



## Budget deal in limbo – City revenues still up for grabs

The 105-day regular session came to a close on April 23. The next day, Governor Inslee called legislators back for a 30-day special session to work on a compromise for the operating and capital budgets.

The Legislature's budget deal will be significant and cities have a lot at stake. If past legislative budget years are any indicator, this budget deal will likely drag on beyond this 30-day special session. More likely, negotiations will continue closer to July 1 when the state needs a new budget, or else the state government will shut down.

Most legislators are at home while budget negotiators work toward a compromise. Now is the ideal time to tell your legislators that you are paying attention and that you care about city revenues in the budget. **If we don't tell them, last-minute deals behind closed doors could quickly and quietly sweep city revenues in an effort to finish.**

## Clear messages from home make a difference

Inside you will find a simple breakdown of our budget priorities that support strong cities. Invite your legislators to have a casual chat, either over coffee or by inviting them to talk with your council. Share city priorities in the state budget, tell them about your local impacts, and discuss why these funds matter.

AWC appreciates the work legislators have accomplished so far on the policy front, such as public records modernization. Take time to thank your legislators for their hard work on policy bills this session. There are numerous other outstanding issues to be considered as budget discussions inch forward, so stay tuned to AWC's *Legislative Bulletin* and *CityVoice* for updates.

While it's frustrating that budget negotiators have not yet reached an agreement, they will eventually find common ground and then things move quickly. In the meantime, it is critical that you remind your legislators the value of maintaining a strong city-state partnership that keeps our communities safe and vibrant.

Appreciatively,



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# Tell your legislators what cities need and ask for a commitment of support!

## State-shared revenues

Uphold the state's partnership with *all 281 cities* and continue to fully fund \$225 million in critical shared revenues. This includes the following city-specific distributions:

- \$123.9 M in liquor profits and taxes
- \$36.9 M in municipal criminal justice support
- \$30 M in marijuana mitigation funding (shared with counties)
- \$26.2 M in streamlined sales tax mitigation
- \$13.6 M in small city and county assistance
- \$9.4 M in fire insurance premium tax that supports fire fighter pension costs

## Public safety

Maintain commitment to public safety by fully funding the state's share for **LEOFF 2 pension obligations** at 50% employee, 30% city, and 20% state. Failure to maintain this commitment will shift \$70 M in costs to local governments.

Fund the necessary **Basic Law Enforcement Academy** classes in both the supplemental and biennial budgets so that officer trainings can continue. Without full class funding, public safety will be impacted and cities could pay more in overtime.

## Infrastructure

Revitalize the **Public Works Trust Fund** in the House-passed version of **SB 5033**. Retain the loan repayments and remaining tax revenues to help rebuild infrastructure in partnership with the state.

Fund the **Centennial Clean Water Account** at \$35 M to help small cities upgrade wastewater systems.

## Homelessness and human services

Provide additional funding to reduce homelessness: \$11 M for youth homelessness, temporary rental assistance, chronically homeless, and consolidated homeless grants.

Support **HB 1570** and **HB 1797** that would increase and permanently extend the document recording fee, which funds state and local homeless programs and create a suite of new local revenue options to address local-level affordable housing and homelessness.

## Local government revenues

Support the following proposals that generate revenues for local government and the state, or provide new revenue options for cities.

Support provisions in **HB 2186** and **SB 5929** that require sales tax collections, or that internet retailers report customers for use taxes (a long-standing priority of AWC), and remove the bottled water sales tax exemption. The bills also establish a graduated rate for the state Real Estate Excise Tax (REET), resulting in a lower rate on certain residential units and a higher rate on others. Cities collect a local REET to help fund critical infrastructure and if this proposal advances, AWC seeks similar authorization as a local option.

Support **HB 1764**, which adjusts the 1% property tax cap to keep up with increased inflation and population growth, and allows this as a local option for elected city and county officials.

Support **HB 1113**, which gradually restores liquor revenues shared with cities and counties to help support public safety.

Curious about the state-shared revenues your city is estimated to receive in the FY 2017-19 budget? Visit the AWC Open Data Portal at [awcnet.org/opendata](http://awcnet.org/opendata) to see what revenues are at stake in your city. View revenue sources specific to your city including city-county assistance, fire insurance premium tax, liquor profits, liquor taxes, municipal criminal justice, and SST mitigation.



# open data PORTAL

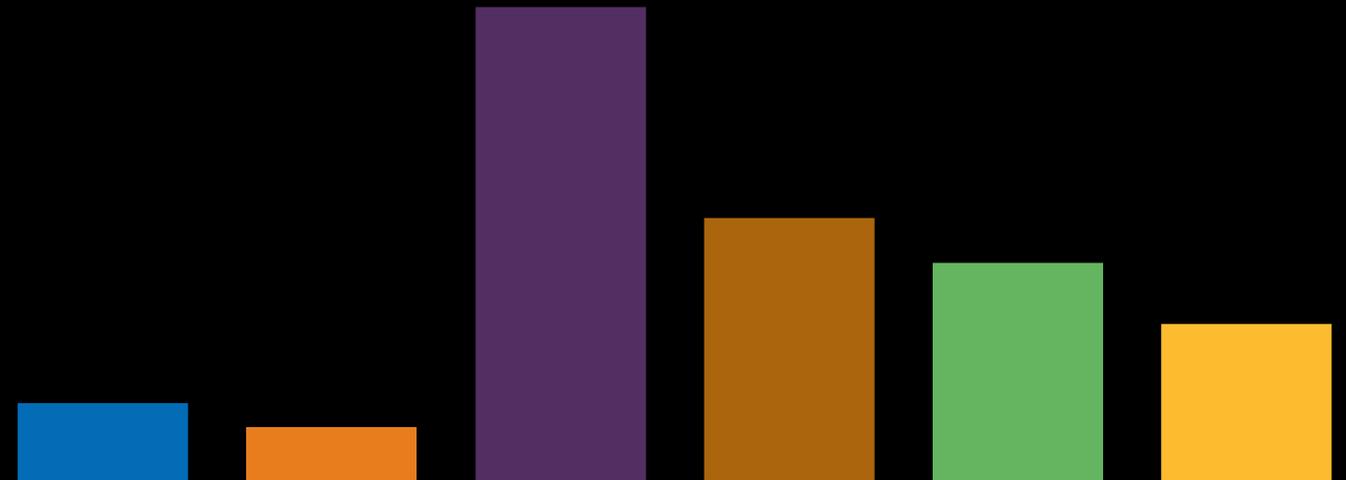
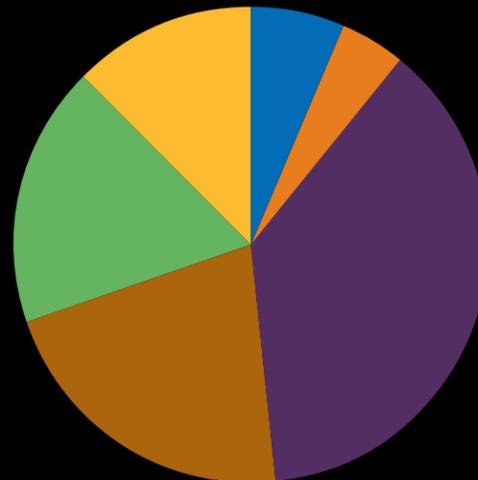
Visit [awcnet.org/opendata](http://awcnet.org/opendata) to see your city's state-shared revenue estimates.

## Shared revenue estimates (FY 2017-2019)

State revenues distributed to cities and towns are the result of decades of past decisions to deliver vital services to our citizens. Without those agreements, other options and authorities would have been explored.

### Shared revenue source

- City-county assistance
- Fire insurance premium tax
- Liquor profits
- Liquor taxes
- Municipal criminal justice
- SST mitigation



# Take action



Legislators need to agree on a new state budget before July 1, or else the government will shut down. Now is the time to reach out to your legislators and community to let them know why maintaining a strong city-state partnership is important.

## Things you can do:

- Meet with legislators and give them specific examples of why state-shared revenues matter to you.
- Invite legislators to a council meeting and discuss how your city relies on state revenues and programs.
- Ask for a commitment from your legislators that they won't support a budget deal that reduces the state-shared revenues that cities count on.
- Talk to your local media and explain how cuts in state-shared revenues would impact your budget.

*Need more ideas?* Check out our Strong Cities Pocket Guide for ways to communicate with legislators, the media, and your community.



## Your 2017 special session mailer

Session is in overtime due to the state budget. It's not over 'til it's over. Many legislators are back home. Find out what you can do and say to help protect city revenues and other priorities before it's too late.

## Our mission:

Serving our members through advocacy, education and services