



Senator

28th Legislative District

Mike Carrell

2010 LEGISLATIVE REVIEW

Spring 2010

Dear Friends and Neighbors,

Thanks to all of you who attended my town hall meetings in February. There were record turnouts at both, which tells me that the constituents of the 28th Legislative District are concerned about the direction of our state government.

I wish I had better news about what happened again this past legislative session, but unfortunately **the Legislature has failed again to address the systemic problems in state government.**

When in a hole, conventional wisdom is to stop digging ... but digging the budget hole deeper is all that the Legislature has been doing for years. **It has become painfully clear that without reforms and changes in priorities, we can expect similar "fixes" to the budget problems that have failed to work in the past.**



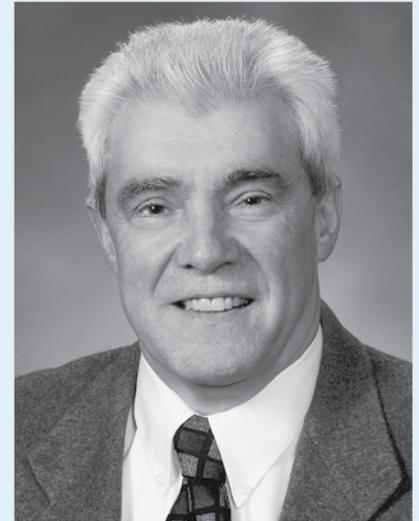
Over the next four years, the state is expected to again face multi-billion dollar shortfalls. Will the majority party resort to more tax increases? I'm afraid they may attempt to impose an income tax, something which I adamantly oppose.

Still, it remains my honor to represent you in the state Senate. I'll continue to work on your behalf, and if you have any comments or suggestions please don't hesitate to contact me. **If you'd like to join my "Kitchen Cabinet" and receive periodic legislative e-mail updates, send an e-mail to Carrell.Mike@leg.wa.gov with your name, address and phone number.** I look forward to hearing from you soon.

Sincerely,

Mike Carrell
State Senator, 28th District

INSIDE: Largest tax increase in state history about to hit consumers...



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- Committees:**
- Human Services and Corrections
 - Judiciary
 - Ways and Means

Business as usual with 2010 state budget

In my previous newsletter, I made a reference to the Titanic in explaining how legislative spending decisions had put us on a collision course year after year with the budget “iceberg.” **The 2010-11 combination of taxes and spending is, to me, like backing up the ship and taking another run at the iceberg.**



The deals made behind closed-doors during the special session to win final passage of the largest tax increase in state history and a shortsighted supplemental budget were not in the best interest of Washington. This year should have been one to reform government and exercise leadership that put state government on a more stable financial course, but the Legislature chose instead to simply raise taxes to “patch” the budget.

The package of 20 new and increased taxes is expected to generate another \$794 million in the next 15 months and nearly \$1.7 billion during the 2011-13 biennium, for a total of almost \$2.5 billion. The largest piece is an increase in the business and occupation tax on service providers, which takes effect May 1 and will cost \$242 million

between now and next summer alone. **Making employers pay 20 percent more in taxes just to do business in Washington will result in more job losses.**

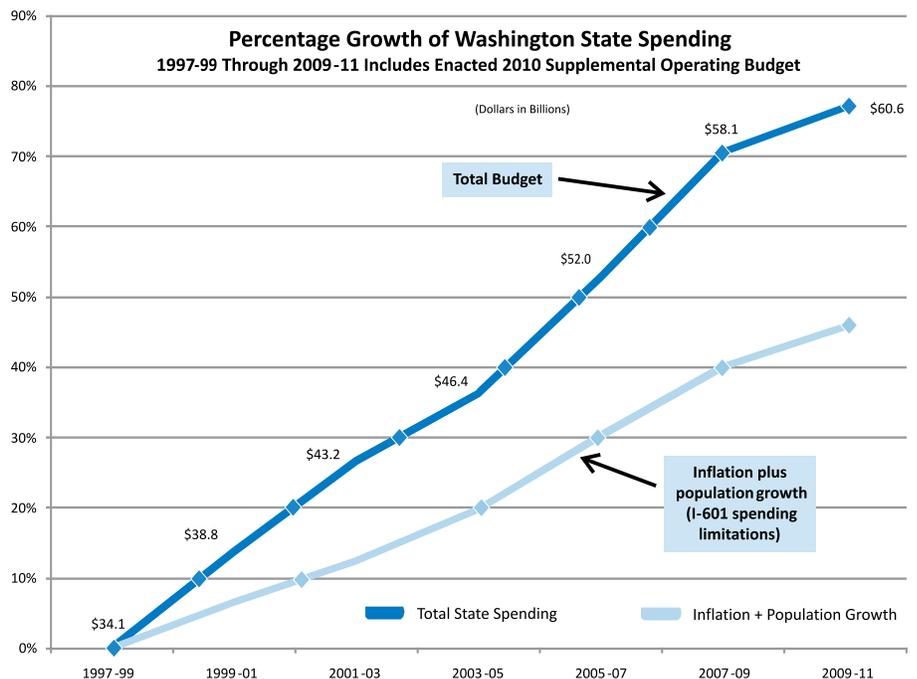
What’s worse is the majority party left \$4.7 billion in commitments and adjustments for us to confront next session – *without the revenue to do so*. That’s not counting the close to \$750 million in “hoped-for” funds that are assumed in this budget – including around \$630 million from the federal government, which is not guaranteed to arrive.

The \$30.9 billion final general-fund operating budget includes some familiar accounting gimmicks, such as channeling \$461 million from other accounts intended for environmental cleanup, public works projects and other specific activities into the general fund. **It also drains the**

last \$229 million remaining in the rainy-day fund created by voters in 2007.

Many in the Legislature are claiming that the state has a revenue problem, i.e. not enough tax money is filling state coffers. However, with a **33% increase in spending over the four years leading to the current recession**, it’s clear to me that the state in fact has a spending problem.

I came into this session with reform ideas to plug a budget hole caused by overspending and relying too heavily on one-time dollars. Instead, we ended the special session with a budget that repeats spending mistakes and relies on massive tax increases. Next session we’ll again be forced to choose between raising taxes or reducing spending, and this time without any expectation of federal bailout money.



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Overturning the will of the people

In order to pave the way for billions in new taxes, the majority party dismantled the taxpayer protection law enacted by Initiative 960 in 2007. That voter-approved law required a two-thirds majority legislative vote for tax increases.

There were three bad parts to **Senate Bill 6130**. The first was getting rid of the supermajority requirement to raise taxes. The second was eliminating the transparency requirements (which cost taxpayers absolutely nothing),

such as the requirement for an advisory vote of the people for tax increases and the provision to



include tax increase information – *including which legislators sponsored the proposal* – in the voter's guide in November.

Perhaps worst of all is the inclusion of an emergency clause, making it impossible to have a people's referendum to repeal it.

The message Olympia seems to be sending is, "We're going to raise your taxes, we don't want you to know about it, and even if you find out about it, there's nothing you can do to stop us."

Largest tax increase in state history!

The majority party spent an entire month in a special session (at a cost to taxpayers of over \$250 thousand) trying to figure out how to agree on a budget by polling focus groups about which tax increase proposals would be more "politically acceptable." There were no systemic reforms of any substantial nature in any area of government.

In addition to the B&O tax increase on service businesses (80 percent of which are small businesses), a number of tax incentives created to allow businesses to expand and grow jobs were eliminated. The majority party ignored my calls for government reform and

chose instead to raise the taxes on some of the things you may buy every day. **Here are just a few of the items you'll soon be paying more for:**



- **Bottled water** – Now subject to Pierce County's 9.3% sales tax.

- **Candy and gum** – Also now subject to Pierce County's 9.3% sales tax.



- **Soda pop** – Current tax will be increased by 2-cents per 12 oz. can/bottle at the distributor level, and those cost increases



will no doubt be reflected at the retail level.



- **Beer** – Again, tax at the distributor level will now be nearly three times higher.

- **Cigarettes and other tobacco products** – The per-pack tax will increase by \$1 per pack, or about a 49.4% increase.



Majority lawmakers seem to believe they've done everything they can to rein in costs. The reality is they have not.

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Ignored budget solutions

During the 2010 session (and special session), the Legislature didn't even have the wherewithal to make the obvious choices by plucking the "lowest-hanging fruit" first. **Some of the areas in which the state could have easily made reductions went completely untouched.** For example, the state could have:

- Eliminated the requirement that one-half of one percent of the total cost of buildings like prisons and the state Special Commitment Center be spent on

art projects like sculptures and paintings.

- Required the Washington Education Association to return \$106 million in unspent health care money to the state. You can see the documents on my website, www.SenateRepublicans.wa.gov/Carrell.
- Closed the state print shop, another multi-million dollar savings idea supported by both sides of the aisle.
- Get the state out of the liquor business.

- Limited the amount of time individuals could be on welfare (TANF cash assistance program) to five years.



In fact, **Senate Republicans have offered up over 55 solutions since 2005** which could have

prevented the state from hitting this financial iceberg in the first place, but little or no consideration was given to any of them. You can find a complete list online at www.SenateRepublicans.wa.gov.

SB 6308 – Preventing further victimization of children

The law created by my **Senate Bill 6308** will reduce the ability of committed sex predators to view child pornography in the state Special Commitment Center on McNeil Island.

SB 6308 requires the Department of Social and Health Services, which operates the SCC, to deny a resident use of a personal computer if his or her treatment plan states that computer access is harmful to that individual's program. In such a case, a sexually violent predator may still access a word processing device with limited functionality and no graphical capabilities.

While this law – which was watered down by the House – now isn't ideal, I'm absolutely

committed to making sure the residents of the SCC will no longer have access to child pornography through their computers, and I will continue to work on any problems that may surface.

SB 6610 – Protecting the public from dangerous, mentally-ill offenders

Isaac Zamora was found guilty of murdering four people in a Sept. 6, 2008, shooting spree and not guilty by reason of insanity (NGRI) for two other murders. He is currently isolated at Western State Hospital and under 24-hour guard by two Department of Corrections SWAT team members and one Department of Social and Health (DSHS) services employee because of his apparent threats to escape, threats against individuals working at the hospital and

against the community at large at a cost of over \$1.2 million per year. I negotiated part of **Senate Bill 6610**, which improves procedures relating to the commitment of persons found not guilty by reason of insanity.

Under SB 6610, if DSHS determines that a person committed as NGRI presents an unreasonable safety risk which, based on behavior, clinical history, and facility security is not manageable in a state hospital setting, the secretary may arrange for the placement of the person in any facility operated by DSHS *or the Department of Corrections*, provided that appropriate mental health treatment is provided. This provision will help keep dangerous individuals like Zamora out of Western State Hospital and in prison where they will be less of a danger to our community and will save money.

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HJR 4220 – Protecting those who protect us

After it was discovered that the man who murdered Lakewood Police Officers Mark Renninger, Greg Richards, Tina Griswold, and Ronald Owens was not adequately confined by bail as stated in the state Constitution, it was clear to me that changes needed to be made. **House Joint Resolution 4220**, if approved by voters in November, would amend the Constitution and allow judges to deny bail to someone who has committed a crime that could be result in life in prison if the

individual has shown a history of violence that could endanger public safety.

The current constitutional definition has narrowed to the point that it essentially is a single crime – aggravated first-degree murder. What is considered a capital offense today is not the same as what was considered a capital offense when our state Constitution was written and **this measure would add back many of the crimes that used to be not bailable.**

I had a major role in crafting the language in this constitutional amendment. I am particularly pleased that I was able to make sure the Legislature, and not the Judiciary, will set limitations on bail. The language in this constitutional amendment says that bail rules will now be “subject to the limitations *as shall be determined by the Legislature.*” **For the first time in state history, the legislative branch of government is pushing back against judicial activism regarding the state constitution.**



Sen. Mike Carrell greets a Lakewood Police officer at a reception after the Senate adopted Carrell's resolution honoring our fallen heroes and current law enforcement officers in Washington.

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Could Washington State face Greece's economic fate?

In the final days of the 2010 session, the Legislature passed a bill creating a referendum which, if passed by voters in November, approves \$505 million in new general-obligation bonds, thereby raising the state's debt above the limit set in the state constitution. While the intentions of the bill may be noble (the state is supposed to use the money to make energy-saving changes to public school buildings, possibly creating jobs), the financial consequences could be devastating.

It is primarily funded by extending the new, so-called "temporary" bottled water tax to



30 years, and the total cost of the bonds including interest will be over a billion dollars. In addition, approving these new bonds will only compound the state's ever-worsening fiscal crisis. According to the state treasurer, we're already at the constitutional limit as to how

much the state can borrow, and we have twice the average state per-person indebtedness. Greece ran deficits for years, and with the recession their deficit ballooned to 13.6 percent of their economic output. **I'm worried Washington could follow in Greece's footsteps.**

I voted against this bond bill because, as the state treasurer has said, it's very likely to result in a plummeting state bond rating. That means the cost to borrow more money will skyrocket because our credit-worthiness will be in question even more so than it is now.

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