labor & Industries continues to raise costs on employers without making any substantial improvements to the system. The employer community made a concerted effort to have legislation introduced this year to address these concerns. Unfortunately, the bills failed to gain support and ultimately failed.

SB 5822 X WORKERS’ COMPENSATION SYSTEM

Failed/AWB Supported

Senate Bill 5822, sponsored by Sen. Michael Baumgartner, R-Spokane, would have improved the workers’ compensation system costs and administration and worker outcomes by modifying the procedures for claims to self-insured employers, clarifying of recovery in third-party legal actions, clarifying of occupational disease claims, and lowering age barriers for structured settlements. This bill was an attempt by business to obtain substantive reform of

the workers’ compensation system. The bill would have met several of AWB’s Legislative Objectives, but it failed to move out of the Senate.

SHB 1755 ★ WORKERS’ COMPENSATION SETTLEMENTS

Passed/AWB Supported

Substitute House Bill 1755, sponsored by Rep. Matt Manweller, R-Ellensburg, makes it a requirement that parties notify state fund employers for certain workers’ compensation third-party settlements. (The companion bill was Substitute Senate Bill 5670 sponsored by Sen. John Braun, R-Centralia). AWB supported both bills.

SHB 1723 ★ ■■■ HANFORD OCCUPATIONAL DISEASE

Failed/AWB Opposed

Substitute House Bill 1723, sponsored by Rep. Larry Haler, R-Richland, would have created a presumption of occupational disease for certain employees at the U.S. Department of Energy Hanford site. It would have created a presumption for Hanford nuclear site workers that certain enumerated diseases and conditions are occupational diseases for the purposes of industrial insurance coverage. This raised concerns that this presumption would apply to anyone who worked on the facility for as few as eight hours, regardless of job duties or the location of the work. This would have created a legal precedent that could have changed the burden of proof for all occupational disease claims increasing the cost of litigation, with no additional outcome benefit. AWB testified in opposition to this bill.

■■■ Bill considered as part of AWB’s voting record

★ Favorable outcome for Washington businesses

X Missed Opportunities

SHB 1655 ★
INDUSTRIAL INSURANCE STRESS

Failed/AWB Opposed

Substitute House Bill 1655, sponsored by Rep. John Lovick, D-Snohomish, sought to establish that the exclusion for stress-caused mental conditions or disabilities from industrial insurance occupational disease does not apply to members of the Law Enforcement Officers' and Firefighters' Retirement System (LEOFF). This would have created a special class of workers regarding mental health claims in industrial insurance cases. It would have opened the door to a mental health claim that has never been allowed in workers' compensation cases. This change

could have resulted in an increased cost for all claims and ultimately could have jeopardized the system's viability. AWB opposed the bill since it would allow for mental conditions that are currently excluded from industrial insurance claims.

**EMPLOYEE CONDUCT
 OUTSIDE OF WORK**

HB 1094 ★
**MEDICAL MARIJUANA
 EMPLOYMENT**

Failed/AWB Opposed

House Bill 1094, sponsored by Rep. David Sawyer, D-Tacoma, would have limited an employer's ability to terminate individuals for a positive drug test if the employee had

a medical marijuana prescription. This would have changed the current law that allows employers to have a zero-tolerance drug policy and jeopardize the ability for Washington employers to obtain federal contracts based on employee drug use. AWB opposed the bill.

SB 5667 ★
OFF-DUTY EMPLOYEE CONDUCT

Failed/AWB Opposed

Senate Bill 5667, sponsored by Sen. Patty Kuderer, D-Bellevue, would have made it an unfair practice for an employer to take an adverse employment action, or discriminate, against an employee or prospective employee because that person participates in an activity that is lawful under state law. If passed, it would have prevented employers from refusing to hire smokers or marijuana users, and any other "legal activity." This was an attempt to circumvent the current law regarding marijuana use. AWB opposed the bill.

SHB 1298
JOB APPLICANTS/ARRESTS

Failed/AWB Neutral

Substitute House Bill 1298, sponsored by Rep. Lillian Ortiz-Self, D-Mukilteo, sought to prohibit employers from asking job applicants about arrests and convictions before an applicant is determined otherwise qualified for a position. The bill, which would have established the Washington Fair Chance Act, would have prohibited an employer from including any question on an application for employment, from inquiring either orally or in writing, from



Senators Marko Liias, D-Lynnwood, Democratic floor leader; Steve Hobbs, D-Lake Stevens, ranking minority member of the Senate Transportation Committee; and Joe Fain, R-Auburn, Republican floor leader.



Reps. Gina McCabe, R-Goldendale; Matt Manweller, R-Ellensburg; and Mike Sells, D-Everett, at a hearing of the House Labor Committee.

receiving information through a criminal history background check, or from otherwise obtaining information about an applicant’s criminal record until after the employer initially determined the applicant was otherwise qualified for the position. It would have required the state attorney general’s office to enforce the act. AWB was neutral on this bill.

COLLECTION AND USE OF DATA

ESHB 1493 BIOMETRIC IDENTIFIERS

Passed/AWB Opposed

Engrossed Substitute House Bill 1493, sponsored by Rep. Jeff Morris, D-Mount Vernon, would have prohibited a person from enrolling an individual’s “biometric identifier” for a commercial purpose without obtaining affirmative consent from the individual. It would restrict the sale,

lease, or other disclosure of an enrolled biometric identifier to a third party and would have attempted to establish standards for storage and retention of enrolled biometric identifiers. Further, it would have provided for the enforcement of material violations by the Attorney General under the Consumer Protection Act and create a private cause of action. AWB worked to address concerns with this bill, but continued to have concerns regarding the definition of a biometric identifier. AWB remained opposed, but the bill ultimately passed.

ESHB 2200 ★ INTERNET PRIVACY & SECURITY

Failed/AWB Opposed

Engrossed Substitute House Bill 2200, sponsored by Rep. Drew Hansen, D-Bainbridge Island, would have required broadband internet providers to obtain opt-in consent to sell or transfer certain

customer information. In addition, it would have required broadband internet providers to obtain opt-in consent to send or display an advertisement to a customer based on certain customer information. AWB testified opposed to the bill, noting the existing federal framework for the approach to privacy and enforcement makes state legislation unnecessary. This bill also would have created two different frameworks for content and service providers, and would create confusion for consumers. The federal agencies have already committed to continue to protect privacy and take enforcement action, making this legislation unnecessary. ☹️

Bill considered as part of AWB’s voting record

★ Favorable outcome for Washington businesses

☹️ Missed Opportunities

Education & Workforce Development

AMY ANDERSON: Education, Workforce, Federal Issues, and AWB Institute

Funding of the state's K-12 system was perhaps the most watched issue of the 2017 legislative session. Facing a contempt of court ruling by the state Supreme Court in the McCleary ruling, legislators struggled to address the need to relieve local areas of the burden of funding education and secure funding from the state to meet its constitutional responsibility of providing education for the state's K-12 system.

The session also saw several education bills addressing such issues as school assessments, the so-called "levy cliff," post-secondary scholarship programs, and job training opportunities, among others.



Amy Anderson, AWB government affairs director for workforce and education, during testimony before the Senate Higher Education Committee.

EDUCATION FUNDING

Since 2012, Washington has invested an additional \$4 billion in the K-12 education system and yet the 2017 Legislature needed to invest additional funds into the system to meet the state's constitutional mandate, put forth by the state Supreme Court, to provide basic education for all of the state's primary and secondary students. In addition to the governor's education proposal, lawmakers introduced three education funding bills this session: Substitute Senate Bill 5607 (Majority Coalition Caucus proposal); Engrossed Substitute House Bill 1843 (House Democratic Caucus proposal); and Senate Bill 5825 (Senate Democratic Caucus proposal), with a final negotiated proposal, Engrossed House Bill 2242, which was signed into law by the governor on July 6.

All proposals addressed critical policy issue areas necessary to satisfy the state Supreme Court McCleary decision, including teacher salaries, per-student funding, and elimination of reliance on local levies. The final negotiated education funding plan, Engrossed House Bill 2242, allocates an additional \$7.3 billion in state funding for K-12 education over the next two biennia. The legislation also:

- Increases and revises state allocations for K-12 basic education salaries and replaces the K-12 salary allocation model, increases minimum salary allocations, establishes maximum salaries and other salary limitations, and adjusts state allocations for inflation and regional differences in the cost of hiring staff.
- Adds a state allocation for professional learning days, up to three days.
- Enhances state basic education funding under the prototypical school model through increases to special education, vocational education, highly capable, and transitional bilingual programs, all beginning in the 2017-18 school year.
- Creates a new learning assistance allocation for high-poverty schools, beginning in the 2017-18 school year.
- Requires the Superintendent of Public Instruction to publish per-pupil funding rates for each school district for general apportionment and specified categorical programs.
- Codifies into the Basic Education Act allocation requirements for services and staffing previously funded in the budget.

- Reestablishes certain increases to class size ratios and other school staffing ratios as enrichments that may become part of the basic education program if funded in the future.
- Establishes a new state property tax for common schools, beginning in calendar year 2018, for a total rate of \$2.70 per \$1,000 of assessed value when combined with the existing state property tax.
- Establishes a new school district levy lid capped at the lesser of \$2,500 per student or \$1.50 per \$1,000 of assessed property value, effective calendar year 2019.
- Provides local effort assistance in proportion to a school district's actual levy compared to the maximum levy, up to a combined total of \$1,500 per student, effective calendar year 2019.
- Limits use of school district levies and local effort assistance to enrichment and defines permitted forms of enrichment, beginning with the 2019-20 school year.
- Requires pre-ballot approval of enrichment expenditures from school district levy revenues beginning calendar year 2020.
- Revises school district accounting, auditing, and budgeting practices.
- Establishes a School Employees Benefits Board to procure health care and other benefits for school district employees statewide, beginning Jan. 1, 2020.

The education funding bill signed into law provides a solid footing for our K-12 system to build upon. Going forward, AWB will work with its partners and elected officials to ensure that the education our students receive in Washington's primary and secondary schools adequately prepares them for their post-secondary pursuits, including going directly into the workforce, apprenticeships, and college. Sponsored by Reps. Pat Sullivan, D-Covington; Kristine Lytton, D-Anacortes; and David Taylor, R-Moxee; Engrossed House Bill 2242 passed the House 67-26 and the Senate 32-17.

In November, the Supreme Court issued an order saying the Legislature's plan was sufficient to meet the requirements of the McCleary decision, but the timeline for implementing it is not.

LEVY LID

ESB 5023 ★ SCHOOL LEVY LID

Passed/AWB Supported

One of the key components of the McCleary Supreme Court decision was the need to reduce reliance on local school levies to fund basic education. At the beginning of the legislative session, state law required a decrease in the amount of the levy a locality could collect. Because a plan to reduce reliance on local levies had yet to pass the Legislature, lawmakers needed to extend current levies to allow the funding mechanism to be enacted and the state to begin to fully fund basic education. AWB supported a delay in the implementation

of revisions to the local school levy lid which extended statutory policies on local enrichment through calendar year 2019 to promote a school district's ability to plan for the future during the 2017 transition period. Engrossed Senate Bill 5023 passed the Senate 48-1 and the House 87-10.

K-12 EDUCATION ASSESSMENTS

ESHB 2224 ★ K-12 ASSESSMENTS

Passed/AWB Supported

Assessments are important to ensure students are proficient in the subject areas critical to post-secondary success. Several attempts have been made to eliminate assessments, or to decouple them from

graduation. AWB supports assessments that are beneficial and effective for student advancement. The data collected from assessments is beneficial to curriculum development and necessary for school accountability. Engrossed Substitute House Bill 2224 delays implementation of the high school science assessment until the graduating class of 2021, moves the administration of math and English language assessments from the 11th grade to the 10th grade, provides guidance for the high school and beyond plan, and supports alternative options for demonstrating student achievement of state standards, including completing dual credit courses. ESHB 2224 passed the Senate 49-0 and the House 94-0.

POST-SECONDARY EDUCATION

SSB 5069 ★ ASSOCIATE DEGREE EDUCATION

Passed/AWB Supported

Sponsored by Sens. Maureen Walsh, R-Walla Walla; David Frockt, D-Seattle; Steve O'Ban, R-University Place; Hans Zeiger, R-Puyallup; Maralyn Chase, D-Shoreline; Bob Hasegawa, D-Seattle; Steve Conway, D-Tacoma; and Guy Palumbo, D-Maltby, Substitute Senate Bill 5069 recognizes the value of providing post-secondary training to all eligible adults in Washington state. The bill authorized the State Board for Community and Technical Colleges to authorize a board of trustees within the system to promote and conduct associate degree education and training of incarcerated adults through new or expanded partnerships between the community and technical colleges and the Department of Corrections. SSB 5069 passed the House 78-20 and the Senate 46-0.

SHB 1130 ★ CUSTOMIZED JOB TRAINING PROGRAM

Passed/AWB Supported

Washington state's Customized Job Training program, administered through the State Board for Community and Technical Colleges, provides training to employers and the ability to pay for that training over an 18-month period. Businesses also receive the benefit of a business and occupation (B&O) tax credit as they pay for the training. With a severe impending workforce shortage for all industries in Washington state, programs such as the Customized Job Training program, are necessary tools for businesses to nurture job and business growth in the state. Through the Customized Job Training program, community and technical colleges can provide formal

instruction in basic education and skills, English language for non-native speakers, technical skills and job-related instruction, skills assessment and evaluation, and training equipment, materials, facilities and supplies.

Since 2007, Washington employers have utilized the Customized Job Training program to train 2,175 employees generating \$1.7 million in revenue for the community and technical college system. Of those businesses taking advantage of this option, 17 are AWB members that have trained 695 employees and generated \$600,000 in revenue for the community and technical college system. Sponsored by Reps. Drew MacEwen, R-Union; Laurie Dolan, D-Olympia; Sherry Appleton, D-Poulsbo; Larry Haler, R-Richland; Paul Harris, R-Vancouver; Mike Sells, D-Everett; Gael Tarleton, D-Ballard; Jim Walsh, R-Aberdeen; Sharon Tomiko Santos, D-Seattle; and Beth Doglio, D-Olympia, Substitute House Bill 1130 prevented the program from expiring and made it permanent in statute. It passed the House 97-0 and the Senate 48-1.

SSB 5022/SSB 5100 ★ EDUCATION LOANS

Passed/AWB Supported

Current generations of post-secondary students and graduates have amassed high levels of student loan debt, hampering a generation from achieving economic progress. That's why AWB supported legislation requiring higher education institutions to present a financial literacy seminar and take reasonable steps to ensure that incoming students participate in it. The seminar provides information to students about education loans. These efforts will lead to students who are better educated about their student loan-debt and increase the probability of long term financial security. Championed by Sen. Barbara Bailey, R-Oak Harbor, Substitute Senate Bill 5022 passed

the Senate 49-0 and the House 91-7 and Substitute Senate Bill 5100 passed the Senate 48-0 and the House 83-15.

WORKFORCE SYSTEM

SB 5237/SCR 8401 ★ STATE WORKFORCE PLAN

Passed/AWB Supported

Enacted in July 2014, the Workforce Investment and Opportunity Act (WIOA), authorizes federal investment in the state's workforce training system. Senate Bill 5237 updates Workforce Investment Act references in state statute and Senate Concurrent Resolution 8401 approves the 2016 State Comprehensive Plan for workforce training and education. Sponsored by Sen. Barbara Bailey, R-Oak Harbor, SB 5237 passed the House 97-0 and the Senate 49-0. SCR 8401 passed the House 96-0 and the Senate 48-0.

SSB 5713 ★ SKILLED WORKER PROGRAM

Passed/AWB Supported

Washington is facing a shortage of skilled workers throughout the state, making it difficult for employers to expand and economic development entities to recruit new businesses to the state. Substitute Senate Bill 5713, sponsored by Sens. Guy Palumbo, D-Maltby; Lynda Wilson, R-Vancouver; Hans Zeiger, R-Puyallup; and Curtis King, R-Yakima, creates the skilled worker outreach, recruitment, and career awareness training program in an effort to increase the state's skilled workforce. Funded in the budget at \$150,000 for each year of the biennium, the program will provide matching funds for entities to create awareness of skilled worker training programs (certificates, two-year degrees, and apprenticeships) to Washington state's untrained workers. SSB 5713 passed the House 93-4 and the Senate 47-2.

MISSED OPPORTUNITIES

SB 5183/HB 1282/SB 5853 X CAREER AND TECHNICAL EDUCATION

Failed/AWB Supported

Career and Technical Education (CTE) courses teach skills employers are looking for such as problem solving, project completion, research, communication, time management, and critical thinking. CTE also provides students insight into career options through a practical application of theoretical curriculum and offers students the opportunity to earn college credit and/or an industry certification.

The cost of providing CTE is significantly higher than providing basic education courses. Equipment, materials, and instructor expertise are all factors in the increased cost. To put this into perspective, the cost of providing books to read for an English class is far less expensive than providing medical equipment and materials for a biomedical class or machinery for a welding class. CTE funding has been dramatically reduced in Washington, from a high of 28 percent above basic education in 1995 to the current level of just shy of 6 percent of basic education. The final education funding plan provided for a slight increase in CTE funding, lowering class sizes and raising the materials, supplies, and operating costs (MSOC) for Skills Centers to the CTE level.

In 2017, the Legislature missed a critical opportunity to fund this important aspect of the state's education system. Sponsored by Sen. Christine Rolfes, D-Bainbridge Island, and Rep. Gael Tarleton, D-Ballard, respectively, Senate Bill 5183 and House Bill 1282 provided an increase to CTE funding. Unfortunately, the Legislature elected to

forgo addressing the issue independent of the full education funding proposal.

Basic employability skills, practical application of taught curriculum, and an understanding of career options all lead to lowering our state's high school drop-out rate, increasing post-secondary degree completion and providing a skilled workforce needed by our businesses. AWB will work to find a solution to adequately fund CTE in the 2018 session.

SHB 1452 X OPPORTUNITY SCHOLARSHIP


Failed/AWB Supported


The Washington State Opportunity Scholarship program provides scholarships to low- and middle-income Washington state students who are pursuing high-demand

four-year degrees in science, technology, engineering, math (STEM) and health care. Sponsored by Reps. Jeff Holy, R-Cheney; Gael Tarleton, D-Ballard; Luanne Van Werven, R-Lynden; Larry Springer, D-Kirkland; Melanie Stambaugh, R-Puyallup; Larry Haler, R-Richland; Gerry Pollet, D-Seattle; and Vandra Slatter, D-Bellevue, House Bill 1452 would have provided scholarships for students pursuing professional-technical certificates and degrees in high employer demand, health professional shortage areas. With an increase in employer demand for skilled workers who possess professional-technical certificates and degrees, the Legislature missed an opportunity to provide the workforce necessary to support business growth in the state. [➤](#)



Sen. Barbara Bailey, R-Oak Harbor, Senate majority whip and vice chair of the Higher Education Committee.

 Bill considered as part of AWB's voting record

 Favorable outcome for Washington businesses

 Missed Opportunities



“Private enterprise alleviates poverty. When business is difficult, it means that you can’t grow, and if you can’t grow, you can’t hire people.”

*Olowo-n'djo Tchala
Founder and CEO, Alaffia
Olympia WA & Togo West Africa*

HOW THE SHEA NUT IS TRANSFORMING WOMEN’S LIVES

In small villages in the nation of Togo, women happily gather around large bowls, hand mixing shea butter. As members of an Olympia fair-trade cooperative called Alaffia, they earn a wage four times higher than others in Togo, bringing hope and opportunity to one of the poorest nations in the world.

Olympia-based employees transform the raw ingredients into popular natural care products. Many of the profits go back to the villages where the shea butter was made, delivering better education for children and free medical care for expectant mothers — more than 4,400 deliveries to date.

“Private enterprise alleviates poverty,” says Alaffia’s founder, Olowo-n’djo Tchala. “But our mission is heavily impacted by excessive regulations and taxation. When business is difficult, it means that you can’t grow, and if you can’t grow, you can’t hire people.”

“Every human being deserves to have opportunity and a job,” says Tchala. “We’re just touching the surface. There’s so much left to be done.”

To learn more about Alaffia and how businesses are creating jobs and improving lives, visit GrowHereWashington.com.

 #GROWHERE

AWB 

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Environment

MARY CATHERINE MCALEER: Climate Change, Energy, Chemical and Solid Waste Management and Water Quality
MICHAEL ENNIS: Land Use/Construction, Water Resources and Regulatory Reform

With the Legislature's core focus on education funding this year, the discussion around environmental policy was mainly revenue-focused. Gov. Jay Inslee's proposed biennial budget included \$4.4 billion in new tax revenue to fund K-12 education, with \$3.9 billion coming from a \$25 per ton carbon tax.

The Legislature declined to consider the governor's carbon tax proposal, but legislators introduced four more carbon tax proposals of their own, possibly motivated by the threat of a 2018 carbon tax ballot initiative, in their search for a budget panacea, or the opportunity for tax reform elsewhere. Ultimately, no carbon tax proposals advanced and the employer community influenced the discussion to include consideration of business-friendly elements new to Washington climate policy dialogue. AWB remained opposed to carbon pricing throughout the legislative session for three primary reasons: even with business exemptions, the administrative burden of complying with carbon taxes still would make Washington less competitive for business growth; no proposal would have "protected" revenues constitutionally (to prevent them from being used for other state programs in the future); and, AWB member businesses continue to believe they are the solution — not the problem.

Alongside the carbon tax proposals in the Legislature, AWB is continuing its work on the state Department of Ecology's (DOE) Clean Air Rule (CAR). While AWB worked with DOE in the drafting the rule, the collaboration ultimately failed to produce a regulation that was workable for the employer community. As a result, AWB filed suit against the department. The case is pending. AWB members remain mindful that this regulatory mandate creates a competitive disadvantage to business counterparts in other jurisdictions and hits our state's manufacturing sector especially hard, jeopardizing family-wage jobs.

Additionally, changes to environmental policy at the federal level have increased the pressure on state and local governments to maintain agency budget growth. The potential for reductions in pass-through dollars from the federal Environmental Protection Agency (EPA) to state agencies has caused state and local governments to search for new operating revenue in the form of increased fees and taxes. AWB is working to prevent private backfilling of these funds. Additionally, Executive Order 13777, Enforcing the Regulatory Reform Agenda, created several opportunities for AWB member businesses to submit feedback on burdensome federal regulations in need of review. A federal Regulatory Reform Task Force was directed to solicit public input, evaluate existing regulations, and make recommendations to agency heads on their eventual repeal, replacement or modification. Periodic progress reports are required of federal agencies, and employers could expect regulatory changes as early as 2018.

Meanwhile, the EPA partially disapproved Washington state's proposed surface water quality standards and instead adopted more stringent standards for background and legacy contaminants. The business community responded with an ongoing Petition for Reconsideration as the state DOE began issuing permits based on the new water quality standards.



Mary Catherine McAleer, AWB government affairs director for environmental policy, testifies before the House Environment Committee.

Review and potential repeal of the federal Clean Power Plan, partial withdrawal of the United States from the Paris Climate Accord, and the failure of the Washington state Legislature to enact carbon pricing has motivated nonprofit groups to propose another initiative to the people enacting new carbon regulations on the 2018 November General Election ballot. One international conservation group, The Nature Conservancy, filed three exploratory ballot initiatives in June 2017, and is preparing for an initiative campaign in 2018. It is possible that more carbon taxes will be proposed during the 2018 legislative session in an attempt to pre-empt a one-size-fits-all ballot initiative.

AWB members are being continuously challenged to share their achievements in environmental protection both through conventional avenues, such as public advocacy, as well as media platforms such as the Washington Climate Collaborative. The following is a brief recap of some of our legislative activities during the 2017 session.

CLIMATE AND ENERGY POLICY

HB 1144 ★ AMENDING THE STATE'S GREENHOUSE GAS REDUCTION TARGETS

Failed/AWB Opposed

House Bill 1144, sponsored by Rep. Joe Fitzgibbon, D-Burien, followed years of debate regarding the state's statutory greenhouse gas emissions targets. In 2008, the Legislature approved ESSHB 2815 by request of then-Gov. Christine Gregoire and established a greenhouse gas reduction framework. The current law prescribes that Washington "shall limit emissions" to:

- 1990 levels by year 2020;
- 25 percent lower than 1990 levels by year 2035; and,
- 50 percent lower than 1990 levels by year 2050.

In 2015, the Washington State Attorney General stated that the statutory goals are unenforceable, do not require a program to achieve the reductions, and do not create a cause of action for damages. Despite this guidance, King County Superior Court Judge Hollis Hill ordered the state to issue new recommendations for amending the statutory limits in *Zoe and Stella Foster vs. Washington State Department of Ecology (DOE)*. The plaintiffs in the case argued that the statutory targets are binding to protect the public trust of future generations. As such, DOE produced a December 2016 report recommending emissions reductions of:

- 1990 levels by year 2020;
- 40 percent lower than 1990 levels by year 2035; and,
- 80 percent lower than 1990 levels by year 2050.

HB 1144 attempted to amend the existing statute to codify these new, more stringent reduction targets. Since the Governor's Climate Legislative Executive Workgroup discovered that any reductions in Washington state's overall emissions would not have any impact on global greenhouse gas concentrations, the statutory goals are symbolic in nature. Amidst strong business opposition and little appetite for debate unrelated to education, the bill did not move from the House.

HB 1334 ★ RESTRUCTURING THE ENERGY INDEPENDENCE ACT

Failed/AWB Opposed

Voters approved Initiative 937, the Energy Independence Act, in 2006. I-937 established a purchasing mandate for utilities, requiring installation of new wind and solar electric generation — sometimes over and above the power utilities' need to serve their customers. In doing so, I-937 did not recognize most existing hydropower or carbon-free nuclear power as "renewable" resources under state law. The statute has resulted in immense economic distortion between public and private utilities, as well as power providers and their customers. House Bill 1334, authored by Rep. Gael

Tarleton, D-Ballard, would have extended I-937 past its 2020 expiration date and effectively prevented any new installation of baseload power in the future. The bill died in the House Technology and Economic Development Committee, but AWB member employers expect a similar proposal to reappear as an initiative to the people in 2018 or 2020.

HB 1372 ★ GREENHOUSE GAS REDUCTION TARGETS AND BIOMASS

Failed/AWB Opposed

Like House Bill 1144, House Bill 1372, sponsored by Rep. Jessyn Farrell, D-Seattle, would have tightened the stringency of the state's greenhouse gas reduction targets. The bill also proposed striking the state's recognition of biomass-produced energy as a renewable resource, a policy that, if enacted, would deal a destructive blow to the state's rural economies in northeastern Washington and on the Olympic Peninsula, both by rendering a forest product unviable and removing a source of affordable, clean power. A 2014 Department of Ecology/Washington State University report noted that the state underutilizes roughly 16.9 million tons of biomass, or enough to power roughly half of the state's residences. The business community strongly opposed HB 1372, and it died in the House Environment Committee.



Nicole Luckey of Invenenergy testifies before the House Technology and Economic Development Committee.

HB 1555/SB 5127 ★ GOVERNOR INSLEE'S CARBON TAX PROPOSAL

Failed/AWB Opposed

The governor began the legislative session with a proposed budget assuming \$3.9 billion of new carbon tax revenue for the 2017-2019 biennium. The carbon tax policy bills were sponsored by Rep. Kristine Lytton, D-Anacortes, and Sen. John Braun, R-Centralia; as chairs of House and Senate budget and tax committees. The proposal would have taxed carbon equivalents at \$25 per metric ton beginning in May 2018, and would have allocated almost 60 percent of revenues toward education, 25 percent for utilities, transportation and water projects, 10 percent for carbon-reducing projects, and 5 percent for energy-related social support such as the aged, blind, or disabled cash assistance program, the temporary assistance for needy families program, and the low-income home energy assistance program. The business community strongly

opposed using carbon tax revenues in the state's General Fund for education, social services, or other programs without a "logical nexus" to carbon reduction for two distinct reasons: education costs are expected to increase into the future, while collections from a well-designed carbon excise tax should decrease over time; and tying future fiscal needs to carbon emissions creates an incentive to increase emissions standards to gain tax revenue. The governor's proposal was not heard in the House Finance Committee, and was referred to the Senate Rules Committee without recommendation.

HB 1646/SB 5509 ★ CLEAN ENERGY ECONOMY TRANSITION CARBON TAX

Failed/AWB Opposed

The Alliance for Jobs and Clean Energy — a coalition of roughly 160 environmental, labor and social groups — worked with Rep. Joe Fitzgibbon, D-Burien, to draft

House Bill 1646 (with Sen. Reuven Carlyle, D-Seattle, sponsoring the companion Senate Bill 5509). HB 1646 envisioned an "equitable transition" to a future without carbon-based transportation and electricity by taxing carbon at a \$15 per ton annually, escalating to over \$100 dollars plus inflation in 2047. The proposal would have set aside a \$50 million appropriation through the state operating budget to compensate and retrain workers displaced in the transition, such as those with careers in petroleum engineering at Washington's five refineries. Remaining funds would have been dedicated to dozens of programmatic grants at over eight state agencies through a complex allocation formula toward infrastructure, transit, housing, water, fire and other projects. Additionally, 25 percent of all funding would have been required to benefit disproportionately-impacted communities as defined by a new state Department of Health study, and a low-income tax direct deposit (based on marital status, dependents, and income) was included in a section of the bill without a specified funding source. HB 1646 also would have increased the state's statutory emissions reduction targets by 60 percent. The bill was not moved out of the House Environment Committee, but the Alliance for Jobs and Clean Energy has stated the group will collaborate with other groups to introduce a similar policy via ballot initiative in 2018.

SB 5385 ★ CARBON POLLUTION TAX

Failed/AWB Opposed

Sen. Steve Hobbs, D-Lake Stevens, introduced a carbon tax bill in an attempt to reconcile Gov. Jay Inslee's carbon-based budget proposal with a more predictable

Bill considered as part of
AWB's voting record

★ Favorable outcome for
Washington businesses

✗ Missed Opportunities

approach. Senate Bill 5385 included a non-escalating \$15 per ton price on carbon and would have exempted imported electricity from the tax. It also would have funded a portion of the state's school bus fleet, and allocated the remaining revenue to energy subsidies, fish barriers and stormwater investments. It would not have exempted any energy-intensive and trade-exposed industries. Additionally, Sen. Hobbs' proposal would have been the first piece of legislation heard this session preventing the state Department of Ecology from moving forward with the Clean Air Rule regulation. SB 5385 died in the Senate Energy, Environment and Telecommunications Committee.

SB 5930 ★ CARBON POLLUTION TAX

Failed/AWB Opposed

Sen. Guy Palumbo, D-Maltby, proposed several carbon tax measures throughout legislative session. Following a period of thorough solicitation of business input, Senate Bill 5930 was drafted to include economy-friendly policy items new to the carbon-pricing policy discussion. SB 5930 would have set a \$15 per ton price on carbon increasing 2.5 percent per year, phased in the carbon tax on utilities, and exempted imported power and the electricity used by energy-intensive and trade-exposed industries, biomass, biofuels, and agricultural emissions. Additionally, SB 5930 would have credited 75 percent of the carbon tax back to utilities for clean-energy infrastructure projects, and preempted the state's Clean Air Rule. Revenue would have been divided between the Carbon Reduction Solutions Account (\$400 million), stormwater and water storage (20 percent), forest health and National Guard Fire Suppression (20 percent), and Carbon Reduction Investment Fund, a capital account intended to buy carbon reductions through clean-energy investments deployed by public and private entities (45 percent). The Senate Ways and Means Committee declined to hear the bill.

HB 2230 ★ CARBON EMISSIONS TAX FOR WASHINGTON'S NATURAL RESOURCES

Failed/AWB Opposed

Although Rep. Joe Fitzgibbon, D-Burien, declined to move his prior carbon tax proposal, House Bill 1646, out of the House Environment Committee, he continued to work on improved draft proposals throughout the special legislative sessions. House Bill 2230 was introduced with just one week left before the end of the fiscal biennium, and thus reflected Democrat budget negotiators' search for new revenue to fund the state's McCleary obligation. HB 2230 proposed a \$15 per-ton tax increasing at a rate of 7 percent every year either until the state hits its statutory emissions-reduction targets or around \$120 in year 2047. Like HB 1646, HB 2230 also would have increased the state's statutory emissions reduction targets by 60 percent — targeting an 80 percent reduction from 1990 levels in emissions by year 2050. Maritime and aviation fuels would have been exempt, while agricultural and public transportation

fuels would have been exempt until 2039. Utilities would have had the tax phased in until 2024, and would have been credited 60 percent of their electricity and 30 percent of their natural gas tax for investment in clean-energy projects.

Revenues from HB 2230 would have been dispersed primarily toward existing and emerging budget-related costs associated with natural-resource activities at the state government level, including an annual \$200 million Natural Resources Super Account funding current maintenance-level activities, funding for in-kind water mitigation required by the Supreme Court's decision in *Whatcom County v. Hirst, Futurewise, et al.*, a Mitigation Tax Grant program to provide financial assistance based on income and marital status, and other water, forest, and energy investments. The Equitable Transition Fund for retraining of displaced workers was scaled down to a continuous appropriation of \$20 million, and energy-intensive and trade-exposed (EITE) industries were eligible for four- to six-year exemption certificates by the state Department of Commerce. Additionally, Rep. Fitzgibbon allowed for



Amy Igloi Creed of Amy's on the Bay, Jim Jesernig of Northwest Industrial Gas Users, and Tim Boyd of Industrial Customers of Northwest Utilities testify before the House Environment Committee.



Jim May, chief operating officer at HiTest Sand, left, and Chris Bowes of REC Silicon, testify before the House Technology and Economic Development Committee.

non-EITE facilities to be eligible for an exemption based on a carbon-intensive “trade share.” Although HB 2230 struck a meaningful compromise between some employer and conservation interests, budget negotiators failed to consider it and it died without receiving a hearing.

SB 5475 X
TAX EXEMPTION FOR SMALL MODULAR REACTORS

Failed/AWB Supported

While Washington state has carbon-free baseload nuclear energy provided only by the Columbia Generating Station in Richland, regional knowledge in nuclear power engineering suggest that development of small modular reactors — power plants designed to generate about one-third of the energy of a traditional baseload nuclear power plant — could present new industry opportunities, either for deployment of small modular reactors here in Washington or elsewhere. Sen. Sharon Brown, R-Kennewick, sponsored Senate Bill 5475 to provide a business and occupation tax exemption to manufacturers of small modular reactors

to encourage activation of the industry. SB 5475 passed the Senate, but died in the House Technology and Economic Development Committee.

WATER QUALITY POLICY

HB 1663/SB 5501 ★
SURTAX ON GASOLINE AND AGRICULTURAL INPUTS

Failed/AWB Opposed

Rep. Strom Peterson, D-Edmonds; and Sen. Reuven Carlyle, D-Seattle; introduced agency-request legislation (House Bill 1633 and Senate Bill 5501) intended to provide the Legislature additional Hazardous Substance Tax revenue. The Hazardous Substance Tax is collected on the wholesale value of roughly 8,000 substances — primarily petroleum products, agricultural inputs, and certain chemicals. The Hazardous Substance Tax, authorized by the 1988 passage of Initiative 97, funds activities through the Model Toxics Control Act (MTCA), which was originally intended to implement environmental cleanup projects. In recent years, MTCA funds have been increasingly spent for other uses such as local government stormwater

compliance obligations, which “far exceed” the tax revenue capacity, according to a 2016 state report. With the decline in global petroleum prices, Hazardous Substance Tax collections dipped temporarily and reduced the Legislature’s ability to fund these activities, so Gov. Jay Inslee and the state Department of Ecology proposed a “surtax” intended to provide \$200 million in tax revenue in the account until petroleum prices increase again. The surtax proposals died in House Rules and the Senate Energy, Environment and Telecommunications Committees.

SHB 2182 ★
MOVING TAX INCREASE ON GASOLINE AND AGRICULTURAL INPUTS

Failed/AWB Opposed

Following the failure of House Bill 1663 to receive a vote on the House Floor during the regular legislative session, Rep. Strom Peterson, D-Edmonds, began drafting an alternate proposal: Substitute House Bill 2182. The bill would have attempted to establish a fiscal mechanism by which the Hazardous Substance Tax would provide the Legislature the same amount of revenue every year. The tiered structure would have begun taxing consumers at 0.9 percent July 1 of any fiscal year, then would have dropped to 0.7 percent (the existing rate) when the Model Toxics Control Account hit \$110 million, and would have hypothetically dropped to 0.14 percent when the account hit \$170 million in total revenues. AWB members opposed the idea of complying with multiple tax rates throughout the year, and suggested that the seasonal nature of agricultural versus petroleum consumption could create economic distortion. SHB 2182 — a tax on drivers and farmers — was the first tax to pass the House during the 2017 legislative session with a party-line vote. It did not receive a hearing in the Senate, and the

Bill considered as part of AWB's voting record

★ Favorable outcome for Washington businesses

X Missed Opportunities

Senate Majority Coalition Caucus chose to bond more and spend less Hazardous Substance Tax in their 2017 Capital Budget proposal in order to contain costs without a tax increase.

SHB 1266 ★ PETROLEUM STORAGE TANK SAFETY

Passed/AWB Supported

For the past two years, Rep. Strom Peterson, D-Edmonds, has worked collaboratively with the state's Pollution Liability Insurance Agency and the petroleum marketing and refining industries to introduce meaningful, cost-effective legislation which allows for the prevention of oil spills from petroleum storage tanks used in gasoline sales and residential home heating. Substitute House Bill 1266 transferred some cleanup activities traditionally carried out by the state Department of Ecology to the Pollution Liability Insurance Agency, which has unique and extensive experience with petroleum tanks specifically. SHB 1266 was a productive step forward for business, state government and the environment; and moved through the Legislature with unanimous support.

ESHB 1531 ★ CARBON-CAPTURING FOREST RIPARIAN AREAS

Passed/AWB Supported

Engrossed Substitute House Bill 1531 was a long-awaited recognition of the carbon-capturing benefits of streamside easements set aside as part of the Forest Riparian Easement Program. ESHB 1531 requires the Department of Natural Resources, which administers the Forest Riparian Easement Program, to include the carbon-sequestration potential of unharvested timber inherent in easements in the calculations it makes with regard to environmental benefits of the easements. Rep. Mike Chapman, D-Port Angeles, sponsored the bill, which moved through the Legislature with unanimous support despite opposition from some environmental nonprofit groups.

HB 1596 ★ REGULATING CHILDREN'S ELECTRONIC COMPONENTS

Failed/AWB Opposed

In 2008, the Legislature passed the Children's Safe Products Act, which limits levels of cadmium, lead, and phthalates in children's products that are manufactured, sold, or distributed in Washington. Rep. Beth Doglio, D-Olympia, sponsored House Bill 1596, which would have extended reporting under the Children's Safe Products Act of certain chemical substances used in the manufacturing of electronic components. HB 1596 died in the House Environment Committee, but AWB members expect similar legislation to be proposed in the 2018 legislative session.

HB 1744 ★ BANNING POLYFLUORINATED CHEMICALS IN FOOD PACKAGING

Failed/AWB Opposed

Polyfluorinated alkyl compounds, known as PFAS, are used in food packaging to provide resistance to oil, heat and water. While "long-chain" PFAS compounds have been phased out voluntarily by industry, there is not enough evidence to suggest that "short-chain" PFAS compounds pose a human health risk. Rep. Joan McBride, D-Kirkland, proposed House Bill 1744, which would have banned the use of all PFAS and related substances in food packaging. The bill died in the House Environment Committee, but AWB members expect similar legislation to be proposed in the 2018 legislative session.

LAND USE, WATER RESOURCES, AND REGULATORY REFORM

SHB 1428 ★ HYDROLOGIC PROJECT APPROVAL

Failed/AWB Opposed

AWB opposed Substitute House Bill 1428, sponsored by Rep. Brian Blake, D-Aberdeen, concerning construction projects in state waters. The Washington Department of Fish and Wildlife (WDFW) requested this

legislation to expand the Hydraulic Project Approval (HPA) program and extend the current fee, which was set to expire on June 30, 2017. The business community worked with stakeholders in an attempt to find a fair compromise with WDFW, but those talks broke down and the Legislature did not pass the agency's bill. SHB 1428 died in committee and the current HPA fee expired on June 30. The other HPA requirements remain the same, but now WDFW officials no longer have authority to charge a fee for the permit. Agency officials are working to remove the fee function from the HPA program application and provide refunds to anyone who was caught in the middle. Lawmakers did backfill the agency's lost fee revenue with a general fund allocation for the next two years.

2SHB 1120 ★ REGULATORY FAIRNESS ACT

Passed/AWB Supported

AWB supported Second Substitute House Bill 1120, sponsored by Rep. Norma Smith, R-Clinton, clarifying agency requirements under the Regulatory Fairness Act (RFA). The State Auditor's Office (SAO) found state agencies were improperly claiming exemptions and not complying with the requirements under the RFA. The business community worked with Rep. Smith and the governor's office to find reasonable steps to improve compliance and accountability. 2SHB 1120 requires the Office of Regulatory Innovation and Assistance to support agencies to comply with the RFA, requires the SAO to conduct performance reviews of agency compliance, and requires agencies to mitigate the regulatory costs on businesses when the agency cannot prove the extent of the impact. 2SHB 1120 passed the House 98-0 and the Senate 49-0, and the governor signed the bill into law.

3ESB 5517 ★ RAIL DEPENDENT USES

Passed/AWB Supported

AWB supported Third Engrossed Senate Bill 5517, sponsored by Sen. Lynda Wilson, R-Vancouver, concerning rail dependent

uses for purposes of the Growth Management Act and related development regulations. The bill allows some local governments to adopt development regulations on lands adjacent to short line railroads for freight use. The bill also defines freight rail dependent uses. 3ESB 5517 passed the House 82-12 and the Senate 35-11, and the governor signed the bill into law.

MISSED OPPORTUNITIES

2E2SSB 5239 X ■■■
HIRST WATER RIGHTS FIX

Failed/AWB Supported

AWB Supported Second Engrossed Second Substitute Senate Bill 5239, sponsored by Sen. Judy Warnick, R-Moses Lake, providing for available water to support development. In 2016, in a ruling known as the Hirst decision, the Washington Supreme Court ruled that counties (not the state) must determine whether adequate water is available before issuing a building permit – even if the water is allowed both by statute and under local regulations adopted by the Department of Ecology. The impact of the Hirst decision has created uncertainty among property owners as some counties have stopped issuing building permits, causing lending options to dry up and property values to fall. During the regular session and three separate special sessions, the Senate voted for and passed a version of SB 5239 four times. The Senate's last vote was 28 in favor, to 21 opposed. Despite having the votes to pass the bill on the floor, House leaders did not bring 2E2SSB 5239 or any Hirst bill up for a vote and the bill died. Providing a legislative fix for the Hirst decision is a priority for the business community and AWB will continue working with stakeholders and lawmakers on passing a bill.



Logan Brown of Marine Floats in Tacoma testifies with AWB Government Affairs Director Mike Ennis on Hydraulic Project Approvals.

SSB 5798 X
RULEMAKING REFORM

Failed/AWB Supported

AWB supported Substitute Senate Bill 5798, sponsored by Sen. John Braun, R-Centralia, reforming the state agency rulemaking process. The bill would have provided legislative oversight to agency rulemaking similar to the model used in Colorado. Agencies can adopt and implement all new or amended rules as normal, but the bill places an automatic sunset date of June 1 the following year on each rule. The rules would then be rolled into a single bill and require legislative adoption during the next session for the rules to become permanent. The bill also requires agencies to conduct rulemaking only if expressly authorized by law. SSB 5798 passed the Senate 25-24, but did not come up for a vote in the House and the bill died.

ESB 5212 X ■■■
VESTING REFORM


Failed/AWB Supported


AWB supported Engrossed Senate Bill 5212, sponsored by Sen. Lynda Wilson, R-Vancouver, which would have clarified the scope of land use control ordinances


for the purposes of vesting. In response to a Supreme Court decision limiting the vesting rights doctrine, ESB 5212 would have allowed a building permit to be considered under land use control ordinances in effect at the time of application regardless of whether the ordinance was enacted for complying with state law. ESB 5212 passed the Senate 25-24, but did not pass out of the House Judiciary Committee.

SSB 5500 X ■■■
STATE BUILDING CODE COUNCIL REFORM

Failed/AWB Supported

AWB supported Substitute Senate Bill 5500, sponsored by Sen. Jim Honeyford, R-Sunnyside, which would have provided reforms for the State Building Code Council (SBCC). The bill would have clearly established the SBCC as an agency under the Department of Enterprise Services, provided some legislative oversight to SBCC amendments and codes, and amended the code cycle to every six years. SSB 5500 passed the Senate 25-24, but did not receive a hearing in the House Local Government Committee. 

 Bill considered as part of AWB's voting record

 Favorable outcome for Washington businesses

 Missed Opportunities

Health Care

SHERI D. NELSON: Health Care

In what can only be referred to as the legislative session that would not end, the 2017 Washington legislative session offered limited health care policy solutions. The chaos surrounding the attempted repeal and replacement of the Affordable Care Act within the federal administration created an environment of uncertainty and concern among state agencies, industry stakeholders as well as the expanded Medicaid population in our state. A great deal of energy and effort was spent outside the walls of the Legislature as elected leaders, health care industry representatives, and employers, including AWB, strategized over the potential solutions, struggling to find policy solutions that could be enacted at a state level. The fate of the Affordable Care Act is still largely unknown and as the last special session came to a close, so did some of the fears that the Affordable Care Act would actually be repealed and/or replaced. The distraction of the federal politics was a factor in health care legislation being introduced this year at the state level, the majority of which did little to reduce the cost or increase access to care.

This session bills revolved around system fixes from previous legislation and refinements of current processes. Bills included addressing birth control prescriptions, interstate compacts for providers, doulas being made available to incarcerated pregnant women and nonprofits that wish to use dunk tanks and water slides without being shut down by Department of Health regulations. The confusion on the status of federal reimbursements for health care, essential health benefit deliverables, and the fate of state exchanges dominated the attention of all involved in health care.

Legislation that did not move forward yet we expect to see it reappear next session includes raising the smoking age to 21 (House Bill 1054), balance billing (House Bill 1117) and drug takeback (House Bill 1047). AWB opposed the drug takeback bill as we do with all manufacturers takeback legislation. This bill first appeared in the Environment Committee several years ago and was moved to the Health Care Committee. Supporters say this concept will aid in fighting opioid abuse, however, there is no evidence as such for an extremely expensive program.

AWB continues to stay engaged with all health care entities in search of viable solutions for health care costs and access for employers and their employees. Premium cost for the individually insured continue to rise without additional benefits. The federal administration and Congress either need to act or find a way to utilize the Affordable Care Act so our state knows the rules of the game and can once again enact solid, effective health care policies. [E](#)



Sen. Randi Becker, majority caucus chair and vice chair of the Senate Health Care Committee.

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Jack Lamb, CEO
Aslan Brewing Company,
Bellingham

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Infrastructure

MICHAEL ENNIS: TRANSPORTATION, AVIATION

Lawmakers addressed several important transportation bills in 2017. They adopted Real ID legislation, moving the state into federal compliance with the Real ID Act, enhanced Washington's distracted driving regulations, and passed a Columbia River bridge bill that provides a first step toward fresh discussions on a possible new Interstate 5 crossing.

In March, AWB joined three associations (representing ports, cities and counties) to release a statewide infrastructure needs assessment. Given the discussions around a potential federal infrastructure investment package, the report pulled together existing research in four categories: transportation, energy, water and communications. It found \$190 billion in infrastructure needs across the state. The four associations followed up with discussions with congressional staff in Washington, D.C., and met with members of Washington's congressional delegation to stress the importance of infrastructure funding in Washington state.

Legislator's also clarified and expanded Washington's alternative fuel incentive program for commercial vehicles. Since the program was implemented in 2015, the business community identified several areas of improvement to streamline and expand eligibility. AWB worked closely with members of our Alternative Fuels Task Force and lawmakers to successfully find a reasonable approach.

After rejecting Gov. Jay Inslee's appointment of a transportation secretary last year, Senate leaders gave their support to Roger Millar, who was appointed acting secretary in 2016. This year, Senate leaders unanimously backed Millar in the permanent post. AWB staff have met with Secretary Millar and discussed the transportation priorities of the business community.

And, despite not reaching an agreement on the operating budget during the regular 105-day session, lawmakers did adopt an \$8.5 billion transportation budget for the 2017-19 biennium. The budget allocates \$4.2 billion in the various capital programs and maintains the statewide Connecting Washington package, the transportation investment and reform package approved in 2015. The budget also:

- Shifts \$60 million of additional Transportation Partnership Account (2005 transportation revenue package) funds to help fill the \$149 million cost overrun on the Alaska Way Viaduct Deep Bore Tunnel project.
- Adds \$162 million to existing fish passage barrier funding, which averages about \$90 million per biennium through 2033, still far short of the \$2.4 billion estimated total need for culvert replacements.
- Funds several studies, including: Board of Pilotage, I-405 Toll Data, Air Cargo, Role of the WTC, and alignment of an ultra-high-speed rail line between Vancouver, B.C. and Portland.



Darren Engle, director of government operations for Blue Star Gas, testifies with AWB's Mike Ennis before the House Finance Committee.



Sen. Curtis King, R-Yakima, chair of the Senate Transportation Committee.

ESSB 5096 ★
BIENNIAL TRANSPORTATION BUDGET

Passed/AWB Supported

AWB supported Engrossed Substitute Senate Bill 5096, sponsored by Sen. Curtis King, R-Yakima, making transportation appropriations for the 2017-2019 biennium. The new budget appropriates about \$8.5 billion over the next two years, spending \$4.2 billion in the various capital programs. It also shifts \$60 million of additional TPA funds to help fill the \$149 million cost overrun on the Alaska Way Viaduct Deep Bore Tunnel project; maintains the Connecting Washington package and only makes minor modifications by advancing some funding on five projects to earlier years; and adds \$162 million to existing fish passage barrier funding. The planned spending for these projects averages about \$90 million per biennium through 2033, still far short of the \$2.4 billion estimated total need. It funds several studies, including:

Board of Pilotage Commissioners, I-405 Toll Data, Air Cargo, Role of the Washington Transportation Commission, and alignment of an ultra-high-speed rail line between Vancouver, B.C., and Portland. AWB supported the transportation budget and it passed the House by a vote of 82-14 and the Senate 48-0.

ESHB 1809 ★
ALTERNATIVE FUELS

Passed/AWB Supported

AWB supported Engrossed Substitute House Bill 1809, sponsored by Rep. Jake Fey, D-Tacoma, which clarifies and expands the commercial vehicle alternative fuel incentive program. In 2015, AWB created and funded a \$60 million program incentivizing alternative fuels in commercial vehicles. This bill streamlines the application process and expands the eligibility criteria to auto transportation companies and commercial services. ESHB 1809 passed the House by a vote of 97-1 and

the Senate by a vote of 42-6. AWB thanks Rep. Fey and Rep. Ed Orcutt, R-Kalama, for their hard work on this legislation.

ESB 5008 ★ ■■■
REAL ID

Passed/AWB Supported

AWB supported Engrossed Senate Bill 5008, sponsored by Sen. Curtis King, R-Yakima, which brings Washington into compliance with the federal Real ID Act. The bill creates a two-tier licensing system, a traditional driver's license and an Enhanced Driver's License (EDL). The requirements to obtain a traditional driver's licenses will not change, but beginning July 2018, the Department of Licensing (DOL) will be required to provide a marking that shows it is not compliant for federal purposes. The bill also reduces the cost of an EDL to \$78, which is only slightly more than the current cost of a traditional license. ESB 5008 passed the House 55-41 and the Senate 36-13.

■■■ Bill considered as part of AWB's voting record

★ Favorable outcome for Washington businesses

✗ Missed Opportunities



Peter King, CEO of the Association of Washington Cities, along with Eric D. Johnson, Washington Public Ports Association executive director; Eric Johnson, executive director of the Washington State Association of Counties; and AWB Government Affairs Director Mike Ennis discuss infrastructure during a work session of the Senate Transportation Committee.

SSB 5806 ★
COLUMBIA RIVER BRIDGE
 Passed/AWB Supported

AWB supported Substitute Senate Bill 5806, sponsored by Sen. Annette Cleveland, D-Vancouver, which allows preliminary work to develop a process for planning for a new Interstate 5 bridge spanning the Columbia River. The bill allows the Legislature to designate a project as a “project of statewide significance,” which streamlines some of the permitting and application requirements. The bill also creates a joint committee of Washington and Oregon legislators, and requires the Washington State Department of Transportation to inventory all planning material. SSB 5806 passed the House 59-37 and the Senate 44-4.

SSB 5289
DISTRACTED DRIVING
 Passed/AWB Neutral

Lawmakers also passed an enhanced distracted driving bill, Substitute Senate

Bill 5289, sponsored by Sen. Ann Rivers, R-La Center. The bill makes it illegal to hold a personal electronic device in either hand, watch a video, or use a hand or finger to compose, send, read, view, access, browse, transmit, save, or retrieve email, text messages, instant messages, photographs, or other electronic data. The bill does allow the minimal use of a finger to activate, deactivate, or initiate a function on the device. The governor vetoed Section 5 of the bill, which contained the effective date of January 2019, which made the law take effect in July of this year. The bill passed the House 61-36 and the Senate 39-10.

HB 1400 ★
AVIATION LICENSE PLATES
 Passed/AWB Supported

AWB supported House Bill 1400, sponsored by Rep. Tom Dent, R-Moses Lake, which provides funding for infrastructure improvements at public use airports in Washington by creating special license plates. The plates would be available for purchase by the public and raise an

estimated \$300,000 per biennium. HB 1400 passed the House 94-4 and the Senate 46-0.

HB 1018 ★
AVIATION GRANTS
 Passed/AWB Supported

AWB supported House Bill 1018, sponsored by Rep. Tom Dent, R-Moses Lake, which increases the maximum grant amount that the Washington State Department of Transportation (WSDOT) can provide through its Airport Aid Grant Program from \$250,000 to \$750,000. The current cap has been in place for over 35 years and not kept pace with inflation. This limits the WSDOT’s ability to match larger, federally funded projects and forces smaller airports to complete projects in phases, stretching multiple years, which increases costs. HB 1018 passed the House 97-0 and the Senate 49-0.

ESSB 5620 X
TRANSPORTATION NETWORK COMPANIES
 Failed/AWB Supported

AWB supported Engrossed Substitute Senate Bill 5620, sponsored by Sen. Curtis King R-Yakima, which would have created a statewide regulatory framework for transportation network companies (TNCs). The bill would have defined how TNCs operate in Washington state, declared drivers are independent contractors, established enforcement criteria, created a permit fee to operate, and required state preemption over all local ordinances governing TNCs. ESSB 5620 passed the Senate 34-15, but did not come up for a vote in the House. ☰

Budget & Taxation

ERIC LOHNES: TAX AND FISCAL POLICY

Coming into the 2017 legislative session, it was well understood the problems facing the Legislature were both significant and difficult. Yet even with this general awareness, the record 193-day legislative session proved to be longer and more complicated than many had expected. The McCleary clock imposed by the Washington Supreme Court was clicking toward midnight and the race to find billions of dollars in additional education funding was intensifying. The governor started the budget discussion in December, just prior to the beginning of session, by proposing a \$47 billion budget relying heavily on various new and increased taxes. Some of the larger items included a capital gains tax on investment income, a 67 percent increase on business and occupation (B&O) taxes for those businesses filing under the “service and other” category, a tax on carbon emissions, and the elimination of several differential tax rates. The House, in offering its proposed solution, largely followed the governor’s eclectic model, but with some notable variations. The B&O tax was applied to all the industries filing under the four primary B&O classifications, not just “service and other.” While the House proposal also included an increase in the B&O deduction, something AWB strongly supports, the overall negative impact of the proposal far outweighed the benefit. Rounding out the House plan was a graduated real estate excise tax (REET) proposal, which would have shifted more of the tax onto employers.

Ultimately, the legislative solution that lawmakers agreed to in July looked very much like the Senate’s approach. The \$44 billion compromise budget included a so-called “levy swap,” along with several other tax provisions contained in the House’s proposal, such as marketplace fairness, and ending certain differential tax rates. A bright spot when the final budget deal was announced was the inclusion of a 40 percent B&O rate reduction for manufacturers. The bill carrying this provision went on to pass both the House and Senate with supermajority votes. In what is a significant hit to manufacturers in Washington state, the governor went on to veto this rate reduction.

In the end, we were able to build off of previous tax and fiscal legislative successes from previous sessions with notable help from Sens. John Braun, R-Centralia; and Sharon Brown, R-Kennewick; and Reps. Kristine Lytton, D-Anacortes; and Terry Nealey, R-Dayton. Each year, AWB updates its legislative goals for tax and fiscal policy. Last year, we successfully reduced the number of times local jurisdictions can change sales tax rates in a given year, eliminated the 100 percent penalty for late surveys and reports related to economic development tax incentives and replaced with a much more reasonable penalty, and made considerable progress with respect to consolidating and simplifying local business licensing. This year, we continued to build off those successes, particularly with ESHB 1296 and HB 2005. AWB will be back next year seeking to improve Washington’s competitiveness and increase economic opportunity across the entire state, including a reinstatement of the manufacturing tax rate reduction.



Sen. John Braun, R-Centralia, chair of the Senate Ways and Means Committee.



Eric Lohnes of AWB, Michael Bernard of Microsoft, Michelle DeLappe of Garvey Schubert Barber, Norm Bruns of Garvey Schubert Barber, and William Severson of Severson Law testify before the Senate Law and Justice Committee.

SSB 5883 ★
**THE STATE'S TWO-YEAR
 OPERATING BUDGET**

Passed/AWB Supported

Lawmakers reached agreement on the final operating budget late in the third special legislative session after months of impasse. The 2017-19 proposed compromise budget provides \$43.7 billion Near General Fund and \$87.3 billion in all funds. For NGF-P, (Near General Fund Plus Opportunity Pathways), this represents a net \$5.2 billion increase from 2015-17 spending levels. SSB 5883 leaves an unrestricted ending balance of close to \$1 billion at the end of the 2017-19 biennium and meets the four-year balanced budget requirement. The operating expenses of state government and its agencies and programs are funded on a biennial basis by an Omnibus Operating Budget adopted by the Legislature in odd-numbered years. State operating expenses are paid from the state general fund and from various dedicated funds and accounts. The final compromise budget came a long way from the Senate's original budget (SB 5048) which relied more heavily on the levy swap, and the House's original budget which relied on an assortment of new and increased taxes.

EHB 2163 ■■■
**REMOTE SALES, EXEMPTION
 REPEAL, AND MITIGATION**

Passed/AWB Opposed

This bill was part of the final budget agreement and contains several provisions intended to increase revenues. Engrossed House Bill 2163 has four revenue-raising measures:

- Internet marketplace facilitators and remote sellers are required to collect and remit sales taxes on their remote sales from out of state or comply with use tax notice and reporting requirements to their buyers and the Department of Revenue.
- Sales tax is applied to sales of bottled water.
- A use tax will apply to fuels manufactured for own use.
- A business and occupation tax economic nexus standard is applied to out-of-state retailers without physical presence in Washington.

HB 2242 ★ ■■■
BASIC EDUCATION FUNDING

Passed/AWB Supported

House Bill 2242 was part of the final budget compromise and is the primary source of funding for the education plan by increasing the state property tax 81 cents to a flat rate

of \$2.70 per \$1,000 of assessed value. The \$2.70 rate will stay in place for four years, after which, the state property tax will revert to the current one percent revenue lid. Seniors who qualify for the senior citizen's exemption program are exempt from the increase in the state property tax.

SSB 5977 ★ ■■■
VARIOUS REVENUE CHANGES

Passed/AWB Supported

Substitute Senate Bill 5977 was part of the final budget compromise and creates, modifies, or extends 13 tax preferences including a number of policies AWB actively pursued during the course of the session including lowering the business and occupation tax rate on manufacturers from 0.484 percent to 0.2904 percent, (later vetoed by the governor with the support of 23 legislators who signed a letter requesting it), reclassifying the tax classification of martial arts, and extending the motion picture competitiveness program for 10 years. This bill contains:

- Modifying the Washington Main Street Program
- Lowering the manufacturing B&O tax rate (Vetoed)
- B&O tax exemption for agricultural fertilizer and seed
- Solar silicon manufacturing and wholesaling extension
- Semiconductor materials manufacturing
- Exemptions for the conversion of coal-fired electric plants (Vetoed)
- Tax relief for silicon smelters
- Invest in Washington Program
- Extending the sales and use tax deferral for historical auto museums
- Concerning removal of land from current use due to natural disaster
- Modifying Washington's motion picture and film industries tax credit
- Concerning the excise taxation of martial arts
- Leasehold excise credits and exemptions for colleges and universities.

HB 1025 X PRIORITIZING LEGISLATIVE APPROPRIATIONS

Failed/AWB Supported

House Bill 1025, sponsored by Rep. David Taylor, R-Moxee, is one of a handful of bills attempting to set additional parameters on the expenditure side of the budget discussion. It did this by establishing a priority order by subject, prohibiting the Legislature from raising taxes until it has enacted appropriations for the maximum number of priority budget areas, and by requiring the Legislature to pass a fully developed budget no later than 30 days before the beginning of the fiscal year. HB 1025 received a hearing in the House Appropriations Committee, but didn't make it out of committee. House Bill 1817, sponsored by Rep. Drew Stokesbary, R-Auburn, and companion bill SB 5066 (Sen. Mark Miloscia, R-Federal Way), were offered in the same spirit, proposing a zero-based approach to budgeting. Neither bill made it out of the House.

HB 1818 X STATE SPENDING PROGRAM REVIEWS

Failed/AWB Supported

In House Bill 1818 Rep. Drew Stokesbary, R-Auburn, argues that the same sort of automatic review and scrutiny that's applied to differential tax rates such as credits, exemptions and deductions should be applied to state spending. HB 1818 would have enacted a new statutory state spending program to include a state spending performance statement, to include an expiration date no more than 10 years from the effective date of the spending program,

and require the joint legislative audit and review committee to review new statutory state spending programs according to a schedule developed by the committee. This bill highlights the importance of oversight on the expenditure side of the budget, while also drawing attention to the rigorous review process of tax expenditures under current law. HB 1818 did not receive a hearing in the House.

SB 5443 X DYNAMIC FISCAL IMPACT STATEMENTS


Failed/AWB Supported


Sen. Sharon Brown, R-Kennewick, and Rep. Bruce Chandler, R-Granger, continued what has been an ongoing effort to improve

our state's fiscal note program by allowing for targeted use of dynamic fiscal impact statements. Senate Bill 5443, and its near companion House Bill 1960, would have established dynamic fiscal impact statements as part of the fiscal note process. A fiscal note can make or break a legislative bill; for this reason it is extremely important they provide an adequate and accurate picture of fiscal impacts — unfortunately this is often not the case. Requiring the use of dynamic fiscal notes in appropriate circumstances is an important tool that can be used to make sure legislators have a fuller picture of a particular bill's impacts, which will ultimately lead to better information and better public policy. Neither bill made it out of the House.



Speaker of the House Frank Chopp, D-Seattle, at AWB's Rural Jobs Summit in Moses Lake.

 Bill considered as part of
AWB's voting record

 Favorable outcome for
Washington businesses

 Missed Opportunities

HB 2212/SB 5938 X LOCAL INCOME TAX PROHIBITION (HJR 4207/ SJR 8204)

Failed/AWB Supported

In the wake of the City of Olympia's attempt to pass a local income tax and in the shadow of the current City of Seattle ordinance to do the same, legislators are beginning to take up efforts to clarify current preemption against certain types of local taxes that haven't been authorized by the state. Rep. Brandon Vick, R-Vancouver, and Sen. Phil Fortunato, R-Auburn, introduced legislation restating the Legislature's refusal to delegate to a city or county the power to impose a tax on the personal income of individuals or households. They argue the costs associated with local initiatives impose administrative and legal costs on municipalities, regardless of the initiative's constitutional or statutory validity, and for this reason, the matter

deserves clarification. Both bills were introduced after regular session and didn't receive a hearing.

SJR 8208 X FOUR-YEAR BALANCED BUDGET

Failed/AWB Supported

Sen. Joe Fain, R-Auburn, brought forward Senate Joint Resolution 8208, which would have amended the Constitution requiring the Legislature to enact a four-year balanced budget. In 2012, the Legislature enacted a statutory four-year balanced budget provision. This provision requires the Legislature to leave a positive projected ending fund balance in the state General Fund over a four-year period. It has been an effective tool for reducing fluctuations in state budgeting, minimizing the use of short-term fixes, and reducing the number of unfunded future liabilities. However, because this provision is merely in

state law, and not in the state Constitution, there are a number of ways to work around it. SJR 8208 would have strengthened the effectiveness of the law, and built off of last year's effort by the late Sen. Andy Hill, R-Redmond, to do the same. AWB supports this approach and looks forward to working on it again next year.

ESHB 1296 ★ ANNUAL TAX INCENTIVES REPORTS AND SURVEYS

Passed/AWB Supported

Engrossed Substitute House Bill 1296, sponsored by Rep. Terry Nealey, R-Dayton, builds off last session's success eliminating the 100 percent penalty for late surveys and reports. Over the last 20 years, the Legislature has required taxpayers to file an annual survey or report in order to qualify for a variety of new economic development related tax preferences. There are currently more than thirty economic development-related tax preferences that require one of these filings. Like last year's bill, ESHB 1296 puts into place one of the AWB Tax and Fiscal Policy Council's legislative objectives by consolidating the annual reporting requirements for tax preferences by replacing the Annual Tax Incentive Report with the Annual Tax Performance Report and repealing the Annual Tax Incentive Survey. ESHB 1296 garnered near unanimous consent in both the House and Senate.

HB 2005 ★ ADMINISTRATION OF GENERAL BUSINESS LICENSES

Passed/AWB Supported

Rep. Kristine Lytton, D-Anacortes, was the sponsor and leading advocate for HB 2005 which improves the business climate in Washington by consolidating and simplifying the administration of



Rep. Terry Nealey, R-Dayton, ranking minority member of the House Transportation Committee and assistant ranking minority member of the House Finance Committee.

municipal general business licenses in the Department of Revenue's ATLAS program. After years of work and tight negotiations with the cities, this AWB legislative objective received a strong bipartisan vote count in both chambers of the Legislature. HB 2005 continued the work of 2016 legislation (HB 2959) and implements many of the recommendations issuing from the HB 2959 interim task force. In addition to consolidating local licensing, HB 2005 established a local apportionment task force made of representatives from cities and AWB business members. The task force is scheduled to meet over the next year.



Ron Bueing, at right, Roger Flygare, center, and AWB's Eric Lohnes testify before the House Finance Committee.

SB 5866/SJR 8209 X ESTABLISHING A TAX COURT IN WASHINGTON AND MAKING CONSTITUTIONAL CHANGES

Failed/AWB Supported

Senate Bill 5866 and the accompanying constitutional amendment Senate Joint Resolution 8209 both sponsored by Sen. Sharon Brown, R-Kennewick, would have established a tax court in Washington state. These bills build off Senate Bill 5449 from last year, yet reflects changes based on feedback from various legislators and stakeholders. SB 5866 passed of the Senate Floor with a strong bipartisan vote, but failed to receive a hearing in the House. The bill would have improved fairness for taxpayers, promoted due process and improved our state's ranking from the Council on State Taxation from a C+ to an A-. A top priority for AWB is to provide an independent process for appealing tax assessments while allowing taxpayers to appeal without prepayment requirements. Now that the Department of Revenue has clarified that they do not conduct

independent reviews, this case is more important than ever. AWB will be back in strong support of this concept in 2018.

HB 1550/SB 5113 ★ B&O TAX INCREASE

Failed/AWB Opposed

Both House Bill 1550 and Senate Bill 5113 were governor-request companion bills officially requested by the Office of Financial Management. The bills sought to add an additional tax rate of 1 percent to the services and other activities of the business and occupation (B&O) tax classification, increasing the total rate from 1.5 to 2.5 percent. The bills also would have increased the filing threshold for businesses paying under the service and other activities classification of the B&O tax to \$100,000, and increased the small business tax credit to \$125 for businesses paying under the service and other activities classification on July 1, 2017, and for all other businesses on July 1, 2018. This tax policy change would have increased

taxes on service and other industries by \$2.3 billion in 2017-19 and \$2.6 billion in 2019-21.

HB 1730/SB 5111 ★ CAPITAL GAINS TAX

Failed/AWB Opposed

Governor request legislation House Bill 1730 and Senate Bill 5111 were another attempt at creating a capital gains tax in Washington. This proposal would have created a 7.9 percent tax on capital gains. As has been the case previously, the proposal was attempted to be framed as an "excise tax" in order to work around the state's prohibition on graduated taxes on income. There are a number of reasons this is problematic. Washington would be the only state to treat a tax on capital gains as an excise tax, and not an income tax. The IRS treats capital gains taxes as an income tax. Also, capital gains taxes are volatile, they create a disincentive for investment, and are on dubious legal ground in Washington. Capital gains taxes were also included in

Bill considered as part of
AWB's voting record

★ Favorable outcome for
Washington businesses

X Missed Opportunities

other bills, including HB 1730, HB 1926, and HB 2186.

HB 1549/SB 5112 ★
CLOSING AND MODIFYING TAX INCENTIVES

Failed/AWB Opposed

Gov. Jay Inslee proposed closing several tax incentives to fund his budget proposal. House Bill 1549 and Senate Bill 5112 would have narrowed the use tax exemption for extracted fuel, transitioned the nonresident sales and use tax exemption into a remittance program, eliminated the sales and use tax exemption for bottled water, limit the real estate excise tax (REET) foreclosure exemption, and limit trade-in exclusion to \$10,000. Tax incentives play an important role in Washington to keep businesses competitive. While these bills didn't progress, components of the bills were included in the final budget deal.

HB 1904 ★
IMPOSING TAX ON SALE OF PERSONAL INFORMATION

Failed/AWB Opposed

Rep. Norma Smith, R-Canton, introduced House Bill 1904, which sought to impose a business and occupation (B&O) tax on

the sale of Washington residents' personal information. HB 1904 would have done what no other state has done or tried to do: apply an extremely high gross receipts tax broadly across many industries impacting up to 25,000 taxpayers. Businesses with nexus under current law are paying taxes under the applicable B&O category; HB 1904 would have applied a rate that is between 120 percent and 600 percent higher than the current rate they are paying taxes on.

SB 5358 ★
TAX AND LICENSING LAWS

Passed/AWB Supported

Senate Bill 5358 is the annual Department of Revenue (DOR) clean-up bill offered by Sen. Mark Schoesler, R-Ritzville. The goal of these bills is to have negligible if not zero fiscal impact on the budget and address non-controversial changes related to the DOR. The bill was well worked prior to session this year and as a result sailed through the Legislature without issue. The non-controversial nature of these bills allows for important statutory and administrative updates to pass through the Legislature without issue.

SB 5888 X
B&O MANUFACTURING TAX RATE REDUCTION

Failed/AWB Supported

Sen. Michael Baumgartner, R-Spokane, introduced Senate Bill 5888, which would have reduced the general manufacturing business and occupation tax rate and the processing for hire rate from 0.484 percent to 0.2904 percent. While the manufacturing sector has gained momentum nationally in recent months, manufacturing activities in Washington continue to struggle. Washington is a high business tax state, and it is hard for our manufacturers, particularly those that compete on a global scale, to remain competitive. This bill represented an excellent opportunity to provide some relief to manufacturers in Washington. Similar language was passed as part of the final budget deal and later vetoed by the governor.

HB 1764/SB 5772 ★
PROPERTY TAX REVENUE LIMIT

Failed/AWB Opposed

House Bill 1764 and Senate Bill 5772, sponsored by Rep. Kristine Lytton, D-Anacortes, and Sen. Jamie Pedersen, D-Seattle, respectively, would have changed



Rep. Kristine Lytton, D-Anacortes, chair of the House Finance Committee.

the annual regular property tax revenue growth limit to the greater of 100 percent plus population change and inflation, but not to exceed 105 percent, and 101 percent. The legislation reaffirms the wisdom of a property tax limit factor and reaffirms the important role counties play and their legitimate need to be adequately funded. The obvious concern is that eliminating or modifying the cap would raise property taxes.

HB 2115/HJR 4208 ★
PROPERTY TAX HOMESTEAD EXEMPTION

Failed/AWB Opposed

House Bill 2115 would have provided a state property tax homestead exemption on the first \$50,000 of the value of a residence and is reliant upon House Joint Resolution 4208, which amends the Washington State Constitution to grant the Legislature the authority to provide a homestead exemption from property taxes levied for state purposes on up to \$50,000 of residential real property valuation. AWB opposed this policy because it will not result in a tax reduction in any locality; rather, it will result in a tax shift that will harm Washington's long-term competitiveness. Adoption of this split roll system would result in a tax shift from residential real estate to commercial and industrial real estate. Shifting more of the tax burden to employers creates a less attractive environment for those seeking to make investments that create jobs in Washington, and would, in particular, create a further disincentive for business with high value properties. It also runs counter to the sound uniformity provision for property taxes set forth in Article VII of the Washington Constitution.

HB 1894/SB 5630 X
HIGH-TECHNOLOGY RESEARCH TAX

Failed/AWB Supported

Gov. Jay Inslee brought forward legislation that would have brought Washington back in line with other states. Washington state is currently at a competitive disadvantage because it is one of a few states without research and development (R&D) tax incentives. R&D tax credits are an important tool for helping attract, retain, and grow high-tech companies and jobs in our state. The incentives were established in 1994, renewed in 2004, and existed until they were allowed to expire on Jan. 1, 2015. House Bill 1894 and Senate Bill 5630

would have reinstated the R&D incentives on a limited basis for biotechnology, and the nascent space travel industry. Both bills received bipartisan support in their respective chambers, but failed to pass out of their fiscal committees. Expect this issue to return in 2018.

HB 2145/HB 2146 ★
AEROSPACE JOB INCENTIVES

Failed/AWB Opposed

The House Finance Committee heard testimony on House Bill 2145 and 2146. The former, sponsored by Rep. Noel Frame, D-Greenwood, and the latter by Rep. Richard DeBolt, R-Chehalis. The legislation attempted to amend the tax incentive agreement reached



Sen. Kevin Ranker, D-Orcas Island, ranking minority member of the Senate Ways and Means Committee.

Bill considered as part of AWB's voting record

★ Favorable outcome for Washington businesses

X Missed Opportunities



Sen. Sharon Brown, R-Kennewick, majority deputy leader and vice chair of the Senate Ways and Means Committee.

in 2013 by requiring aerospace manufacturers, and Boeing specifically, to maintain a certain number of jobs in the state. AWB President Kris Johnson, along with several members representing local chambers of commerce and small businesses across the state, testified against the bill because of the harm it would have on Washington's economy and to the state's ability to recruit new companies. These bills, just like House Bill 2638, proposed in 2016, sent the wrong message; namely, that Washington is a state that doesn't keep its word. The bills were heard in the Finance Committee but did not receive a vote.

HB 1403/SB 5515 X SILICONE SMELTERS/TAXES

Failed/AWB Supported

Senate Bill 5515 is a great example of how targeted tax incentives can enhance Washington's communities and improve the lives of its citizens. Like Substitute House Bill 2977 last year, SB 5515, sponsored by Rep. Shelly Short, R-Addy, arose out of meetings with the governor to identify ways to recruit companies capable of creating

jobs in our most rural, economically depressed communities. Washington's economic recovery has largely been a Puget Sound recovery. There are many parts of the state outside of the Puget Sound where unemployment remains a significant problem. This bill would have encouraged job creation in rural Washington by providing competitive tax incentives. Manufacturing companies can become the cornerstone industries in local economies, creating opportunities for living-wage jobs. At a time when we are concerned about the growing wage gap in this state and in the nation, these types of jobs are a solution. SB 5515 made it to the Rules Committee and HB 1403 made it out of the Technology and Economic Development Committee, but stalled in Finance. AWB looks forward to supporting this bill again in 2018.

HB 1422/SSB 5208 X RURAL JOBS

Failed/AWB Supported

Sen. Judy Warnick, R-Moses Lake, and Rep. Brian Blake, D-Aberdeen, introduced

legislation that would help drive much needed economic opportunity into the rural areas in Washington. The goal of the Rural Jobs Act is to create and retain jobs in rural areas of Washington by incentivizing taxpayers to invest in rural growth funds with certain tax credits. It would have created a program to develop rural growth funds and creates a tax incentive for taxpayers who make a capital contribution to a rural growth fund. The bills made it through the policy committees in the House and Senate, but were ultimately held up in the fiscal committees. AWB looks forward to supporting this legislation and legislation like this, that promotes rural economic opportunity, in 2018 and beyond.

HB 1500/SB 5513 ★ TAX EXEMPTION TRANSPARENCY

Failed/AWB Opposed

There were a number of bills focused on tax incentives this session. Tax incentives play an important role in Washington's tax structure. Many tax incentives work to reduce distortions, offset disincentives, avoid pyramiding, and create a level playing field for in-state enterprises. A hearing was held on House Bill 1500, sponsored by Rep. Gerry Pollet, D-Seattle. AWB opposed the bill for several reasons, but the overarching concern is that it would have created a rigid process that would threaten the predictability and stability of Washington's tax code every two years. Washington state currently has a robust tax incentive transparency and accountability program in place. This program includes the Department of Revenue Tax Exemption Report released every four years, Citizen Commission and Joint Legislative Audit & Review Committee, and the array of provisions included in Senate Bill 5882 (passed in 2013) requiring additional transparency, tax performance statements,

and automatic 10-year sunsets. And the current system is consistent with the National Conference of State Legislatures (NCSL) Tax Expenditure Budgets and Reports Best Practices. NCSL considers Washington a leader in transparency and accountability. Washington already has a strong program in place.

HB 2144/HB 2165/HB 1054/SB 5025 ★
TAXATION OF VAPOR PRODUCTS

Failed/AWB Opposed

These bills have a number of differences, but the primary thing they have in common is an extremely high tax on vaping products. In one case (House Bill 2144), the tax extends to cessation product sales as well. AWB heard from our members that these bills would greatly harm the vape shop industry. Vape shops are retail locations, but they are also places people can go to get personal and direct information and educate themselves about the products they are purchasing. This is a regulated industry, with regulated products overseen by the state Liquor and Cannabis Board (LCB). These businesses are required to have and maintain a license, products must be labeled with safety information and warnings, and the LCB is vested with various enforcement powers. Only seven states and Washington, D.C., tax e-cigarettes and vape products. Pennsylvania adopted a lower 40 percent tax during the 2016 session, and a significant number of business closures have already been reported. These are small businesses, who are paying taxes and operating in a regulated environment. Passing this legislation would have negatively impacted their ability to conduct business in Washington, potentially pushing more sales online and across state lines.

HB 1593 ★
SIMPLIFYING SMALL SECURITIES OFFERINGS

Passed/AWB Supported

Rep. Brandon Vick, R-Vancouver, brought forward a bill resulting from interim stakeholder work which simplifies and makes more accessible small securities offerings. The current crowdfunding law is complex and expensive for businesses to use. This bill creates more options and should help start-up businesses get access to capital which has the potential to ultimately increase employment in the state. This type of offering can be a good option for start-up businesses to raise capital. AWB supported this bill as a way to increase access to capital and to improve the state's economy. ☰

ADDITIONAL INFORMATION

Budget Bills and Documents:
fiscal.wa.gov/BudgetOBillsEnacted.aspx

Interactive Budget Reports:
fiscal.wa.gov/BudgetO.aspx

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On The Hill



1. State Rep. Jim Walsh, R-Aberdeen, with AWB members during the Hill Climb; 2. Andrea Reay of the Seattle Southside Chamber of Commerce with Sagiv Barmor and John Carlisle of Allegiance Staffing during the Hill Climb; 3. Chris Reykdal, state Superintendent of Public Instruction, at the Feb. 23 Lobby Lunch; Dr. Steve Lerch, Ph.D., executive director of the Washington State Economic and Revenue Forecast Council, at Lobby Lunch; 5. AWB President Kris Johnson looks out over a packed room during the first-ever Rural Jobs Summit, held in March at AWB.



1. David Schumacher, director of the Office of Financial Management, discusses the budget at Lobby Lunch; 2. Sen. John McCoy, D-Tulalip, during a Democratic leadership talk at Lobby Lunch; 3. Rep. Nicole Macri, D-Seattle, meets with AWB members during the Hill Climb; 4. Commissioner of Public Lands Hilary Franz at Lobby Lunch; 5. Raquel Crowley with the office of U.S. Sen. Patty Murray at the March Rural Jobs Summit.

Voting Record Overview

SENATE

Annual Percentage of AWB Supported Votes

Dist.	Senator	2016	2017	Lifetime Average	Labor Score*
26	Sen. Angel-R	100%	80%	90%	18%
10	Sen. Bailey-R	100%	70%	92%	13%
6	Sen. Baumgartner-R	92%	80%	91%	12%
2	Sen. Becker-R	100%	90%	93%	15%
3	Sen. Billig-D	62%	40%	45%	98%
20	Sen. Braun-R	92%	90%	94%	12%
8	Sen. Brown-R	100%	80%	93%	10%
36	Sen. Carlyle-D	50%	20%	40%	75%
32	Sen. Chase-D	54%	20%	33%	98%
49	Sen. Cleveland-D	62%	30%	42%	96%
29	Sen. Conway-D	62%	40%	34%	100%
27	Sen. Darneille-D	45%	30%	35%	91%
42	Sen. Ericksen-R	92%	80%	90%	16%
47	Sen. Fain-R	100%	90%	93%	20%
31	Sen. Fortunato-R	NA	90%	90%	33%
46	Sen. Frockt-D	46%	30%	45%	91%
11	Sen. Hasegawa-D	54%	20%	29%	99%
12	Sen. Hawkins-R	92%	80%	86%	19%
44	Sen. Hobbs-D	85%	60%	63%	64%
15	Sen. Honeyford-R	100%	80%	94%	8%
22	Sen. Hunt-D	50%	22%	34%	98%
33	Sen. Keiser-D	54%	50%	37%	95%
14	Sen. King-R	100%	90%	95%	17%
48	Sen. Kuderer-D	46%	20%	33%	100%
21	Sen. Liias-D	62%	30%	42%	95%

Dist.	Senator	2016	2017	Lifetime Average	Labor Score*
38	Sen. McCoy-D	46%	22%	35%	94%
30	Sen. Miloscia-R	92%	100%	91%	81%
5	Sen. Mullet-D	92%	60%	67%	69%
34	Sen. Nelson-D	62%	20%	35%	98%
28	Sen. O'Ban-R	100%	100%	98%	22%
4	Sen. Padden-R	92%	70%	84%	8%
1	Sen. Palumbo-D	NA	30%	30%	82%
39	Sen. Pearson-R	85%	80%	89%	17%
43	Sen. Pedersen-D	62%	20%	38%	82%
40	Sen. Ranker-D	69%	30%	40%	95%
18	Sen. Rivers-R	100%	100%	95%	18%
23	Sen. Rolfes-D	77%	30%	43%	91%
45	Sen. Rossi-R	NA	80%	80%	7%
37	Sen. Saldana-D	NA	22%	22%	100%
9	Sen. Schoesler-R	100%	90%	93%	12%
35	Sen. Sheldon-D	92%	80%	88%	27%
7	Sen. Short-R	85%	70%	89%	12%
19	Sen. Takko-D	69%	50%	49%	79%
24	Sen. Van De Wege-D	46%	30%	38%	89%
16	Sen. Walsh-R	77%	90%	87%	29%
13	Sen. Warnick-R	92%	90%	92%	12%
41	Sen. Wellman-D	NA	33%	33%	92%
17	Sen. Wilson-R	85%	90%	87%	18%
25	Sen. Zeiger-R	85%	100%	92%	36%

*Source: WA State Labor Council

The 2017 Voting Record is one of several tools AWB members can use to evaluate how lawmakers responded to bills affecting the state's business community this session. AWB's Government Affairs team, in conjunction with the AWB Government Affairs Council, selects the bills and amendments to be included in the vote record. Recommendations are then made to the AWB Executive Committee, which has final approval over the record. As in previous years, this year's record includes votes cast on final passage of bills, as well as amendments to certain bills. The narrative accompanying each issue area provides additional details on these measures. All votes are weighted equally in calculating each legislator's voting record percentage. Finally, to give readers a better sense of each lawmaker's voting performance over time, we've included their scores from the current legislative session, from 2016 and from their lifetime in the Legislature.



HOUSE OF REPRESENTATIVES, A-Mac

Annual Percentage of AWB Supported Votes

Dist.	Representative	2016	2017	Lifetime Average	Labor Score*
23	Rep. Appleton-D	46%	27%	35%	99%
2	Rep. Barkis-R	89%	80%	85%	28%
11	Rep. Bergquist-D	46%	18%	31%	100%
19	Rep. Blake-D	46%	30%	46%	91%
42	Rep. Buys-R	85%	70%	88%	13%
26	Rep. Caldier-R	85%	50%	73%	29%
15	Rep. Chandler-R	85%	80%	91%	10%
24	Rep. Chapman-D	NA	20%	20%	100%
43	Rep. Chopp-D	46%	40%	38%	91%
41	Rep. Clibborn-D	54%	30%	43%	83%
34	Rep. Cody-D	46%	36%	35%	96%
12	Rep. Condotta-R	85%	70%	88%	13%
20	Rep. DeBolt-R	92%	89%	91%	15%
13	Rep. Dent-R	85%	80%	86%	15%
22	Rep. Doglio-D	NA	27%	27%	100%
22	Rep. Dolan-D	NA	40%	40%	100%
9	Rep. Dye-R	92%	80%	85%	15%
27	Rep. Fey-D	46%	36%	38%	100%
34	Rep. Fitzgibbon-D	46%	36%	40%	99%
36	Rep. Frame-D	46%	9%	28%	100%
45	Rep. Goodman-D	46%	30%	35%	97%
5	Rep. Graves-R	NA	80%	80%	54%
33	Rep. Gregerson-D	46%	27%	33%	98%
35	Rep. Griffey-R	77%	70%	77%	18%
8	Rep. Haler-R	77%	78%	89%	27%
23	Rep. Hansen-D	46%	27%	36%	99%
47	Rep. Hargrove-R	92%	75%	86%	14%
44	Rep. Harmsworth-R	77%	70%	77%	21%
17	Rep. Harris-R	85%	80%	81%	28%
10	Rep. Hayes-R	85%	83%	90%	23%
6	Rep. Holy-R	85%	83%	88%	19%
11	Rep. Hudgins-D	46%	30%	35%	95%
31	Rep. Irwin-R	NA	67%	67%	38%
16	Rep. Jenkin-R	NA	70%	70%	15%
27	Rep. Jinkins-D	46%	36%	39%	91%
14	Rep. Johnson-R	92%	78%	89%	18%
32	Rep. Kagi-D	54%	27%	38%	90%
28	Rep. Kilduff-D	46%	40%	39%	100%
29	Rep. Kirby-D	38%	40%	36%	98%
8	Rep. Klippert-R	85%	70%	88%	10%
1	Rep. Kloba-D	NA	27%	27%	100%
39	Rep. Koster-R	NA	78%	78%	5%
17	Rep. Kraft-R	NA	50%	50%	31%
7	Rep. Kretz-R	85%	60%	90%	13%
39	Rep. Kristiansen-R	85%	90%	91%	12%
44	Rep. Lovick-D	NA	30%	30%	95%
40	Rep. Lytton-D	54%	40%	44%	99%
35	Rep. MacEwen-R	73%	80%	86%	23%
43	Rep. Macri-D	NA	27%	27%	100%

*Source:
WA State Labor Council

HOUSE OF REPRESENTATIVES, Man-Y

Annual Percentage of AWB Supported Votes

Dist.	Representative	2016	2017	Lifetime Average	Labor Score*
13	Rep. Manweller-R	92%	75%	86%	21%
7	Rep. Maycumber-R	NA	60%	60%	15%
48	Rep. McBride-D	38%	30%	35%	100%
14	Rep. McCabe-R	92%	70%	85%	26%
4	Rep. McCaslin-R	85%	70%	82%	12%
25	Rep. McDonald-R	NA	60%	60%	28%
40	Rep. Morris-D	54%	0%	43%	82%
28	Rep. Muri-R	85%	60%	83%	41%
16	Rep. Nealey-R	92%	56%	89%	15%
20	Rep. Orcutt-R	77%	80%	91%	13%
3	Rep. Ormsby-D	46%	40%	34%	99%
21	Rep. Ortiz-Self-D	46%	30%	32%	100%
33	Rep. Orwall-D	50%	40%	41%	96%
30	Rep. Pellicciotti-D	NA	30%	30%	100%
21	Rep. Peterson-D	46%	27%	35%	100%
37	Rep. Pettigrew-D	54%	40%	40%	90%
18	Rep. Pike-R	85%	70%	84%	11%
46	Rep. Pollet-D	46%	27%	34%	100%
30	Rep. Reeves-D	NA	30%	30%	NA
3	Rep. Riccelli-D	46%	40%	37%	98%
38	Rep. Robinson-D	46%	40%	36%	100%
5	Rep. Rodne-R	92%	60%	88%	18%
32	Rep. Ryu-D	46%	36%	35%	100%
37	Rep. Santos-D	46%	27%	39%	95%
29	Rep. Sawyer-D	50%	36%	36%	98%
9	Rep. Schmick-R	92%	70%	90%	13%
38	Rep. Sells-D	46%	27%	36%	100%
41	Rep. Senn-D	46%	30%	36%	98%
4	Rep. Shea-R	85%	83%	82%	12%
48	Rep. Slatter-D	NA	27%	27%	100%
10	Rep. Smith-R	85%	78%	88%	19%
45	Rep. Springer-D	54%	30%	45%	80%
25	Rep. Stambaugh-R	77%	70%	80%	47%
1	Rep. Stanford-D	46%	9%	34%	100%
12	Rep. Steele-R	NA	80%	80%	31%
31	Rep. Stokesbary-R	92%	100%	95%	29%
49	Rep. Stonier-D	NA	30%	30%	91%
47	Rep. Sullivan-D	54%	40%	42%	88%
36	Rep. Tarleton-D	46%	40%	39%	100%
15	Rep. Taylor-R	77%	70%	80%	10%
24	Rep. Tharinger-D	46%	40%	44%	91%
46	Rep. Valdez-D	NA	40%	40%	100%
42	Rep. Van Werven-R	85%	70%	82%	18%
18	Rep. Vick-R	100%	80%	92%	11%
6	Rep. Volz-R	NA	70%	70%	25%
19	Rep. Walsh-R	NA	60%	60%	29%
2	Rep. Wilcox-R	92%	100%	95%	17%
49	Rep. Wylie-D	46%	36%	39%	92%
26	Rep. Young-R	77%	60%	75%	28%

*Source:
WA State Labor Council

SENATE

Legislative Voting Record

ALL POLICY

				Basic Education Funding 3rd Reading & Final Passage	Paid Family & Medical Leave 3rd Reading & Final Passage	Vesting Reform 3rd Reading & Final Passage	Hirst Fix 3rd Reading & Final Passage	State Building Code Council Reform 3rd Reading & Final Passage
BILL NUMBER				EHB 2242	SSB 5975	ESB 5212	2E2SSB 5239	SSB 5500
VOTE COUNT				32-17-0-0	37-12-0-0	25-24-0-0	28-21-0-0	25-24-0-0
AWB'S POSITION				S	S	S	S	S
DISTRICT	SENATOR	2017	LIFETIME AVERAGE	EDUCATION	EMPLOYMENT LAW	ENVIRONMENTAL POLICY		
26	Sen. Jan Angel-R	80%	90%	Y	N	Y	Y	Y
10	Sen. Barbara Bailey-R	70%	92%	Y	N	Y	Y	Y
6	Sen. Michael Baumgartner-R	80%	91%	Y	N	Y	Y	Y
2	Sen. Randi Becker-R	90%	93%	Y	Y	Y	Y	Y
3	Sen. Andy Billig-D	40%	45%	Y	Y	N	N	N
20	Sen. John Braun-R	90%	94%	Y	Y	Y	Y	Y
8	Sen. Sharon Brown-R	80%	93%	Y	N	Y	Y	Y
36	Sen. Reuven Carlyle-D	20%	40%	N	Y	N	N	N
32	Sen. Maralyn Chase-D	20%	33%	N	Y	N	N	N
49	Sen. Annette Cleveland-D	30%	42%	N	Y	N	N	N
29	Sen. Steve Conway-D	40%	34%	Y	Y	N	N	N
27	Sen. Jeannie Darneille-D	30%	35%	Y	Y	N	N	N
42	Sen. Doug Ericksen-R	80%	90%	Y	N	Y	Y	Y
47	Sen. Joe Fain-R	90%	93%	Y	Y	Y	Y	Y
31	Sen. Phil Fortunato-R	90%	90%	Y	Y	Y	Y	Y
46	Sen. David Frockt-D	30%	45%	N	Y	N	N	N
11	Sen. Bob Hasegawa-D	20%	29%	N	Y	N	N	N
12	Sen. Brad Hawkins-R	80%	86%	Y	N	Y	Y	Y
44	Sen. Steve Hobbs-D	60%	63%	Y	Y	N	Y	N
15	Sen. Jim Honeyford-R	80%	94%	Y	N	Y	Y	Y
22	Sen. Sam Hunt-D	22%	34%	N	Y	N	N	N
33	Sen. Karen Keiser-D	50%	37%	Y	Y	N	N	N
14	Sen. Curtis King-R	90%	95%	Y	Y	Y	Y	Y
48	Sen. Patty Kuderer-D	20%	33%	N	Y	N	N	N
21	Sen. Marko Liias-D	30%	42%	N	Y	N	N	N
38	Sen. John McCoy-D	22%	35%	N	Y	N	N	N
30	Sen. Mark Miloscia-R	100%	91%	Y	Y	Y	Y	Y
5	Sen. Mark Mullet-D	60%	67%	Y	Y	N	Y	N
34	Sen. Sharon Nelson-D	20%	35%	N	Y	N	N	N
28	Sen. Steve O'Ban-R	100%	98%	Y	Y	Y	Y	Y
4	Sen. Mike Padden-R	70%	84%	N	N	Y	Y	Y
1	Sen. Guy Palumbo-D	30%	30%	N	Y	N	N	N
39	Sen. Kirk Pearson-R	80%	89%	Y	N	Y	Y	Y
43	Sen. Jamie Pedersen-D	20%	38%	N	Y	N	N	N
40	Sen. Kevin Ranker-D	30%	40%	Y	Y	N	N	N
18	Sen. Ann Rivers-R	100%	95%	Y	Y	Y	Y	Y
23	Sen. Christine Rolfes-D	30%	43%	Y	Y	N	N	N
45	Sen. Dino Rossi-R	80%	80%	Y	N	Y	Y	Y
37	Sen. Rebecca Saldana-D	22%	22%	N	Y	N	N	N
9	Sen. Mark Schoesler-R	90%	93%	Y	Y	Y	Y	Y
35	Sen. Tim Sheldon-D	80%	88%	Y	N	Y	Y	Y
7	Sen. Shelly Short-R	70%	89%	N	N	Y	Y	Y
19	Sen. Dean Takko-D	50%	49%	Y	Y	N	Y	N
24	Sen. Kevin Van De Wege-D	30%	38%	N	Y	N	N	N
16	Sen. Maureen Walsh-R	90%	87%	Y	Y	Y	Y	Y
13	Sen. Judy Warnick-R	90%	92%	Y	Y	Y	Y	Y
41	Sen. Lisa Wellman-D	33%	33%	N	Y	N	N	N
17	Sen. Lynda Wilson-R	90%	87%	Y	Y	Y	Y	Y
25	Sen. Hans Zeiger-R	100%	92%	Y	Y	Y	Y	Y

Votes for AWB's position
 Votes against AWB's position

A: Absent E: Excused

SENATE (continued)

Legislative Voting Record

ALL POLICY

				Revenue 3rd Reading & Final Passage as Amended by the Senate	Operating Budget 3rd Reading & Final Passage	Tax Court, Creating 3rd Reading & Final Passage	Revenue 3rd Reading & Final Passage	Real ID Compliance Final Passage as Amended by the House
BILL NUMBER				EHB 2163	ESSB 5048	E2SSB 5866	SSB 5977	ESB 5008
VOTE COUNT				33-16-0-0	25-24-0-0	32-13-4-0	33-16-0-0	36-13-0-0
AWB'S POSITION				O	S	S	S	S
DISTRICT	SENATOR	2017	LIFETIME AVERAGE	TAX & FISCAL POLICY				TRANSPORTATION
26	Sen. Jan Angel-R	80%	90%	N	Y	Y	Y	N
10	Sen. Barbara Bailey-R	70%	92%	Y	Y	Y	Y	N
6	Sen. Michael Baumgartner-R	80%	91%	N	Y	Y	Y	N
2	Sen. Randi Becker-R	90%	93%	Y	Y	Y	Y	Y
3	Sen. Andy Billig-D	40%	45%	Y	N	Y	N	Y
20	Sen. John Braun-R	90%	94%	Y	Y	Y	Y	Y
8	Sen. Sharon Brown-R	80%	93%	N	Y	Y	Y	N
36	Sen. Reuven Carlyle-D	20%	40%	Y	N	N	N	Y
32	Sen. Maralyn Chase-D	20%	33%	Y	N	N	N	Y
49	Sen. Annette Cleveland-D	30%	42%	Y	N	N	Y	Y
29	Sen. Steve Conway-D	40%	34%	Y	N	N	Y	Y
27	Sen. Jeannie Darneille-D	30%	35%	Y	N	N	N	Y
42	Sen. Doug Ericksen-R	80%	90%	N	Y	Y	Y	N
47	Sen. Joe Fain-R	90%	93%	Y	Y	Y	Y	Y
31	Sen. Phil Fortunato-R	90%	90%	N	Y	Y	Y	N
46	Sen. David Frockt-D	30%	45%	Y	N	Y	N	Y
11	Sen. Bob Hasegawa-D	20%	29%	N	N	N	N	N
12	Sen. Brad Hawkins-R	80%	86%	Y	Y	Y	Y	Y
44	Sen. Steve Hobbs-D	60%	63%	Y	N	Y	Y	Y
15	Sen. Jim Honeyford-R	80%	94%	N	Y	Y	Y	N
22	Sen. Sam Hunt-D	22%	34%	Y	N	E	N	Y
33	Sen. Karen Keiser-D	50%	37%	Y	N	Y	Y	Y
14	Sen. Curtis King-R	90%	95%	Y	Y	Y	Y	Y
48	Sen. Patty Kuderer-D	20%	33%	Y	N	N	N	Y
21	Sen. Marko Lias-D	30%	42%	Y	N	Y	N	Y
38	Sen. John McCoy-D	22%	35%	Y	N	E	N	Y
30	Sen. Mark Miloscia-R	100%	91%	N	Y	Y	Y	Y
5	Sen. Mark Mullet-D	60%	67%	Y	N	Y	Y	Y
34	Sen. Sharon Nelson-D	20%	35%	Y	N	N	N	Y
28	Sen. Steve O'Ban-R	100%	98%	N	Y	Y	Y	Y
4	Sen. Mike Padden-R	70%	84%	N	Y	Y	Y	N
1	Sen. Guy Palumbo-D	30%	30%	Y	N	Y	N	Y
39	Sen. Kirk Pearson-R	80%	89%	Y	Y	Y	Y	Y
43	Sen. Jamie Pedersen-D	20%	38%	Y	N	N	N	Y
40	Sen. Kevin Ranker-D	30%	40%	Y	N	N	N	Y
18	Sen. Ann Rivers-R	100%	95%	N	Y	Y	Y	Y
23	Sen. Christine Rolfes-D	30%	43%	Y	N	N	N	Y
45	Sen. Dino Rossi-R	80%	80%	N	Y	Y	Y	N
37	Sen. Rebecca Saldana-D	22%	22%	Y	N	E	N	Y
9	Sen. Mark Schoesler-R	90%	93%	Y	Y	Y	Y	Y
35	Sen. Tim Sheldon-D	80%	88%	N	Y	Y	Y	N
7	Sen. Shelly Short-R	70%	89%	N	Y	Y	Y	N
19	Sen. Dean Takko-D	50%	49%	Y	N	N	Y	Y
24	Sen. Kevin Van De Wege-D	30%	38%	Y	N	N	Y	Y
16	Sen. Maureen Walsh-R	90%	87%	Y	Y	Y	Y	Y
13	Sen. Judy Warnick-R	90%	92%	Y	Y	Y	Y	Y
41	Sen. Lisa Wellman-D	33%	33%	Y	N	E	Y	Y
17	Sen. Lynda Wilson-R	90%	87%	N	Y	Y	Y	N
25	Sen. Hans Zeiger-R	100%	92%	N	Y	Y	Y	Y

HOUSE OF REPS.
A-Mac

Legislative Voting Record
ALL POLICY

				Basic Education Funding Final Passage	Workplaces Gender Pay Equity Final Passage	Hanford/Occupational Disease Final Passage	Internet Privacy & Security Final Passage	Paid Family & Medical Leave Final Passage
BILL NUMBER				EHB 2242	EHB 1506	SHB 1723	ESHB 2200	SSB 5975
VOTE COUNT				67-26-5-0	61-36-1-0	69-29-0-0	72-22-4-0	65-29-4-0
AWB'S POSITION				S	O	O	O	S
DISTRICT	REPRESENTATIVE	2017	LIFETIME AVERAGE	EDUCATION	EMPLOYMENT LAW			
23	Rep. Sherry Appleton-D	27%	35%	Y	Y	Y	Y	Y
2	Rep. Andrew Barkis-R	80%	85%	Y	N	Y	N	N
11	Rep. Steve Bergquist-D	18%	31%	N	Y	Y	Y	Y
19	Rep. Brian Blake-D	30%	46%	Y	Y	Y	Y	Y
42	Rep. Vincent Buys-R	70%	88%	Y	N	Y	N	N
26	Rep. Michelle Caldier-R	50%	73%	Y	Y	Y	Y	N
15	Rep. Bruce Chandler-R	80%	91%	Y	N	N	N	N
24	Rep. Mike Chapman-D	20%	20%	N	Y	Y	Y	Y
43	Rep. Frank Chopp-D	40%	38%	Y	Y	Y	Y	Y
41	Rep. Judy Clibborn-D	30%	43%	N	Y	Y	Y	Y
34	Rep. Eileen Cody-D	36%	35%	Y	Y	Y	Y	Y
12	Rep. Cary Condotta-R	70%	88%	N	N	N	N	N
20	Rep. Richard DeBolt-R	89%	91%	Y	N	N	N	N
13	Rep. Tom Dent-R	80%	86%	Y	N	N	N	Y
22	Rep. Beth Doglio-D	27%	27%	Y	Y	Y	Y	Y
22	Rep. Laurie Dolan-D	40%	40%	Y	Y	Y	Y	Y
9	Rep. Mary Dye-R	80%	85%	Y	N	Y	N	N
27	Rep. Jake Fey-D	36%	38%	Y	Y	Y	Y	Y
34	Rep. Joe Fitzgibbon-D	36%	40%	Y	Y	Y	Y	Y
36	Rep. Noel Frame-D	9%	28%	N	Y	Y	Y	Y
45	Rep. Roger Goodman-D	30%	35%	N	Y	Y	Y	Y
5	Rep. Paul Graves-R	80%	80%	Y	Y	N	Y	Y
33	Rep. Mia Gregerson-D	27%	33%	Y	Y	Y	Y	Y
35	Rep. Dan Griffey-R	70%	77%	Y	N	Y	Y	N
8	Rep. Larry Haler-R	78%	89%	Y	N	Y	N	Y
23	Rep. Drew Hansen-D	27%	36%	Y	Y	Y	Y	Y
47	Rep. Mark Hargrove-R	75%	86%	E	N	N	E	N
44	Rep. Mark Harmsworth-R	70%	77%	Y	N	Y	Y	Y
17	Rep. Paul Harris-R	80%	81%	Y	Y	N	N	Y
10	Rep. Dave Hayes-R	83%	90%	E	N	N	Y	E
6	Rep. Jeff Holy-R	83%	88%	E	N	N	N	E
11	Rep. Zack Hudgins-D	30%	35%	N	Y	Y	Y	Y
31	Rep. Morgan Irwin-R	67%	67%	N	N	Y	Y	Y
16	Rep. Bill Jenkin-R	70%	70%	Y	N	Y	N	N
27	Rep. Laurie Jinkins-D	36%	39%	Y	Y	Y	Y	Y
14	Rep. Norm Johnson-R	78%	89%	Y	N	Y	E	N
32	Rep. Ruth Kagi-D	27%	38%	Y	Y	Y	Y	Y
28	Rep. Christine Kilduff-D	40%	39%	Y	Y	Y	Y	Y
29	Rep. Steve Kirby-D	40%	36%	Y	Y	Y	Y	Y
8	Rep. Brad Klippert-R	70%	88%	Y	N	N	Y	N
1	Rep. Shelley Kloba-D	27%	27%	N	Y	Y	Y	Y
39	Rep. John Koster-R	78%	78%	N	N	N	E	N
17	Rep. Vicki Kraft-R	50%	50%	Y	Y	Y	Y	N
7	Rep. Joel Kretz-R	60%	90%	N	N	N	Y	N
39	Rep. Dan Kristiansen-R	90%	91%	Y	N	N	N	N
44	Rep. John Lovick-D	30%	30%	N	Y	Y	Y	Y
40	Rep. Kristine Lytton-D	40%	44%	Y	Y	Y	Y	Y
35	Rep. Drew MacEwen-R	80%	86%	Y	N	Y	Y	Y
43	Rep. Nicole Macri-D	27%	27%	Y	Y	Y	Y	Y

Votes for AWB's position
 Votes against AWB's position

A: Absent E: Excused

HOUSE OF REPS.
A-Mac (continued)

Legislative Voting Record
ALL POLICY

				Hazardous Substance Tax Final Passage	Revenue Final Passage as Amended by the Senate	Operating Budget Final Passage as Amended by the House	Revenue Final Passage	Signed Letter Calling for Line-item veto of B&O Manufacturing Tax Relief	Real ID Compliance Final Passage as Amended by the House
BILL NUMBER				SHB 2182	EHB 2163	ESSB 5048	SSB 5977	SSB 5977	ESB 5008
VOTE COUNT				50-47-1-0	51-42-5-0	50-48-0-0	83-10-5-0	*	55-41-2-0
AWB'S POSITION				O	O	O	S	S	S
DISTRICT	REPRESENTATIVE	2017	LIFETIME AVERAGE	ENVIRONMENT	TAX & FISCAL POLICY				TRANSPORTATION
23	Rep. Sherry Appleton-D	27%	35%	Y	Y	Y	N	N	Y
2	Rep. Andrew Barkis-R	80%	85%	N	N	N	Y		Y
11	Rep. Steve Bergquist-D	18%	31%	Y	Y	Y	N	N	Y
19	Rep. Brian Blake-D	30%	46%	Y	Y	Y	Y		N
42	Rep. Vincent Buys-R	70%	88%	N	N	N	Y		N
26	Rep. Michelle Caldier-R	50%	73%	N	N	N	Y		N
15	Rep. Bruce Chandler-R	80%	91%	N	N	N	Y		N
24	Rep. Mike Chapman-D	20%	20%	Y	Y	Y	N		Y
43	Rep. Frank Chopp-D	40%	38%	Y	Y	Y	Y		Y
41	Rep. Judy Clibborn-D	30%	43%	Y	Y	Y	Y		Y
34	Rep. Eileen Cody-D	36%	35%	Y	Y	Y	Y	N	Y
12	Rep. Cary Condotta-R	70%	88%	N	N	N	Y		N
20	Rep. Richard DeBolt-R	89%	91%	N	N	N	Y		E
13	Rep. Tom Dent-R	80%	86%	N	Y	N	Y		N
22	Rep. Beth Doglio-D	27%	27%	Y	Y	Y	N	N	Y
22	Rep. Laurie Dolan-D	40%	40%	Y	Y	Y	Y		Y
9	Rep. Mary Dye-R	80%	85%	N	N	N	Y		Y
27	Rep. Jake Fey-D	36%	38%	Y	Y	Y	Y	N	Y
34	Rep. Joe Fitzgibbon-D	36%	40%	Y	Y	Y	Y	N	Y
36	Rep. Noel Frame-D	9%	28%	Y	Y	Y	N	N	N
45	Rep. Roger Goodman-D	30%	35%	Y	Y	Y	Y		Y
5	Rep. Paul Graves-R	80%	80%	N	N	N	Y		Y
33	Rep. Mia Gregerson-D	27%	33%	Y	Y	Y	Y	N	N
35	Rep. Dan Griffey-R	70%	77%	N	N	N	Y		Y
8	Rep. Larry Haler-R	78%	89%	E	N	N	Y		N
23	Rep. Drew Hansen-D	27%	36%	Y	Y	Y	N	N	Y
47	Rep. Mark Hargrove-R	75%	86%	N	N	N	Y		N
44	Rep. Mark Harmsworth-R	70%	77%	N	N	N	Y		N
17	Rep. Paul Harris-R	80%	81%	N	N	N	Y		N
10	Rep. Dave Hayes-R	83%	90%	N	E	N	E		Y
6	Rep. Jeff Holy-R	83%	88%	N	E	N	E		N
11	Rep. Zack Hudgins-D	30%	35%	Y	Y	Y	Y		Y
31	Rep. Morgan Irwin-R	67%	67%	N	N	N	Y		E
16	Rep. Bill Jenkin-R	70%	70%	N	N	N	Y		N
27	Rep. Laurie Jinkins-D	36%	39%	Y	Y	Y	Y	N	Y
14	Rep. Norm Johnson-R	78%	89%	N	N	N	Y		Y
32	Rep. Ruth Kagi-D	27%	38%	Y	Y	Y	N	N	Y
28	Rep. Christine Kilduff-D	40%	39%	Y	Y	Y	Y		Y
29	Rep. Steve Kirby-D	40%	36%	Y	Y	Y	Y		Y
8	Rep. Brad Klippert-R	70%	88%	N	N	N	Y		N
1	Rep. Shelley Kloba-D	27%	27%	Y	Y	Y	Y	N	Y
39	Rep. John Koster-R	78%	78%	N	N	N	Y		Y
17	Rep. Vicki Kraft-R	50%	50%	N	N	N	Y		N
7	Rep. Joel Kretz-R	60%	90%	N	N	N	Y		N
39	Rep. Dan Kristiansen-R	90%	91%	N	N	N	Y		Y
44	Rep. John Lovick-D	30%	30%	Y	Y	Y	Y		Y
40	Rep. Kristine Lytton-D	40%	44%	Y	Y	Y	Y		Y
35	Rep. Drew MacEwen-R	80%	86%	N	N	N	Y		Y
43	Rep. Nicole Macri-D	27%	27%	Y	Y	Y	Y	N	N

* Indicates opposition to B&O Manufacturing Tax Relief

HOUSE OF REPS.
Man-Y

Legislative Voting Record

ALL POLICY

				Basic Education Funding Final Passage	Workplaces Gender Pay Equity Final Passage	Hanford/Occupational Disease Final Passage	Internet Privacy & Security Final Passage	Paid Family & Medical Leave Final Passage
BILL NUMBER				EHB 2242	EHB 1506	SHB 1723	ESHB 2200	SSB 5975
VOTE COUNT				67-26-5-0	61-36-1-0	69-29-0-0	72-22-4-0	65-29-4-0
AWB'S POSITION				S	O	O	O	S
DISTRICT	REPRESENTATIVE	2017	LIFETIME AVERAGE	EDUCATION	EMPLOYMENT LAW			
13	Rep. Matt Manweller-R	75%	86%	Y	N	N	Y	Y
7	Rep. Jacquelin Maycumber-R	60%	60%	N	N	N	Y	N
48	Rep. Joan McBride-D	30%	35%	N	Y	Y	Y	Y
14	Rep. Gina McCabe-R	70%	85%	Y	Y	Y	Y	Y
4	Rep. Bob McCaslin-R	70%	82%	N	N	N	N	N
25	Rep. Joyce McDonald-R	60%	60%	Y	Y	Y	Y	Y
40	Rep. Jeff Morris-D	0%	43%	E	Y	Y	Y	E
28	Rep. Dick Muri-R	60%	83%	Y	Y	Y	Y	Y
16	Rep. Terry Nealey-R	56%	89%	Y	N	Y	E	N
20	Rep. Ed Orcutt-R	80%	91%	Y	N	N	Y	N
3	Rep. Timm Ormsby-D	40%	34%	Y	Y	Y	Y	Y
21	Rep. Lillian Ortiz-Self-D	30%	32%	Y	Y	Y	Y	Y
33	Rep. Tina Orwall-D	40%	41%	Y	Y	Y	Y	Y
30	Rep. Mike Pellicciotti-D	30%	30%	N	Y	Y	Y	Y
21	Rep. Strom Peterson-D	27%	35%	Y	Y	Y	Y	Y
37	Rep. Eric Pettigrew-D	40%	40%	Y	Y	Y	Y	Y
18	Rep. Liz Pike-R	70%	84%	N	N	N	N	N
46	Rep. Gerry Pollet-D	27%	34%	Y	Y	Y	Y	Y
30	Rep. Kristine Reeves-D	30%	30%	N	Y	Y	Y	Y
3	Rep. Marcus Riccelli-D	40%	37%	Y	Y	Y	Y	Y
38	Rep. June Robinson-D	40%	36%	Y	Y	Y	Y	Y
5	Rep. Jay Rodne-R	60%	88%	Y	Y	Y	N	N
32	Rep. Cindy Ryu-D	36%	35%	Y	Y	Y	Y	Y
37	Rep. Sharon Tomiko Santos-D	27%	39%	Y	Y	Y	Y	Y
29	Rep. David Sawyer-D	36%	36%	Y	Y	Y	Y	Y
9	Rep. Joe Schmick-R	70%	90%	N	N	N	N	N
38	Rep. Mike Sells-D	27%	36%	N	Y	Y	Y	Y
41	Rep. Tana Senn-D	30%	36%	N	Y	Y	Y	Y
4	Rep. Matt Shea-R	83%	82%	E	N	N	N	E
48	Rep. Vandana Slatter-D	27%	27%	N	Y	Y	Y	Y
10	Rep. Norma Smith-R	78%	88%	Y	E	N	Y	Y
45	Rep. Larry Springer-D	30%	45%	N	Y	Y	Y	Y
25	Rep. Melanie Stambaugh-R	70%	80%	Y	Y	Y	Y	Y
1	Rep. Derek Stanford-D	9%	34%	N	Y	Y	Y	Y
12	Rep. Mike Steele-R	80%	80%	Y	N	N	Y	N
31	Rep. Drew Stokesbary-R	100%	95%	Y	N	N	N	Y
49	Rep. Monica Jurado Stonier-D	30%	30%	Y	Y	Y	Y	Y
47	Rep. Pat Sullivan-D	40%	42%	Y	Y	Y	Y	Y
36	Rep. Gael Tarleton-D	40%	39%	Y	Y	Y	Y	Y
15	Rep. David Taylor-R	70%	80%	N	N	N	N	N
24	Rep. Steve Tharinger-D	40%	44%	Y	Y	Y	Y	Y
46	Rep. Javier Valdez-D	40%	40%	Y				Y
42	Rep. Luanne Van Werven-R	70%	82%	Y	N	Y	Y	Y
18	Rep. Brandon Vick-R	80%	92%	Y	N	N	N	N
6	Rep. Mike Volz-R	70%	70%	N	N	N	N	N
19	Rep. Jim Walsh-R	60%	60%	Y	Y	N	Y	N
2	Rep. J.T. Wilcox-R	100%	95%	Y	N	N	N	Y
49	Rep. Sharon Wylie-D	36%	39%	Y	Y	Y	Y	Y
26	Rep. Jesse Young-R	60%	75%	Y	Y	N	Y	N

Votes for AWB's position
 Votes against AWB's position

A: Absent E: Excused

HOUSE OF REPS.
Man-Y (continued)

Legislative Voting Record

ALL POLICY

				Hazardous Substance Tax Final Passage	Revenue Final Passage as Amended by the Senate	Operating Budget Final Passage as Amended by the House	Revenue Final Passage	Signed Letter Calling for Line-item veto of B&O Manufacturing Tax Relief	Real ID Compliance Final Passage as Amended by the House
BILL NUMBER				SHB 2182	EHB 2163	ESSB 5048	SSB 5977	SSB 5977	ESB 5008
VOTE COUNT				50-47-1-0	51-42-5-0	50-48-0-0	83-10-5-0	*	55-41-2-0
AWB'S POSITION				O	O	O	S	S	S
DISTRICT	REPRESENTATIVE	2017	LIFETIME AVERAGE	ENVIRONMENT	TAX & FISCAL POLICY				TRANSPORTATION
13	Rep. Matt Manweller-R	75%	86%	N	E	N	E		N
7	Rep. Jacquelin Maycumber-R	60%	60%	N	N	N	Y		N
48	Rep. Joan McBride-D	30%	35%	Y	Y	Y	Y		Y
14	Rep. Gina McCabe-R	70%	85%	N	N	N	Y		Y
4	Rep. Bob McCaslin-R	70%	82%	N	N	N	Y		N
25	Rep. Joyce McDonald-R	60%	60%	N	N	N	Y		N
40	Rep. Jeff Morris-D	0%	43%	Y	E	Y	E		N
28	Rep. Dick Muri-R	60%	83%	N	N	N	Y		N
16	Rep. Terry Nealey-R	56%	89%	N	Y	N	Y		N
20	Rep. Ed Orcutt-R	80%	91%	N	N	N	Y		Y
3	Rep. Timm Ormsby-D	40%	34%	Y	Y	Y	Y		Y
21	Rep. Lillian Ortiz-Self-D	30%	32%	Y	Y	Y	Y		N
33	Rep. Tina Orwall-D	40%	41%	Y	Y	Y	Y		Y
30	Rep. Mike Pellicciotti-D	30%	30%	Y	Y	Y	Y		Y
21	Rep. Strom Peterson-D	27%	35%	Y	Y	Y	Y	N	N
37	Rep. Eric Pettigrew-D	40%	40%	Y	Y	Y	Y		Y
18	Rep. Liz Pike-R	70%	84%	N	N	N	Y		N
46	Rep. Gerry Pollet-D	27%	34%	Y	Y	Y	N	N	Y
30	Rep. Kristine Reeves-D	30%	30%	Y	Y	Y	Y		Y
3	Rep. Marcus Riccelli-D	40%	37%	Y	Y	Y	Y		Y
38	Rep. June Robinson-D	40%	36%	Y	Y	Y	Y		Y
5	Rep. Jay Rodne-R	60%	88%	N	N	N	Y		N
32	Rep. Cindy Ryu-D	36%	35%	Y	Y	Y	Y	N	Y
37	Rep. Sharon Tomiko Santos-D	27%	39%	Y	Y	Y	Y	N	N
29	Rep. David Sawyer-D	36%	36%	Y	Y	Y	Y	N	Y
9	Rep. Joe Schmick-R	70%	90%	N	N	N	Y		N
38	Rep. Mike Sells-D	27%	36%	Y	Y	Y	Y	N	Y
41	Rep. Tana Senn-D	30%	36%	Y	Y	Y	Y		Y
4	Rep. Matt Shea-R	83%	82%	N	E	N	E		N
48	Rep. Vandana Slatter-D	27%	27%	Y	Y	Y	Y	N	Y
10	Rep. Norma Smith-R	78%	88%	N	N	N	Y		N
45	Rep. Larry Springer-D	30%	45%	Y	Y	Y	Y		Y
25	Rep. Melanie Stambaugh-R	70%	80%	N	N	N	Y		Y
1	Rep. Derek Stanford-D	9%	34%	Y	Y	Y	N	N	N
12	Rep. Mike Steele-R	80%	80%	N	N	N	Y		Y
31	Rep. Drew Stokesbary-R	100%	95%	N	N	N	Y		Y
49	Rep. Monica Jurado Stonier-D	30%	30%	Y	Y	Y	Y		N
47	Rep. Pat Sullivan-D	40%	42%	Y	Y	Y	Y		Y
36	Rep. Gael Tarleton-D	40%	39%	Y	Y	Y	Y		Y
15	Rep. David Taylor-R	70%	80%	N	N	N	Y		N
24	Rep. Steve Tharinger-D	40%	44%	Y	Y	Y	Y		Y
46	Rep. Javier Valdez-D	40%	40%		Y		N	N	
42	Rep. Luanne Van Werven-R	70%	82%	N	N	N	Y		N
18	Rep. Brandon Vick-R	80%	92%	N	N	N	Y		N
6	Rep. Mike Volz-R	70%	70%	N	N	N	Y		N
19	Rep. Jim Walsh-R	60%	60%	N	N	N	Y		N
2	Rep. J.T. Wilcox-R	100%	95%	N	N	N	Y		Y
49	Rep. Sharon Wylie-D	36%	39%	Y	Y	Y	Y	N	Y
26	Rep. Jesse Young-R	60%	75%	N	N	N	Y		N


* Indicates opposition to B&O Manufacturing Tax Relief



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-Jeff Iverson
Owner, The Ram Restaurant Group

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