



WASHINGTON PUBLIC PORTS ASSOCIATION

# 2019 LEGISLATIVE WRAP-UP

## 2019 FINANCE SEMINAR

ALDERBROOK RESORT | UNION, WA

June 12, 2019

### 2019 PRIORITY ISSUES

**INCREASING FUNDING FOR REMEDIAL ACTION GRANTS AND IMPROVING REVENUE STABILITY.** With large toxic cleanup projects looming at several ports, WPPA worked with our members to increase appropriations for Remedial Action Grants (RAGs) during the 2019 Session. During the interim and early in the session the chances for meaning progress seemed low. The House budget reinforced low expectations providing only \$22 million for RAGs.

WPPA led the effort to pass the bill, drawing together a coalition of interests and member ports. Weekly strategy sessions combined with regular access to Senator Frockt increased, to some degree, WPPA's ability to affect an outcome on behalf of our members.

On balance, changes to MTCA represent half a loaf, give or take. The bill as passed does not solve the RAG problem by fully addressing existing needs. It effectively transfers \$50 million to the Transportation Budget in perpetuity. The funding formula was increased the portion dedicated to the Operating Budget to 60 percent and reduced the percentage available for Capital projects and stormwater to 40 percent. On the other hand, MTCA revenue was increased from \$310 million to \$475 million in the 2019-2021 Biennium, appropriations for RAGs have grown to \$50 million, revenue is stabilized, purchasing power protected and clear splits between the Operating, Capital and Transportation Budgets are established in law.

**TRANSPORTATION FUNDING.** Senator Hobbs put forward a set of bills that created a \$17 billion/ten year transportation package, which included \$100 million for port projects. Funding came from a mix of a gas tax, weight fees, a carbon tax and a state-imposed development impact fee. The proposal – dubbed “Forward Washington” – received a mix of support (including from WPPA) and opposition, and was ultimately put aside in favor of other tax proposals. WPPA began working with the Senator on his proposal prior to this session and we have already discussed a path forward for transportation funding for the next legislative session. Several mega-projects exist statewide, including at least two bridges connecting Oregon and Washington. In addition, the court-mandated fish passage barrier removal projects received only a very small down payment (\$100M) compared to the total cost to address barriers in the case area.

**CERB FUNDING.** WPPA advocated for increased funding for this grant program which has historically funded many port projects. Final capital budget numbers appropriated revolving fund revenues of \$8.6 million to core CERB programs and sent \$3.45 to fund broadband related projects.

### ISSUES WPPA SUPPORTED

**BROADBAND INFRASTRUCTURE POLICY.** SB 5511, a Governor's request bill, creates a broad-band office focused on facilitating state policy on broadband deployment and designates a grant and loan program within the Public Works Board designed to improve internet access throughout the state. The bill also broadens port authority to build telecommunications infrastructure for wholesale purposes beyond port district borders. The

capital budget as passed by the legislature provides \$21.5 million to the Public Works Trust Fund for development of broadband infrastructure.

**LOCAL REVITALIZATION FINANCING. SB 5564**, known as the Building Business Ecosystems Act moved out of the Senate Financial Institutions, Economic Development & Trade but failed to move beyond a public hearing in the Senate Ways & Means Committee. This legislation reintroduces an infrastructure financing tool employed widely across America and recently used in this state. The program allows for the retention of local sales, use and property taxes to fund public infrastructure development within predetermined revitalization zones.

**PREVAILING WAGES/COLLECTIVE BARGAINING AGREEMENTS.** Last session labor unions successfully passed legislation setting prevailing wages using collective bargaining agreements. The bill has caused significant increases in prevailing wages statewide, in a number of wage classifications. Rather than deal with a broad fix, the legislature so far has fixed just the easiest things such as low-income housing and weatherization – leaving the more significant issues for another year. Landscaping wages are being addressed through an L&I rule amendment.

**PORT DISTRICT WORKER DEVELOPMENT AND OCCUPATIONAL TRAINING PROGRAMS. HB 1568**, which provides clarity to ports' authority to engage private and public entities for occupational training, passed out of both chambers on unanimous votes and was signed by the Governor before the end of session.

**CAMPAIGN CONTRIBUTION LIMITS FOR PORT COMMISSION RACES.** Only the Ports of Seattle and Tacoma currently have campaign contribution limits – at the same level as for many other elected positions. Recent races in Vancouver and Bellingham increased attention to this issue, and the WPPA membership signaled a desire to extend this limit to all port commission races. **HB 1375** accomplishes this, and the bill passed the House and the Senate unanimously and was signed by the Governor before the end of session.

**GA AIRPORT FUNDING.** Following the Governor's veto last year of the "CARB" bill, WPPA worked on several proposals this year that would have produced much needed funding for GA airports. **HB 1456, HB 1457** and **SB 5011** each fulfilled funding needs that allowed airports to make investments in revenue-generating projects while also increasing state match for pavement or other airfield improvements. In the end, the legislature opted to retain the existing \$5 million for the loan program and addressed the Governor's concerns fully while standing up the Community Aviation Revitalization Board. WPPA will have a slot on the Board. WPPA, through its participation in the Washington State Aviation Alliance, have already begun conversations with aviation leaders on next steps in pursuing additional funding into the future.

**AIRPORT SITING.** A bill creating the Commercial Aviation Coordinating Commission was signed into law by the Governor earlier this week. The Commission will be tasked with evaluating options and recommending a location for new or expanded commercial aviation facilities, preparing for the day when Sea-Tac Airport reaches capacity. Ports will hold at least three positions on the Commission, and Sea-Tac's current planning efforts are protected. WPPA supported this bill and worked closely with the bill sponsor, proposing many of the sideboards found within the legislation.

**PUBLIC WORKS CONTRACTING.** WPPA advocated for legislation drafted by the Projects Advisory Review Board (CPARB) which will allow ports to utilize both Job Order Contracting as well as Design Build. The Governor has signed the bill and WPPA will work with CPARB, as well as the Municipal Research & Services Center and others to make sure ports are informed and fully able to utilize these new contracting tools. CPARB requires reauthorization legislation during the next legislative session. WPPA will take an active role to make sure this Board continues its highly effective role.

**THE STATE ENVIRONMENTAL POLICY ACT AND GREENHOUSE GAS EMISSIONS. HB 1549** (Blake) and **SB 5571** (Takko) were heard in House and Senate committees. While a consensus solution did not emerge, no party challenged the legitimacy of the problem. Following the hearing, WPPA negotiated a budget proviso with the Governor's Office, Ecology and Representative Fitzgibbon (Environment Committee Chair). The proviso was included in the House Operating Budget but killed in the Senate when the Puyallup Tribe objected to it. Following unsuccessful negotiation with the tribe, the proviso was stripped from the final Operating Budget.

While the effort failed in 2019, WPPA built a coalition of interests that included utilities, local governments, real estate developers, labor, and others. Ecology and the Governor's Office have already been in touch to discuss next steps. The effort was successful as a tactical, incremental approach to changing state policy.

**DREDGED MATERIALS. HB 1480** amends RCW 90.58.140 (Shoreline Management Act) eliminating the requirement for a city or county-issued substantial development permit to dispose of dredged materials at sites approved by the Puget Sound Dredged Disposal Analysis Program. WPPA worked closely with Pierce County to secure unanimous passage. The Governor has signed the bill into law.

**REVISING THE LEASE TERMS FOR MANAGING FIRST-CLASS UNPLATTED TIDELANDS AND SHORELANDS.** Working with other interests, WPPA helped clarify language in **ESHB 1849** to ensure its intended application to unplatted tidelands was precisely applied.

**ORCA-RELATED LEGISLATION.** The Washington Public Ports Association:

**SUCCESSFULLY IMPROVED ESHB 1578 RELATED TO OIL TRANSPORTATION SAFETY.** Intended to further enhance safeguards for the transportation of oil, the bill requested by the Governor required container and bulk vessels transiting between Seattle and Vancouver, BC to help pay for a dedicated rescue tug in the San Juan Islands. The fee to pay for the tug would fall entirely on vessels entering or exiting the United States with the resulting competitive consequences. The bill was changed to require Ecology to evaluate the need for an emergency response towing vessel.

**SUCCESSFULLY IMPROVED 2SHB 1579 RELATED TO CHINOOK ABUNDANCE.** The primary focus of the bill was modifications to the state's Hydraulic Permit Approvals (HPAs) issued by the Department of Fish and Wildlife. WPPA worked with the agency, the Governor's Office and the bill sponsor to require that stop work orders or civil penalties issued by WDFW be issued by senior agency officials. This action reduces the potential for ill-considered or rash decisions by field staff and creates an opportunity for problems to be addressed prior to the use of enforcement authority.

**MONITORED 2SHB 1580 RELATED TO VESSEL TRAFFIC.** Early in the process vessel operators successfully changed the bill to remove the most problematic sections. WPPA remained neutral throughout the process.

The Governor has signed each of these orca-related bills into law.

### **ISSUES WPPA WATCHED**

**LOW-CARBON FUEL STANDARD (LCFS)(OPT-IN FOR AVIATION FUEL).** After being heard in no less than five separate committees, legislation standing up an LCFS program failed to find enough support in the Senate.

**TRAIN CREW SIZE.** Several rail crew bills were introduced this year relating to minimum crew-size, yardmaster hours of work, and sick time. A bill mandating a minimum crew size of two, which would have increased to three or four for certain trains carrying hazardous materials did advance but ran out of time during debate on the Senate floor. Undoubtedly, similar legislation will return. WPPA will work over the interim to educate legislators on potential impacts to similar legislation on short line railroads and their viability and regional economies those railroads support.

**RURAL DEVELOPMENT AND OPPORTUNITY ZONES. HB 1324** is an interesting and complex tax bill designed to encourage private investment in rural and distressed areas. Following early successes, the bill ran into difficulty and ultimately turned into a study-initiative on programs that incentivize private investment and job creation in rural and distressed communities. The good news is that it extends the expiration date of the preferential business and occupation tax rate for timber products from 2024 to 2045.