

February 18, 2019

The Honorable Christine Rolfes
Washington State Senate
303 John A. Cherberg Building
Olympia, WA 98504

The Honorable Timm Ormsby
Washington State
House of Representatives
315 John L. O'Brien Building
Olympia, WA 98504

The Honorable David Frockt
Washington State Senate
224 John A. Cherberg Building
Olympia, WA 98504

The Honorable Steve Tharinger
Washington State
House of Representatives
314 John L. O'Brien Building
Olympia, WA 98504

The Honorable John Braun
Washington State Senate
403A Legislative Building
Olympia, WA 98504

The Honorable Drew Stokesbary
Washington State
House of Representatives
411 John L. O'Brien Building
Olympia, WA 98504

The Honorable Jim Honeyford
Washington State Senate
112 Irv Newhouse Building
Olympia, WA 98504

The Honorable Richard DeBolt
Washington State
House of Representatives
314 John L. O'Brien Building
Olympia, WA 98504

As you work to develop the next biennial budget, we understand the numerous challenges you face with increasing costs. While revenues are currently strong, they cannot keep up with the increasing needs and size of our state. Cities face the same challenges in balancing our budgets. In order to help you meet your statewide goals and obligations, Washington needs strong, diverse, and prosperous cities. Likewise, our communities need strong state support to meet the needs of our residents, all of whom are your constituents.

Washington's 281 cities are committed to working alongside you to maintain a strong and respectful working partnership. Cities are the social and economic hubs of our state. And your budget leadership can ensure that our cities remain the strong foundation of our state's prosperity.

As you prepare your budget, we ask for your consideration and assistance with the following issues. We believe these programs and proposals are key for both the state and cities to prosper.

- **Shared city-state revenue.** We have a long partnership of revenue sharing to fund critical community services. We ask that you continue to fully fund the criminal justice assistance distributions as well as cannabis, liquor, and fire premium tax distributions.

- **Public Works Assistance Account.** Infrastructure funding continues to be one of cities' most significant needs. The Public Works Assistance Account (PWAA) is a crucial funding partner in our efforts to provide the basic backbone of our communities. We ask that you fully fund the Public Works Board's \$217 million budget, funded from the current stream of loan repayments and the two percent of REET dedicated to the account. Additionally, we ask that you recommit to the program by restoring a portion of the historic revenue streams to address today's statewide infrastructure priorities.

By stopping the REET and solid waste tax diversions from the account now (**SB 5788, HB 1680, HB 1691**), instead of waiting until 2023, cities can partner with the state to address two critical needs. We propose prioritizing restored REET revenues to use low interest financing for infrastructure to support housing development by reducing the cost of new housing development. This will spur construction, create jobs, and address the housing crisis while making a long-term investment in our state. By restoring the solid waste tax, the PWAA can fund grants to make the necessary local culvert corrections to actually realize the habitat restoration objectives of the state culvert injunction. Targeted investment in local infrastructure would be a means to accomplish these key state objectives.

- **Additional affordable housing investments.** Commensurate to the scope of the problem, in addition to the investments above, we need your support for a number of other tools to increase access to housing for everyone in our cities—for our seniors, for the workforce, for those with low incomes, and for supported housing for those in need of intensive assistance.

We support an ongoing \$200 million capital budget investment in the Housing Trust Fund. The housing affordability and availability crisis we face in all corners of the state justifies the creation of a new partnership. No singular approach to this problem will work in every city, and all have unique needs. We ask that you pass and fund a sales tax credit tool (**HB 1406/SB 5646**) to allow cities the resources and flexibility to make targeted investments in our communities.

Because we have some of the lowest vacancy rates in the country, and not just in our urban areas, we also request authorization for small cities to utilize the Multifamily Tax Exemption Program (**SB 5636**) that has been so successful in spurring multifamily development in our larger cities.

We recognize that the state cannot address this crisis through subsidies alone, and we are committed to finding ways to help the private market deliver more affordable units and maximize opportunities to grow more densely in our larger communities. This approach would benefit from one-time support to help us quickly adopt proactive housing regulatory policies that are tailored to our unique cities.

- **Ensure a watershed approach to correcting fish-blocking culverts.** For the last several years, AWC has focused on developing a comprehensive and strategic approach to culverts—in partnership with a number of state agencies, salmon recovery experts, and tribes. Compared to a narrow focus on state legal obligations, this strategy honors the reason we are working on fish passage. Put simply, if the fish hit a local government culvert right after they get through a newly-fixed state culvert—or never get to that new culvert because of a blockage downstream—we haven't succeeded in effecting salmon recovery. Cities do not have access to the resources (potentially more than \$4 billion dollars) it would take to correct all known city barriers. Cities seek an approach to the culvert issue that addresses the need to correct local government and privately-owned culverts alongside the state culverts to provide for actual habitat access in a manner that maximizes public investment and focuses resources on key ecological priorities. We request your support to ensure that the long-term framework to address and fund culverts does so on a coordinated and strategic watershed basis. As a component of that, we request that you include at least \$50 million for the Brian Abbott Fish Barrier Removal Board.

- **Responsive funding for the Criminal Justice Training Commission (CJTC).** Cities are asking for a responsive funding model for the CJTC to ensure newly-hired law enforcement officers and corrections officers have timely access to basic training. To ensure that our public safety needs are being met, we are asking for annual funding for at least 19 Basic Law Enforcement Academy classes and at least seven Corrections Officer Academy classes. The CJTC provides a strong, centralized training model for our state's local law enforcement.
- **Continue funding Streamlined Sales Tax (SST) Mitigation payments.** Many recipients of SST Mitigation payments are cities with a high concentration of warehousing, distribution, and manufacturing activities. When the Washington Marketplace Fairness Act (MFA) was enacted in 2017, it was anticipated that state and local tax collections would increase enough to offset these mitigation payments. While some jurisdictions have received enough revenue under the MFA to offset the payments, others have not. For those, the impacts are significant. Continuing the payments (**HB 1948/SB 5862**) honors the commitment that the Legislature and Governor Gregoire made to our communities when destination-based sales tax was implemented.
- **Fund the mental health field response grant program.** The mental health field response program provides funds for local police departments to hire mental health professionals. These professionals partner with officers in the field to help connect individuals with services rather than defaulting into the criminal justice system. Since its inception, the program has been widely praised by law enforcement, mental health advocates, and lawmakers at the state and local level. We request that you expand and make permanent the funding for this program to help increase access to mental health resources to the places we need them the most – on our city streets.
- **Funding for the Municipal Research & Services Center (MRSC).** MRSC has served local governments in Washington for more than 80 years and is a lifeline for medium and small cities and counties that could not afford to contract for this service. MRSC's valuable services are made possible by pooling a small portion of the liquor taxes and revenues that would otherwise be distributed to cities and counties. MRSC is seeking a modest increase in funding that will help them continue to provide high-quality support to local governments around the state.

Thank you for your consideration regarding these requests. We know that by working collaboratively, we can best serve the residents of Washington together. We look forward to partnering with you throughout the legislative session on these and other issues. If you have any questions, please feel free to contact me.

Sincerely,



Peter B. King
Chief Executive Officer