

LEGISLATIVE REPORT

SINE DIE EDITION - MARCH 9, 2018

INTRODUCTION

The legislature adjourned last night shortly after 10:00 pm, finishing up a busy session within the sixty day limit. The last week has been a good one for ports, as all of our priority measures passed the legislature. They now go to the Governor, who has until March 31st to take action on them.

On big-picture issues, the legislature took advantage of a big increase in tax revenues to spend millions of additional dollars on school teacher salaries, mental health funding and many other programs, as well as pass a one-year state property tax reduction for 2019 (which lowers the size of the property tax increase that they passed last year).

Despite much discussion in the form of many proposals, no action was taken on carbon taxing or policy. The port broadband bill was the only significant broadband bill to pass the legislature this session.

The end of this session also brought an unusually large number of legislators announcing that they are not running for re-election. These include Judy Clibborn, Chair of the House Transportation Committee and Terry Nealey, Ranking Republican of the House Finance Committee. Both have strongly supported ports over the years and they will be missed.

BUDGET

The House and Senate released their negotiated **Supplemental Operating, Capital and Transportation budgets** earlier this week and passed all three yesterday. In the Operating Budget the Democrats tried a new spending approach by intercepting and re-directing payments that were intended for the state's "rainy day" fund. This tactic was opposed by Republicans and the State Treasurer.

In the Capital Budget a number of projects were funded at the ports of Allyn, Chinook, Ilwaco, Sunnyside, Vancouver and Willapa Harbor. CERB funding was increased substantially, as well. The basic CERB program was increased from \$9 million to \$13 million, and the CERB broadband program was increased from \$5 million to \$10 million. This overall \$23 million for CERB is a modern day record.

In the Operating Budget the Governor's Strategic Reserve Account was restored with \$4 million, and the Department of Commerce's Sector Leads were all funded as well.

TAX

Memorial on Harbor Maintenance Tax: HJM 8008 was signed by the Secretary of State and transmitted to Congress this week. The memorial requests reform of the federal Harbor Maintenance Tax (HMT) to ensure U.S. tax policy does not disadvantage U.S. ports, and to provide greater equity to HMT donor ports through expanded uses of the HMT revenues.

Tax Preference to Support the Recapitalization of Fishing Fleets: HB 1154 passed out of the House on a vote of 97-0 earlier in the session, moved through the Senate Ways & Means Committee, and concluded the session on the Senate floor calendar without a vote. The bill met its demise partly due to a lack of time as well as a push to broaden the exemption to all manufacturing. The bill focused on the competitiveness of Washington state's fishing and seafood processing industries by supporting the recapitalization of fishing fleets by reducing taxes placed on businesses engaged in the manufacture of qualified vessels.

For further legislative information, text of bills and other helpful information, visit: www.leg.wa.gov

Hearings – including past hearings - may be watched at: www.tvw.org

For current and previous copies of our report, visit: www.washingtonports.org



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ENVIRONMENT

Strengthening Oil Transportation Safety: SB 6269 – WPPA worked with a coalition of interests to ensure a balanced study of funding for Ecology’s Spills program. While a vessel tax may still be considered, the study is not aimed at it. That’s one small win for ports over the oil interests that continue to push for a vessel tax. The bill passed the legislature and has been delivered to the governor.

Carbon-related Utility Bill: HB 2995 – A final flurry of action by advocates went for naught. The bill died.

Industrial Wastewater Systems: SB 6367 extends grant eligibility to ports who operate an industrial wastewater system. The bill passed the legislation and awaits signature by the Governor.

ECONOMIC DEVELOPMENT

Port Broadband Authority: HB 2664, which modernizes and expands port broadband authority, advanced through the legislative process without a single ‘no’ vote and was sent to the Governor’s office for signature in the final week of the session. Every port district now has this authority.

Governor’s Broadband Office: SB 5953, an omnibus telecommunications bill which would have created a broadband program in the Governor’s office, funded the Universal Service Fund, and addressed small cell siting ordinances died on the House floor calendar this week.

Workforce Training: HB 1510 broadens port district authority to provide workforce training programs. The bill passed out of the House and the Senate Committee on Higher Education & Workforce Development but will not become law as it failed to pass out of the Senate Rules Committee prior to cutoff.

Tourism Promotion: SB 5251 passed out of the Senate on a vote of 49-0 and was sent to the Governor for signature in the final week of session. The bill creates and funds a state tourism program by establishing a tourism board, and directing 0.2% of the sales tax on lodging, rental cars and restaurants into a tourism account managed by the board. The state funding portion is limited to \$2.5 million per year, has a non-state matching requirement, and is subject to annual appropriation in the Operating Budget.

Department of Commerce: The supplemental operating and capital budgets passed this week and the biennial budget passed earlier in the session include funding improvements for the Department of Commerce’s economic development focus. The newly enacted budgets include \$4 million to the Governor’s Economic Strategic Reserve Account, full funding for industrial sector leads, an additional \$5 million for CERB, with another \$10 million on top of that for CERB administered broadband programs.

SESSION CUT-OFF DATES

January 8

First Day of Session

February 1

Policy Committee Cutoff -
House of Origin

February 6

Fiscal Committee Cutoff -
House of Origin

February 14

House of Origin Cutoff

February 23

Policy Committee Cutoff -
Opposite House

February 26

Fiscal Committee Cutoff -
Opposite House

March 2

Opposite House Cutoff

March 8

Last Day Allowed for
Regular Session



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GOVERNANCE

Campaign Contribution Limits: HB 2647, extending campaign contribution limits to all port districts, was stuck in the logjam of bills late last Friday and died on the Senate floor calendar when time ran out. We will address this issue next session.

Voting Rights Act. SB 6002 passed the legislature last week and the governor is expected to sign it. It includes some procedures that local governments might struggle to implement, and it covers port districts.

TRANSPORTATION

Supplemental Transportation Budget: SB 6106 passed both chambers this week, marking the completion of the budget process for this biennium. Following a better-than-expected transportation revenue picture released in February, the Supplemental Budget has a number of small newly funded projects in it, something not typically seen in the supplemental. Several studies will also be undertaken including two new passenger rail studies and several highway corridor studies

Retaining "Railbank" Provision on the Milwaukee Road Corridor: The Senate concurred with the minor amendment and has passed **SB 6363**. It is now on its way to the Governor. WPPA has championed this bill, which eliminates the sunset clause and retains existing framework in state law allowing the cross-state trail known as the John Wayne Trail (aka the Milwaukee Corridor) to again be used for rail transportation in the future, should it be needed.

Accelerating Transportation Projects of Statewide Significance: A sign there is still work to do in order to overcome the demise of the Columbia River Crossing project, **SB 6195** could not muster enough bipartisan support in House for this measure to be beneficial. The bill was specifically designed to expedite the replacement bridge for the I-5 crossing over the Columbia River by creating a project designation in Washington which is similar to how projects are prioritized in Oregon.

Pilotage Rate Setting Reform: SB 6519 has passed the legislature and, if signed by the Governor, it will move tariff-setting authority for marine pilotage from the Board of Pilotage Commissioners to the Utilities & Transportation Commission. WPPA supports this bill.

AVIATION

Airport Infrastructure Funding: HB 1656 passed its final hurdle last week and has been forwarded to the Governor for his signature. The bill will create the Community Aviation Revitalization Loan Program and a board tasked to solicit projects, review them and recommend loan funding specifically designed to fund revenue-generating projects at general aviation airports with fewer than 50,000 enplanements per year. The bill is the policy companion for \$5 million in funding for the program was in the Capital Budget which passed earlier in the session.

PUBLIC WORKS

Public Works Contracting Authority: The Senate concurred with the House amendment that effectively combined our two public works contracting measures into **SB 6329**. The effect is that the bill has passed the legislature and will go to the Governor for signature. The law is set to take effect 90 days following the close of session. Many ports played a role in the success of this effort, however, we'd like to specifically thank the **Port of Edmonds** for their efforts on working with other ports to define the issue, seek a legislative solution and be available to testify, sometimes with less than 24 hours notice. Hats off to you! In its amended form, **SB 6329** both clarifies port's authority to use unit-price contracting as well as establishes a bid limit so ports are no longer required to get multiple bids for public works projects less than \$40,000.