

Weekly Legislative Update: Revenue

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This past week, both the House and Senate took budget actions. On Friday, the House passed HB 2871 as a substitute for HB 1816, which was referred to the House floor by the Appropriations Committee. According to the WA State LEAP records, this is identical to HB 1816 as recommended by the Appropriations Committee but with a new bill number assigned.

The Senate budget, SB 5693, passed the Senate on a floor vote of 29 to 19, on Friday, February 25. There has not been enough time between passage and writing this report to analyze what was passed vs what was proposed.

Now that the House and Senate have both adopted their respective budgets, they will enter into negotiations to finalize a single budget for both chambers to adopt. Meanwhile, some bills that are budget-dependent are still being considered. That is why the operating budget is typically the last action taken by the House and Senate each session.

Meanwhile, the House adopted its capital budget on Thursday last week; and the Senate adopted its the day before. They will now be negotiated as well, between the two chambers.

This is a point in the process where there is little that advocates can do.

Among the budget issues are these:

- How much of the apparent “surplus” (forecast revenue exceeding earlier projections) should be used for reserves, for tax reductions and/or for additional services.
- To date, the tax code has not been balanced. Here is an analysis by the Washington Budget and Policy Center that explains why tax reductions are not a good idea at this time: <https://budgetandpolicy.org/resources-tools/2022/02/2022-No-Tax-Cuts-Fact-Sheet.pdf>. The tax holiday proposed for Labor Day is a minor adjustment but does nothing for those who pay the most of their incomes in taxes and need the most services.
- The State budget (levels of staffing, for example) has never caught up to pre-recession levels (pre-2008). One-time federal funding allows a catch-up in this supplemental budget, but there is no assurance of sustainability in that level of funding.
- The House and Senate both made historic investments in economic security, programs such as housing support, temporary assistance, and more
- Unfortunately, both budgets transfer substantial operating fund money into transportation. This is not sustainable.

- Proposed revenue reductions are also not sustainable, given the amount of support still needed to address needs such as homelessness.
- Oddly, both budget proposals make reductions to public education, which has not been explained.

The actions that League supported to balance the tax code, such as the wealth tax and estate tax, did not progress.

In addition to budget, League is tracking the following bills:

These two Senate bills are in the House Rules Committee, awaiting floor action before the cut-off on March 4.

- [SB 5868](#), Expanding the use of the rural counties public facilities sales and use tax to include affordable workforce housing
- [SJM 8006](#), Concerning a national infrastructure bank

This House bill is in the Senate Rules Committee awaiting floor action before the cut-off on March 4.

- [HB 1765](#), Ensuring the ongoing sustainability and vitality of the Washington health benefit exchange by eliminating the expiration date of its business and occupation tax exemption.

The following bills have had public hearings and are scheduled for committee votes in executive session in the Senate Ways & Means Committee on Monday, February 28:

- [SB 5901](#), Concerning economic development tax incentives for targeted counties. As a new tax measure, it is not subject to the same cut-off requirements from committees as other bills are.
- [HB 1643](#), Exempting a sale or transfer of real property for affordable housing to a nonprofit entity, housing authority, public corporation, county, or municipal corporation from the real estate excise tax.
- [HB 1789](#), Establishing a property tax exemption for adult family homes serving people with intellectual or developmental disabilities and owned by a nonprofit.
- [HB 1841](#), Incentivizing rental of accessory dwelling units to low-income households.
- [HB 2096](#), Concerning the working families' tax exemption, also known as the working families tax credit

In summary, we will be watching the next steps to determine what issues remain and how to advocate for League interests.

How You Can Be Involved

- During the legislative session we will send Action Alerts in the [Legislative Newsletter](#). Please respond to these, which will direct you to an application to facilitate

communicating with your legislators on an important vote in committees or on the chamber floor.

- Local Leagues in Washington have action chairs who coordinate action teams. Some local Leagues have education teams to take action locally. Contact your local League action chair to find out and join.
- You may also express your opinion on legislation with the LWVWA issue chairs. We will take your perspectives under considerations as we determine our support for legislation and prepare testimony. Cynthia Stewart, Growth Management Issue Chair, cstewart@lwvwa.org