

Margarita Prentice

2010 Session Review



Dear Friends:

The 2010 Legislature began as a short, sixty day session and finally ended after an extra 29 days and 1.50 hours. This will no doubt go down in history as one of the toughest sessions ever. Last year, the budget was balanced without raising any taxes by cutting programs and expenditures to the bare bones. The continued loss in revenues would have required severe cuts to the most basic services.

First, the Governor proposed huge cuts to essential services; then the Senate proposed raising the sales tax; and the House proposed taxes on a wide variety of items. Getting a majority of 49 Senators and 98 House members to agree on one complex solution inspired robust, inflammatory debate. No legislator gets elected to come to Olympia to slash programs and vote on a budget package that compromises their basic principles and instincts. These were excruciating choices for Democrats and Republicans alike. In the end, the Senate, House and Governor made difficult short and long term choices so our state can survive and make a sustainable recovery.

This newsletter contains some session highlights that directly impact our district including details on budget cuts, new taxes, a few policy bills, plus some local news about the capital and transportation plans for our district. Of course you are always welcome to contact me for additional information on these or other areas of concern or interest.

Thanks to everyone who sent a letter, an e-mail or called my office during session. This year, public participation was at an all time high – which is wonderful! But my voice mail and e-mail systems were overwhelmed. My staff and I are working diligently to get to the remaining unanswered messages. Your concerns are essential to my representing our district and I appreciate hearing from you.

Sincerely,



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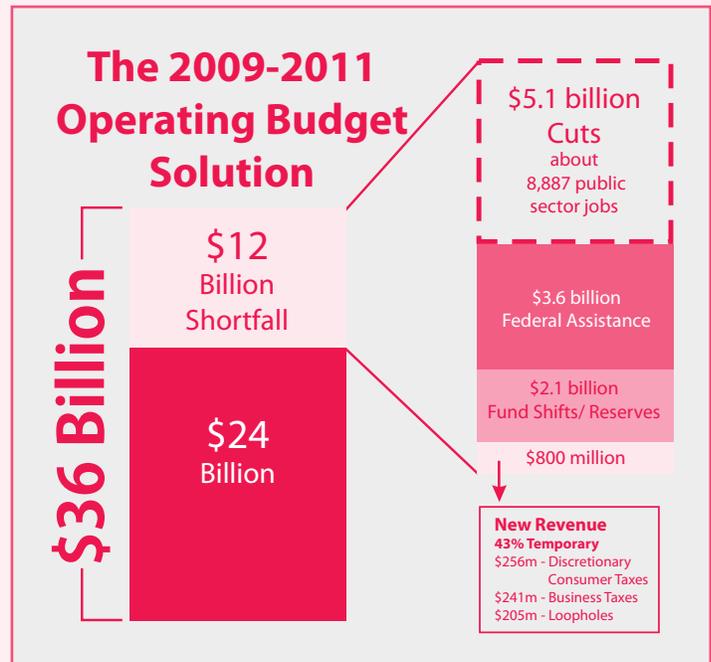
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STATE BUDGET

A balanced budget was achieved by reductions/eliminations, shifting funds, using reserves and accessing federal funds, plus increasing taxes. Cuts to services and government employee compensation totaled \$747 million, using reserves and fund shifts accounted for \$664 million, federal assistance brought in \$618 million and tax increases generated \$757 million. Some \$453 million was left in reserve.

Every area of the state budget was examined for cuts. The largest reductions eliminated the remaining \$79 million in Initiative 728 funding for class size reduction, removed \$73 million in funding for state colleges and universities, and saved \$49 million through state worker furloughs, \$46 million from prison closures and \$30 million by revamping the state's General Assistance Unemployable program.

New and expanded taxes will increase state revenues by \$757 million. These include an additional 28 cents per six pack of beer (Washington breweries exempted), 2 cents per can of soda, extension of the sales tax to bottled water; and the 1.5 percent to 1.8 percent increased business and occupation tax rate for service businesses. Permanent increases include sales tax to candy and gum, a \$1 per pack increase on cigarettes, and closing or restricting eight tax loopholes and restoring old tax rates undone by court cases.



Details of the temporary taxes:

- From June 1, 2010 to June 30, 2013, the excise tax on beer is increased from 26 to 76 cents per gallon. The first 60,000 barrels sold by small breweries are exempt. All Washington breweries are totally exempt.
- From July 1, 2010 to June 30, 2013, the excise tax on carbonated beverages is 2 cents per 12 ounces. The first \$10 million sold by a bottler are exempt.
- From June 1, 2010 to June 1, 2013, the sales tax is extended to bottled water. Those who purchase bottled water with a prescription or don't have potable water are exempt from this tax. However, this tax will become permanent if the voters approve the Jobs Act (HB 2561) on the November ballot.
- From July 1, 2010 to June 30, 2013, the B&O tax rate of 1.5 percent will increase to 1.8 percent for service businesses. However, the small business tax credit for these businesses is permanently doubled from \$35 to a maximum of \$70 a month. Public and private hospitals and certain research and development activities are exempt from the tax increase.

Details of permanent tax increases:

- Beginning June 1, 2010, the sales tax applies to candy and gum. A two year B&O tax credit of \$1,000 per job is allowed for candy manufacturers.
- The tax on cigarettes is increased \$1 per pack; taxes on tobacco products are increased from 75 percent to 95 percent of the taxable sales price – there are some exceptions.
- The tobacco products tax rate on large cigars is 95 percent of the taxable sales price, but not to exceed 65 cents per cigar.

All tax increases, except for the tobacco taxes, are contained in Senate Bill (SB) 6143. For the list of tax exemptions that were closed, limited, or clarified this session, go to <http://app.leg.wa.gov/billinfo/> and search for 6143

These have been grim choices to make but doing so protected fundamental programs and services.



K-12 EDUCATION

Progress continued on education reform and cuts to K-12 were minimized. Basic education was not cut, and the final budget fully funds all-day kindergarten, levy equalization, the enhanced classified staffing ratio (support staff) and the class size enhancements for grades K-3 remain intact.



HIGHER EDUCATION

State Need Grants are fully funded for 57,000 students to help out with the 30 percent cut to the State Work Study program. One of the few budget additions is \$17.6 million for 3,800 slots in the unemployed worker retraining for high demand jobs program in the community and technical colleges.



HUMAN SERVICES

The Basic Health Plan, Apple Health for Kids, and Working Connections Child Care are all funded. The General Assistance Unemployable (GAU) program was revamped with new eligibility requirements, time limits and replacing cash grants with housing vouchers.



CORRECTIONS

The Department of Corrections is directed to shift prisoners to newer, more efficient facilities at the Coyote Ridge Corrections Center in Connell and the Mission Creek Corrections Center for Women in Belfair. McNeil Island Corrections Center and Larch Corrections Center in Yacolt are to be downsized. Pine Lodge Corrections Center for Women in Medical Lake, Ahtanum View Corrections Center in Yakima, and Maple Lane School are to be closed over the next two years. The savings include the additional funds for the population moves.



STATE WORKERS

The state's freeze on hiring, out-of-state travel, and other non-essential spending continues. Across the board state workers' layoffs were prevented through furloughs and other compensation reductions saving \$50 million. Certain state agencies are exempt from the furlough requirement, such as law enforcement, corrections, classroom instruction, social service institutions, and others.

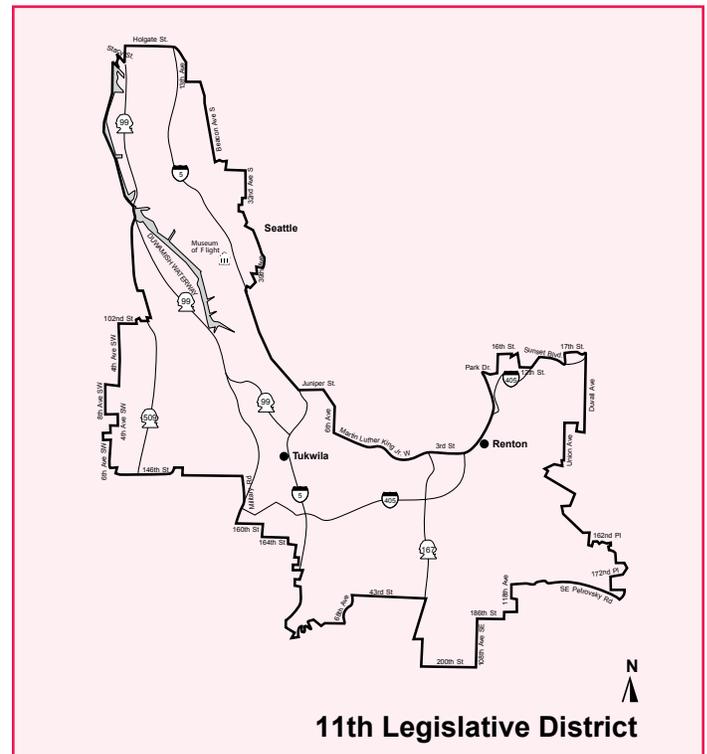
CAPITAL BUDGET AND JOBS

The capital budget — basically the state's construction budget — maintains funding for current projects, funds energy retrofits for K-12 schools, storm water projects, and adds an additional \$30 million for the Housing Trust Fund. All of this means thousands of new job opportunities.

Projects in our district include:

- The Museum of Flight: \$3 million for additional space to house a retired space shuttle we have applied for from NASA;
- Highline School District: \$2 million for Aviation High School;
- The City of Renton: \$250,000 for infrastructure of the West Hill/Skyway annexation;
- NAVOS Mental Health: \$1 million for re-location of its current campus;
- Department of Ecology: \$900,000 for toxic clean-up projects specifically for our district.

The voters will decide on House Bill 2561, also known as the Jobs Act of 2010, which authorizes \$505 million in new bonds to finance energy efficiency improvements to public schools and college and university campuses. This is expected to create 38,000 jobs plus save school districts \$126 million annually in operating costs. If the measure is approved, the tax on bottled water would be made permanent to provide funding.



POLICY BILLS

BABY BOTTLES: After several years of hard work by industry and advocate representatives, Senate Bill 6248 was passed to limit the use of the toxic chemical bisphenol A (BPA). This is used in certain children's plastic products such as baby bottles, sippy cups and sports bottles. Washington is now one of a few states that have passed such legislation.

CELL PHONE DRIVING: SB 6345 prohibits texting and any other activities with a phone while driving and makes it a primary offense. Hands-free devices and calls to report serious emergencies are still allowed. However, the law prohibits any use of a cell phone by a driver with a learner's permit or intermediate license.

RACE TO THE TOP FUNDS: SB 6696 will make the state more competitive in its application to the federal "Race to the Top" grant program. This means increased accountability, flexibility and targeted reforms in teacher preparation and student evaluation systems, and potential millions in additional federal dollars. Schools that continue to struggle will also have access to a new strengthened system of support.

DENYING BAIL: The voters will have the final say on House Joint Resolution 4220. This allows judges to deny bail to someone who has committed a crime that could result in a life sentence or if the public could be at risk because of a history of violence.

SOUTH PARK BRIDGE



King County has announced the potential closure of the South Park Bridge on June 30th. The deterioration is expected to be so severe, it may not be usable or fixable. The loss of this community traffic corridor will have a major impact for many of us. Plans are under way to re-route traffic, including Metro transit and emergency services.

A new coalition is taking the lead on replacing the bridge. Dagmar Cronn, South Park Neighborhood Association; Larry Brown, Aerospace Machinists District Lodge 751; and, King County Executive Dow Constantine have convened the New South Park Bridge Coalition to secure sources of funding and to partner with the state, cities, and other organizations. They expect to move quickly and be ready to re-apply for the TIGER II stimulus funds later this summer and other funding opportunities. Any questions about the Coalition or the

South Park Bridge in general can be directed to Andrew Glass-Hastings: andrew.glass-hastings@kingcounty.gov or 206-263-3424.

