

## Weekly Legislative Update: Revenue

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In the last day or so, at nearly the end of the time in which bills can pass the opposite chamber, several revenue bills were passed. Some of these will go through reconciliation next week. Additionally, as this is written before the end of the cut-off on March 4, there may be others that still pass before the deadline.

Senate passed:

- [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.** This bill was amended in the Senate so will need to be reconciled with the House and passed again by both chambers.
- [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.** No amendments were made in the Senate to the House version, so this should be transmitted to the Governor for signature.

House passed:

- [SB 5713](#) **Providing a tax exemption for limited equity cooperative housing.** This bill was amended in the House so will need to be reconciled with the Senate and passed again by both chambers.
- [SB 5868](#) **Expanding the use of the rural counties public facilities sales and use tax to include affordable workforce housing.** This bill was amended in the House so will need to be reconciled with the Senate and passed again by both chambers.

Tax exemptions are typically granted to support a need of the state. The two tax exemption bills demonstrate a priority for the housing needs they will meet. The expansion of authorization for use of the rural counties public facilities tax has the same purpose.

The budgets will be the biggest decisions of all and will be finalized next week. The final newsletter will lay out major features of those bills.

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 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, Revenue Issue Chair, [cstewart@lwvwa.org](mailto:cstewart@lwvwa.org)