



Senator Joseph Zarelli 18th DISTRICT

UPDATE

February 2012

Dear Friends,

The 2012 legislative session is about a month along. We're scheduled to adjourn in mid-March, and I certainly hope that when I leave the Capitol and come home to Clark County, it's with a sensible state budget in place. Please keep reading for how I believe we can accomplish that.

I place great value on informing and hearing from the people I represent. But I also want to be a good steward of your tax dollars, so these days I try to do most of my communicating by e-mail and the internet (my legislative website address is: <http://src.leg.wa.gov/zarelli>). It saves a lot on paper and printing and postage. If you would like to be on my e-mail list please send a message to my e-mail address in the box to the left.

Keep In Touch

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- Rules

All that said, I still like to send a letter every so often, as this proves, and I welcome your letters and phone calls too. My legislative mailing address and phone number are also to the left.

Last month a military veteran in our district reminded me that he had risked his life so I could serve in public office. I didn't point out that I had served two hitches in the U.S. Navy myself; I just thought, once again, about what a privilege it is that my neighbors have trusted me for so many years (16 years now) to represent their views. So when I say it's an honor to serve as your senator, that's straight from the heart.

Thanks for reading this, and if you believe I can help with something involving state government, let me know.



Sen. Joseph Zarelli

The state budget situation

The state operating budget for 2011-13 looked pretty responsible when we adopted it this past May. It was the first budget in my memory that was developed through a truly bipartisan process and (amazingly) the first in 14 years that appropriated *less* money than the state expected to take in.

The spending level in the new budget was based on a prediction from our state's chief economist that Washington's economy would begin to recover in the second half of 2011. Unfortunately, that expectation didn't pan out. By November, the gap between the budget's spending commitments and the anticipated revenue had reached about \$2 billion.

In December, during a special session called by the governor, the Legislature agreed on changes to reduce that gap by about 25 percent. So we arrived at the Capitol last month facing a gap of about \$1.5 billion. As I told the people of our state in the official response to the governor's "state of the state" address, closing that gap will require some difficult choices.



To me, the Legislature is at a fork in the road. We can go for a short-term fix that is based on new – and in some cases, temporary – revenue. Or we can seize opportunities that will help make state government more efficient, cost-effective and sustainable now and for years to come. I'd rather take the long-term approach.

Let's look at reform before revenue

I trust you to handle the truth about the state's finances, so here's the bottom line. The level of revenue expected to come in is about the same as it was six years ago. However, the population of our state and demand for state services are up from six years ago. Throw in the fact that we haven't seen an uptick in the economy, and the result is a very difficult budget situation.

The governor's answer is centered around a three-year, half-billion dollar increase in the state sales tax. She wants the Legislature to put that question directly to voters this spring.

I oppose this approach, partly because it is a temporary fix that does nothing to improve our budget's sustainability and partly because there are other places to reform our state's tax code – changes that would *not* force everyone to pay more.

Here's how I believe the Legislature should approach our budget situation.

First, we prioritize – or reprioritize – so that existing tax dollars are spent on the highest-priority items: things like education, and public safety, and services for the most vulnerable.

Second, we look at reforming state government in ways that will make it better, smarter, and more effective. For instance, we look at how tax dollars are being spent and ask whether we can stretch them. Also, reforms should look at both spending and tax policy.

After we make sure existing dollars are dedicated to the highest-priority items, and look at adopting reforms, I am willing to discuss revenue options – but *only if* the alternative is to make cuts to the core priorities of government.



Having said that, I am convinced that if we go through the first two steps – prioritize and reform – we will not need to consider looking for more revenue.

Please do not be misled by claims that Olympia has “cut to the bone”. State government *can* become more efficient and cost-effective, if the Legislature wants it to.

Roads and the gas tax

The Legislature adopted a new two-year transportation budget last year, so the governor’s recent call for billions of dollars in new revenue for transportation projects this year came as a surprise.

Gov. Gregoire wants to assess \$1.50 on each barrel of oil produced in Washington, which won’t help our state keep the refinery jobs in the north Puget Sound area and could add as much as 9 cents a gallon to the price of gas. She wants \$5 on each studded tire sold in Washington, \$100 on an electric vehicle, and more. Cities and counties that have formed “transportation benefit districts” could even charge their own local excise tax.

Under our state constitution, revenue from the state portion of the gas tax may only be spent on roads (meaning gas-tax dollars can’t be spent on public transit, which has to rely on other taxes and fees for income). Even though the state gas tax has gone up twice since 2003, that tax is not the reliable source of revenue it once was, because demand for fuel has fallen for reasons you can guess.

My primary concern about the governor’s proposal is that the resulting revenue could be spent on anything. There’s nothing to guarantee it would go toward maintaining roads or completing road projects.

We all want good, safe roads. But even if an effort is made to sell this as a job-creation program, the governor’s proposal is so broad and expensive that it should have been held until next year, when the Legislature must put together a new transportation budget and will have more time to consider it.

How to encourage job growth

Our state is home to quite a few large companies, but the backbone of Washington’s economy is found on Main Street – meaning the small employers who unfortunately tend to be affected more by taxes and fees and regulations imposed by government.

There is much lawmakers can do to encourage employers, such as lessen the competitive disadvantage faced by new Washington businesses because of our state’s unique business and occupation tax. This should be our second priority this session, next to fixing the budget.

I have suggested that the Legislature dial back some of the preferential tax rates for certain industries and use a portion of the resulting revenue to address the B&O tax liability in a way that would benefit more than 90,000 employers over the next four years. That can only help to stimulate the private-sector job growth our state needs.

If the governor truly believes state agencies need more money, I would encourage her to get behind this idea. When people are working, they are more comfortable about consuming, and when people consume more, they pay more in taxes. So job growth is the *natural* way to increase the amount of revenue government has for programs and services.

We can improve education without spending more

State government’s number-one responsibility is to support our K-12 public schools. The budget reflects that: no other area of government accounts for a bigger share of spending.

Even so, the state Supreme Court ruled last month that the Legislature is not upholding its constitutional obligation to “make ample provision” for basic education. The court gave lawmakers six years to correct that, by putting more money into our public K-12 system.

What can the Legislature do this year to improve our schools, in light of the budget situation? Plenty, because in my book the word “provision” as used in the state constitution is not limited to funding. Two straightforward reforms have been proposed already.

One is aimed at making sure our school districts have a great teacher in each classroom and a great principal in each building; this could be accomplished by moving to a more thorough, performance-oriented evaluation system that is already being tested around the state.

The second reform is intended to turn around or give students (and their parents) an alternative to underperforming schools. This could be done by changing how some schools are governed, and allowing more flexibility in decision-making, while maintaining state or district oversight.

Neither of these reforms should have a significant price tag, and both would “provide” a better education for our children by focusing on what happens in the classroom, rather than how many dollars are (or are not) being poured into the system.

Check my website for times and locations
Saturday, Feb. 18
18th District Town Hall Meetings
SAVE THE DATE!

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