



WASHINGTON PUBLIC PORTS ASSOCIATION LEGISLATIVE REPORT

WEEK OF APRIL 1-5, 2019

INTRODUCTION

We are deep into the budget process now, with each chamber moving Operating, Capital and Transportation budgets through the process. The House continues to consider increases in revenues through a tax on selected capital gains, increases in some B&O taxes, and modifications to the real estate excise tax. The Senate is more measured in its revenue proposals, though some capital gains tax ideas continue to percolate there as well.

The Senate budget was released late last Friday, and it contains a proviso to study the effects of breaching the lower Snake River dams. The House budget does not contain this language. Budget hearings went well into the night this week, and your staff logged some long hours testifying before the Senate Ways & Means and Transportation committees.

Overall, most of the measures that WPPA is tracking have moved out of policy committees and into the Rules Committees. Wednesday was the deadline for policy bills to move out of committee, and next Tuesday is the deadline for fiscal bills to pass. On Saturday the House Appropriations Committee will hear thirty-nine bills.

Every week now contains a cutoff deadline, as the legislature heads towards its April 28th adjournment. Seasoned lobbyists (including some of your staff) are predicting an overtime special session, because of the disconnect between proposed spending plans and revenues.

For more information, keep reading.

GOVERNANCE

CAMPAIGN CONTRIBUTION LIMITS. HB 1375, which extends campaign contribution limits to all port commission races, remains in the Senate Rules Committee. WPPA supports the measure, which remains non-controversial.

PUBLIC RECORDS. SB 5787 allows for more flexibility in office hours for small local governments, including port districts, who maintain office hours for less than thirty hours per week. The bill moved out of the House policy committee this week and is not in the Rules Committee.

ECONOMIC DEVELOPMENT

RURAL BROADBAND. HB 1498 and **SB 5511** are the two measures create a new broadband office and establish policies relating to broadband service. **HB 1498** is in the Senate Ways &



WASHINGTON PUBLIC PORTS ASSOCIATION LEGISLATIVE REPORT

WEEK OF APRIL 1-5, 2019

Means Committee and has not been scheduled for a hearing. **SB 5511** appears to be the bill that will continue, and it was voted out of the House Capital Budget Committee this morning. There were amendments narrowing the powers of the UTC to review port and PUD investments.

LOCAL REVITALIZATION FINANCING. SB 5564 creates an infrastructure financing tool that allows special zones to dedicate sales and property tax revenues to projects, was heard this week in the Senate Ways & Means Committee. The Port of Benton testified in support, and WPPA supports this measure as well. Its future will probably be uncertain until the legislature adjourns.

WORKER TRAINING. HB 1568, which broadens port authority to provide occupational and workforce training, remains in the Rules Committee. The bill continues to enjoy broad support, and WPPA supports this bill.

ENVIRONMENT

BUDGET PROVISIO – ESTABLISHING A WORKGROUP TO RECOMMEND A FRAMEWORK FOR EVALUATING GREENHOUSE GAS EMISSIONS UNDER CHAPTER 43.21C RCW. On the House side, the proviso is included in the budget passed by the Appropriations Committee yesterday. Opposition developed in the Senate prior to amending the budget to include the proviso. Environmental and tribal interests combined to block the proposed amendment. The Governor's Office backed off its support. The budget conference will now have to resolve the conflict between the House and Senate budgets. Tribal opposition is daunting, but process fouls have legislators rethinking their positions and kept some hope for the language alive.

SESSION CUT-OFF DATES

JANUARY 14

First Day of Session

FEBRUARY 22

Policy Committee Cutoff -
House of Origin

MARCH 1

Fiscal Committee Cutoff -
House of Origin

MARCH 13

House of Origin Cutoff

APRIL 3

Policy Committee Cutoff -
Opposite House

APRIL 9

Fiscal Committee Cutoff -
Opposite House

APRIL 17

Opposite House Cutoff

APRIL 28

Last Day Allowed for
Regular Session



WASHINGTON PUBLIC PORTS ASSOCIATION LEGISLATIVE REPORT

WEEK OF APRIL 1-5, 2019

STREAMLINING THE PERMITTING PROCESS FOR DISPOSING OF DREDGED MATERIALS. HB 1480 amends RCW 90.58.140 (Shoreline Management Act) eliminating the requirement for a substantial development permit to dispose of dredged materials at sites approved by the Puget Sound Dredged Disposal Analysis Program. The bill is in Rules awaiting a pull to the floor for final passage. WPPA is working with Pierce County to move the bill to the floor.

IMPLEMENTING RECOMMENDATIONS OF THE SOUTHERN RESIDENT KILLER WHALE TASK FORCE RELATED TO INCREASING HABITAT AND FORAGE FISH ABUNDANCE. 2SHB 1579 primarily addresses hydraulic permitting authorities. To reduce the risk of arbitrary or capricious actions taken by junior staff, WPPA negotiated an agreement requiring stop work orders and civil penalties to be issued only by senior agency management. The bill was modified to address WPPA concerns. The bill passed the Senate Agriculture, Water, Natural Resources and Parks Committee on Tuesday and is scheduled for a hearing in Ways and Means. WPPA remains neutral on the bill in its current form.

CONCERNING THE PROTECTION OF SOUTHERN RESIDENT KILLER WHALES (SRKWS) FROM VESSELS. 2SSB 5577 has been modified to address stakeholder concerns. It currently includes the following provisions:

- Increases the distance within which a vessel or other object may not approach a southern resident orca whale (orcas).
- Establishes a speed limit of 7 knots within one-half of a nautical mile of an orca.
- Establishes commercial whale watching and alternate operator licenses, sets fees for the licenses, and requires the Department of Fish and Wildlife (DFW) to report on the license program.
- Directs the DFW to convene an independent science panel to analyze the most current and best available science regarding noise impacts to orcas by small vessels and whale watching vessels.
- Requires the topic of sustainable whale watching to be included in the statewide tourism marketing plan.

The bill passed the House Committee on Rural Development, Agriculture, & Natural Resources and will be heard today in the Appropriations Committee.



WASHINGTON PUBLIC PORTS ASSOCIATION LEGISLATIVE REPORT WEEK OF APRIL 1-5, 2019

NOTE ON OIL-RELATED LEGISLATION. Several bills affecting oil interests remain alive. The outcome of the interplay among the various and often competing policies is the subject of much speculation. WPPA continues to engage on issues of interest to our members.

REDUCING THREATS TO SOUTHERN RESIDENT KILLER WHALES BY IMPROVING THE SAFETY OF OIL TRANSPORTATION. ESHB 1578 – Rule-making authority for Ecology to require a dedicated rescue tug adjacent to the San Juan Islands has been removed from the bill. Ports were concerned about the negative competitive consequences resulting from U.S. interests bearing the full costs of a tug without an equal partner in Canada. The bill resides in the Senate Ways and Means Committee currently without a date for public hearing. WPPA has taken no position on the bill as amended.

IMPLEMENTING A GREENHOUSE GAS CAP AND TRADE PROGRAM. SB 5981 was heard in the Senate Environment, Energy and Technology Committee. Revenue from the sale of carbon credits allows the bill to be categorized as Necessary to Implement the Budget (NTIB) and therefore exempt from cutoff dates. The bill has not moved out of the Senate committee.

REFORMING THE FINANCIAL STRUCTURE OF THE MODEL TOXICS CONTROL PROGRAM. SB 5993 – a significant reform of the Model Toxics Control Act funding was heard in the Senate Ways and Means Committee on April 3rd. It has not yet been scheduled for executive action. However, elements of the Senate Operating Budget assume passage of the bill.

The bill makes the following changes to existing law:

- Changes the hazardous substance tax (HST) on petroleum products to a volumetric rate of \$2.52 per 42-gallon barrel.
- Replaces the existing Model Toxics Control Act (MTCA) accounts with operating, capital and stormwater accounts; HST revenue will be allocated 43 percent for operating, 43 percent for capital and 14 percent for stormwater.
- Adjusts the volumetric rate each year by a fiscal growth factor.
- Specifies qualifying operating budget programs and capital budget projects for each account.
- Requires the Governor's proposed and enacted budgets to be accompanied by a report documenting the MTCA expenditures.



WASHINGTON PUBLIC PORTS ASSOCIATION LEGISLATIVE REPORT

WEEK OF APRIL 1-5, 2019

WPPA is convening a stakeholder team to share information and develop strategies in support of the bill. The Association has long supported MTCA funding as its number one budget priority. The primacy of cleanup appropriations is reflected in WPPA's leadership and engagement in support of the bill.

AVIATION

AVIATION LEGISLATION. WPPA testified this week on **SB 5370** and it is scheduled to be voted on in the House Transportation Committee next Monday. In testimony, the bill sponsor declared that consensus had been reached on the bill but no amended language has yet been released. The bill would create the Commercial Aviation Coordinating Commission designed to evaluate and select the site for future commercial service growth in the Puget Sound Region. **HB 1917** was voted out of the Senate Ag, Water, Natural Resources & Parks Committee this week and has advanced to Rules. The bill would allow for the use of certain traps by airport managers.

Senate Ways & Means adopted a key amendment last evening which keeps the **COMMUNITY AVIATION REVITALIZATION PROGRAM** alive. The amendment contains key provisions required by the Governor as well as the State Treasurer and also includes an amendment WPPA worked on to expand the program to airports with up to 75,000 annual enplanements.

The Senate also retained the \$5 million appropriation for the program. Both budget committees will begin the work of reconciling their individual bills, creating one budget. Currently, the House Capital Budget only re-appropriates \$2.5 million for the program. WPPA will work with legislators to attempt to secure the preferred language currently in the Senate version.

PUBLIC WORKS

PUBLIC WORKS CONTRACTING. Both public works bills advanced to the Rules Committees this week. **HB 1295**, which would authorize the use of both Job Order Contracting and Design Build. **SB 5418** would expand the use of Small Works and Limited Small Works authority for port districts by increasing the allowable project costs from \$300,000 to \$500,000. WPPA will work to get these bills pulled from Rules and onto the floor calendar next week.



WASHINGTON PUBLIC PORTS ASSOCIATION LEGISLATIVE REPORT

WEEK OF APRIL 1-5, 2019

TRANSPORTATION

CURRENT LAW TRANSPORTATION BUDGETS. Both chambers voted on their respective Transportation Budgets this past week. Now committee negotiators will begin conference to align the bills into one. With little in the way of new revenue, both budgets have limited dollars to support new initiatives. Funding is allocated to restart the I-5 Bridge Office in Vancouver and each budget finds small sums of money to increase funding for fish passage barrier removal.

Of particular concern to WPPA is an elimination of over \$15 million for the Freight Mobility Strategic Investment Board (FMSIB), nearly half of the Board's biennial appropriation in the House Transportation Budget. WPPA continues to work with Chair Fey and FMSIB to understand concerns the Chair may have with this important program. We are also working on the Senate side to ensure negotiators understand the value of this board to local governments. Conference to work on the budget between the two chambers has no set timeline. Given these two budgets are further apart than usual; this process could take longer than normal.

LOW CARBON FUEL STANDARD (LCFS). The Governor's LCFS bill was heard in the Senate Transportation Committee yesterday. **HB 1110** proposes to give Department of Ecology authority to implement an LCFS program designed to reduce transportation greenhouse gas (GHG) emissions by 20% by 2035. This bill is one of several bills that are at the center of the Democrats' environmental agenda this session. The bill is fashioned after programs currently being implemented in both Oregon and California.

In Washington, over forty percent of greenhouse gas emissions come from transportation. Proponents of the LCFS have testified that passage of this bill would increase production of less carbon-intensive fuels in the state leading to job growth. Opponents have focused on increasing costs caused by an LCFS, particularly those being seen in California, where costs have increased between \$.10 and \$.12 and are projected to triple by 2030, when the program is fully implemented.

WPPA has concerns about the impact LCFS could have on the ability to fund new transportation Infrastructure in the future. Senator Hobbs introduced a Striking Amendment prior to the hearing yesterday which seeks to provide some new revenue from an amended LCFS program. The program would continue to generate tradeable credits and require polluters to acquire debits. But the Senator's version also incorporated a standard carbon fee of \$6.00 per ton as well. It wasn't clear how much revenue this change would create.



WASHINGTON PUBLIC PORTS ASSOCIATION LEGISLATIVE REPORT

WEEK OF APRIL 1-5, 2019

FORWARD WASHINGTON. With the focus on current law budgets, no action was taken on these bills this week. Forward Washington (**SB 5970/SB 5971/SB 5972**) is a \$17 billion, 10-year proposal that would not only provide funding to big ticket projects but also adds money to many important transportation programs important to ports, including the creation of a \$100 million port grant program. The revenue for this new package comes from a new and controversial fee placed on carbon (\$15/metric ton) as well as six cent per gallon increase in the state gas tax. There are also development impact fees assessed on new development across the state and an assortment of other smaller tax increases.

In addition to an increase of \$1 billion for highway maintenance, Forward Washington provides substantial funding for fish passage barrier removal, important construction projects such as the I-5 bridge over the Columbia, Hood River Bridge, US 2 trestle, the Apple Capital Loop in Wenatchee, completion of US 12 four-lane project in Walla Walla County and completion of SR 18 in rural King County. View more details about Forward Washington, including detailed project lists and summary documents [here](#).

PROJECT ACCELERATION. HB 2132 proposes to accelerate the construction of the Gateway Program of projects which consist of the completion of both SR 167 & SR 509. To achieve this, the bill would allow the state to issue up to \$1.5 billion in general obligation bonds as well as implement a tolling program for both roadways. In addition to Gateway, this bill also proposes combining the existing tolling programs on 405 and the existing SR 167 hot lanes.

WPPA is supportive of accelerating the Gateway Program. It is a key highway link between the Ports of Seattle and Tacoma and the significant warehousing and logistics centers in the valley. There are concerns about other aspects of this bill, including how projects will be prioritized in the future, specifically related to the combined 405 & SR 167 tolling area. WPPA is monitoring this bill closely. No action was taken on this week, but the bill is scheduled for executive session next Monday in the House Transportation Committee.

RAIL-RELATED LEGISLATION. HB 1841 requires a mandatory minimum train crew size of two. This expands up to four crew members for certain higher hazardous trains. The Senate Labor & Commerce Committee amended the bill to exempt short-line or Class III railroads. Most port-owned and/or operated rail operations could be significantly impacted both operationally and from an oversight and reporting aspect. This exemption was a welcomed move. The bill is now in the Senate Rules Committee.