



House Democrat Budget Summary

March 29, 2017

Prepared by WSAC Staff

Overview

The House released its proposed operating budget (HB 1067) on Tuesday which prioritizes and outlines a spending plan to address the Supreme Court's McCleary decision, behavioral health issues including court decisions involving both forensic and civil mental health services and federal oversight of Western State Hospital, and other fiscal and policy issues. The budget assumes forecasted revenue increases for the general fund of \$2.6 billion over the 2015-17 biennium, raising revenue from \$39.0 billion in 2015-17 to \$41.6 billion in 2017-19.

The House budget makes 2017-19 general fund appropriations of \$44.9 billion. Policy level increases total \$3.6 billion and reductions are \$374 million, for a net policy level change of \$3.2 billion.

This includes:

- \$3.0 billion in additional resources from new revenue legislation;
- \$206 million in assumed reversions; and
- \$96 million in budget driven revenue, other legislation, and other adjustments.

The budget is predicated on passage of legislation (HB 2186) that raises revenue from six sources:

- **Real Estate Excise Tax Reform:** \$419.7 million
- **Capital Gains:** \$715.0 million
- **Marketplace Fairness:** Internet taxation for \$340.8 million
- **Business & Occupation Tax:** Impose 20% increase on service, retail, wholesale & manufacturing rates with a small business deduction of \$250K/\$100K (72% of businesses exempt from B&O tax) for \$1.2 billion
- **Repeal Tax Preferences:** \$137.1 million
- **Department of Revenue Administrative Options:** \$22.4 million

In addition to the revenue legislation, HB 1067 assumes passage of a number of policy bills necessary to implement the budget, including HB 1764 which replaces the 1% property tax cap.

WSAC Priorities

The House budget assumes the passage of WSAC's legislation that would replace the 1% property tax cap with a new cap (HB 1764). In addition to providing a local option for counties, this bill raises \$128 million in revenue for the state.

Overview

The House also funds implementation of the public records reform proposal that is a priority for WSAC.

While the House does not provide additional funding for trial court indigent defense, the budget does provide an additional \$36 million for Foundational Public Health Services at the county level.

Significant Concerns

Lack of Additional Funding for Indigent Defense

The United States Supreme Court requires the State of Washington to provide counsel for indigent defendants. The state has passed on 96% of the trial court cost to counties. WSAC is disappointed that the House chose not to begin the process of providing additional funding for this State mandate.

Land Use, Natural Resources & Environment

GMA Funding

No funding is provided for the Department of Commerce grants to counties as they update their comprehensive plans required by the Growth Management Act. (\$0 General Fund-State)

Shoreline and Stormwater Grants

Reduces grants to local jurisdictions in an amount that eliminates funding for these programs. (\$2.9 million ELSA Fund-State reduction)

Waste Reduction, Recycling and Litter Control Account (WRRLCA)

Reduces WRRLCA, which is funding shared by counties and cities for litter control programs and shifts \$10 million to State Parks for a total cut of \$15.5 million. (\$15.5 million WRRLCA-Fund State reduction)

Department of Fish and Wildlife Payments in Lieu of Taxes Funding (PILT)

PILT payments to counties remain frozen at 2009 levels. This funding would go directly to the county general fund, the majority of which is spent on public safety. (\$1.16 million General Fund-State)

Fair Funding

Funding is cut for shared revenue to County Fairs (\$4 million General Fund State reduction)

Human Services & Homelessness

Aged, Blind, or Disabled Resource Limit

Increases resource limits pursuant to HB 1831 for the Aged, Blind, or Disabled (ABD) program, exempting one vehicle up to \$10,000 in value and all other resources up to \$6,000 for ABD applicants. (\$1.0 million General Fund-State)

Aged, Blind, or Disabled Grant Increase

Increases the maximum grant for the ABD program from \$197 to \$227 per month beginning in FY 2019. (\$3.8 million General Fund-State)

Reduce Homelessness

Provides funds for various programs aimed at reducing homelessness. These include funding for staff and grants to:

1. Assist youth who exit a state system;
2. Expand temporary rent assistance for homeless families; and
3. Expand permanent housing with wraparound services for chronically homeless families and individuals.

It also increases the expenditures authority for the Consolidated Homeless Grant Program. (\$10 million General Fund-State; \$17 million total)

Behavioral Health

Provides funds for significant investments in additional community capacity and services including, for example:

1. 300 beds for individuals with a history of mental illness – including a mix of low-barrier housing, shared permanent supportive housing, and independent permanent supportive housing;
2. 32 additional beds in crisis walk-in centers that provide services that allow individuals in mental health crisis to stay up to 23 hours under observation which includes crisis stabilization and intervention, individual counseling, peer support, medication management, education, and referral assistance;
3. Rental subsidies and supportive housing services to individuals with mental illness through the Housing and Recovery through Peer Services program; and
4. Two new mobile crisis teams that provide access to behavioral health professionals with specialized skill sets to address the needs of individuals in crisis.

Public Health

Foundational Public Health Services

Provides approximately \$40 million in funding for Public Health's top priority. \$36 million is allocated to 35 local health jurisdictions to improve their ability to address communicable disease monitoring and prevention and chronic disease and injury prevention. \$4 million is allocated to Department of Health to modernize the public health data system, develop shared services and increase capacity in chronic and communicable disease programs. (\$40 million General Fund- State)

Public Health

The County Public Health Assistance Account

Maintains funding at the 2015-2017 budget level without the unfortunate Senate proviso that would prohibit any county that provides for safe injection sites from receiving funding from the PHAA. (\$72.8 million General Fund- State)

Vapor Product Prevention Distribution

Sustains funding for the Liquor and Cannabis Board to implement and enforce new vapor product licensing, packaging and sales regulations. (\$614,000 General Fund- State)

Lead Exposure

Allocates funding to address environmental lead exposure in the community and schools. Funds would provide for screening, case management, and an electronic data reporting system to identify and track children who are at the highest risk of having elevated levels of lead in their blood. Funding also is provided to test water fixtures in schools across the state, with an emphasis on testing older schools first. (\$5.9 million General Fund- State)

Hepatitis C

Expands Hepatitis C treatment to Medicaid clients with less severe liver disease whose coverage has been mandated by court order. (\$41 million increase General Fund- State, General Fund- Medicaid)

Opioid Epidemic

Assumes approval from the Federal government for two federal grants focused on addressing opioid addiction. One grant focuses on reducing the deaths associated with opioid overdose. The other is focused on variety of prevention and treatment strategies including expanding access to Medication Assisted Treatment. (\$23.9 million General Fund-Federal)

Public Safety

Legal Financial Obligations

Provides funding for the Administrative Office of the Courts to pay for additional hearings and changes to judicial information systems to implement HB 1783. However, counties will still lose revenue at a time when they are struggling to pay for trial court indigent defense costs. (\$1.2 million General Fund-State)

Parent Representation Program Extension

Provides funding for all juvenile courts statewide, expanding funding to the five remaining counties of Adams, Douglas, Island, Lewis, Lincoln, Okanogan, San Juan, Walla Walla, and the remainder of Pierce. (\$6.5 million General Fund-State)

Language of Public Notices

Provides funding for HB 1540 for state agencies and local emergency management departments to provide health and safety-related notices and communications in languages other than English or in a manner that non-English speaking persons can understand. This may be an insufficient amount of funds depending on what version of the bill is passed. (\$976,000 General Fund-State)

Transportation

Local Fund Distribution

The House transportation budget provides funding promised to counties with the adoption of the Connecting Washington package adopted in 2015. The budget provides an additional \$9.7 million to the County Road Administration Board for grants along with \$25.1 million in direct distributions. These funds are in addition to regular gas tax distributions to counties and grants administered by CRAB and TIB.

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