

WASHINGTON STATE SENATOR • 8TH LEGISLATIVE DISTRICT

# Senator Sharon Brown

## 2018 LEGISLATIVE REPORT

Spring 2018

Greetings Friends and Neighbors!

The 2018 legislative session ended on schedule and with the most bills (317) passed since 2008. While it was nice to return home to the Tri-Cities when I did, we all know that quantity does not equal quality, and beating a deadline is not as important (or the same) as getting the job done right.

In many ways, this session was one of mixed results and missed opportunities.

We passed important legislation to help rural property owners regain access to well water; adopted a capital budget to fund school construction and important community projects; and avoided major new tax increases. I was also happy to lead the Legislature in passing several measures to improve our state's mental-health system.

It wasn't all good news, though. For the first time in years, the House, Senate and governor's mansion were all controlled by a single party – and the past five years of bipartisanship all but disappeared. As a result, we saw the passage of one of the most partisan budget agreements in recent memory. It repeats many of the mistakes that led to record tax hikes following the Great Recession, and was passed using what many describe as a felony gimmick.

With the state treasury expecting nearly \$2.4 billion more in predicted revenue since the budget was adopted in July, there should have been plenty of money to cut property taxes, reduce the burden on manufacturers, and invest in state priorities, while still maintaining a healthy emergency reserve.

Rather than take this approach, Olympia's ruling party decided to only give property taxpayers token relief, and not nearly enough has been saved for a rainy day.

Please don't hesitate to contact me if you want to discuss these or other issues related to state government. **My door is always open**, and I appreciate all the input you can provide.

Sincerely,



Senator Sharon R. Brown  
8th Legislative District



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### SENATE COMMITTEES

- Economic Development & International Trade (Republican Leader)
- Energy, Environment & Technology
- Ways & Means



## BUDGET & TAXES

### 2018 supplemental operating budget lacks fiscal responsibility

Not a single Republican senator voted for the 2018 supplemental operating budget passed by the Legislature this year. Given the diversity within our Senate Republican Caucus, that says a lot!

It was clear early on that Democrats in the House and Senate were not interested in crafting a bipartisan budget that could earn broad support in both chambers.

What we soon learned was just how determined leaders of the majority were to

sidestep Washington's constitution if it meant they could avoid working with Republicans.

Although state government expects to take in nearly \$2.4 billion more tax revenue than anticipated for the current budget cycle, the Democrat majority still chose what amounts to a raid on budget reserves, using what has been described as a "felony budget gimmick."

The gimmick, in the form of an amendment to an education-funding bill, violates the spirit and intent of voter-approved protections that

place extraordinary revenue growth into the budget stabilization account – otherwise known as the rainy day fund. Using this money generally requires a 60 percent vote in the Legislature – meaning support from members of both parties.

In addition to the budget trickery

and being the most partisan budget in recent memory, this year's Democrat budget update is a throwback to fiscally irresponsible budgets of years past. Budget writers also missed an opportunity to provide meaningful property-tax relief for Washingtonians who face higher property taxes this year due to an overlap in state and local school taxes that were part of the school-funding plan adopted last year.

**Our lead Republican on the budget committee offered an alternative budget that showed the Legislature could provide nearly \$1 billion in property-tax relief this year without taking money from the rainy-day fund, thanks to nearly \$2.4 billion more in tax revenue that the state is expected to collect.**

The Republican alternative budget also would have cut tuition, protected and enhanced investments in education and made meaningful improvements for our most vulnerable citizens – all without raiding reserves.

The Legislature could have done better. Unfortunately, this was a missed opportunity for the majority, and one that I'm afraid will have all Washingtonians paying the price.



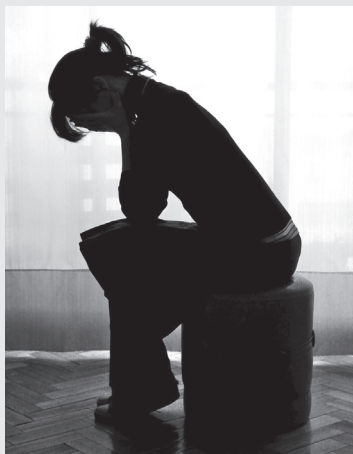
Sen. Brown serving on the Joint Revenue Forecast Council, in place of Republican Budget leader John Braun, who was away on Naval Reserve duties.

### Budget to help target human trafficking in Benton County

Washington's laws against human trafficking are among the strongest in the nation. However, government's ability to enforce those laws is what makes the difference in protecting people, especially children, from being victimized by human traffickers.

For gangs, sex trafficking involving young girls can be less risky and more profitable than the illegal drug trade. I secured \$200,000 in the state budget that will go toward helping law enforcement officers, medical professionals, first responders, courts, educators, and others in Benton County to identify warning signs of human trafficking.

These efforts may expand to adjacent counties where possible.



### Successfully defeated state income tax and energy tax

The majority party in the House of Representatives keeps pushing proposals to create Washington's first state income tax. This year its budget proposal included an income tax on capital gains. But as in previous years, Democrats refused to actually put their votes where their mouths are, meaning the proposal died again – fortunately.

Another favorite of the left in Olympia this year was Governor Inslee's energy tax. It was one of the most regressive tax proposals in state history – hitting families the hardest in areas like home heating and cooling costs, while many industries would be exempt from the tax. If adopted, it also would have meant an immediate 12-cent cost increase for a gallon of gas without any road improvements in exchange. And despite the claims of partisan proponents, honest environmentalists had to admit that the measure would have no measurable benefit to the climate.

My Democrat colleagues moved the energy-tax proposal (Senate Bill 6203) through two committees but would not allow a full Senate vote.



# SENATOR SHARON BROWN • 2018 LEGISLATIVE REPORT

## Tri-Cities projects funded in final capital budget

With the Hirst fix finally adopted, the Legislature immediately moved to pass the state construction-spending plan, known as the capital budget. I am pleased the final approved plan for 2017-19 includes more than \$40 million for 8th District projects.

I fought hard to include \$8 million for the Science Laboratories Infrastructure (SLI) project in Richland. These funds will purchase two advanced scientific instruments for a new, world-class energy- and materials-research facility at the Pacific Northwest National Laboratory. It's slated for a design/construction start this year.

Completing the SLI facility is expected to mean approximately 300 new jobs in Washington over a two-year period. State funding for the project is likely to boost PNNL's anticipated matching-funds request (involving a U.S. Department of Energy science investment of approximately \$89 million in federal fiscal years 2018-22).



Other 8th District projects funded in the capital budget include:

- Habitat for Humanity's Whitehouse Addition Program (\$1.5 million);
- Tri-Tech Skill Center - Core Growth (\$10.8 million);
- WSU Tri-Cities - Academic Building (\$3 million);
- Kennewick Automated Meter Reading Project (\$6 million);
- The Save the Old Tower project in Pasco (\$300,000);
- Public Works Assistance for US 395/Ridgeline Interchange in Kennewick (\$6 million); and
- Tri Cities Readiness Center (\$800,000).

The capital budget will invest \$4.2 billion overall in our state, including a total of more than \$1 billion for K-12 education-facility construction, renovation or modernization.

Mental-health needs, one of my top priorities, would receive \$132 million in this budget. There is approximately \$90 million in community behavioral health projects and approximately \$42 million more in state hospital projects.

## JOBS, JOBS, JOBS...

Making Washington more attractive to employers has been one of my top priorities in the Legislature. In particular, I have worked with my colleagues to reduce unnecessary regulations, streamline government, and encourage economic development.

Two bills I sponsored this session were aimed squarely at helping to create jobs – here in the Tri-Cities and across the state.

Senate Bill 6499 would create the Building Business Ecosystems Act. Under this bill, local governments would be authorized to create business ecosystems areas for the targeting of public improvements. These public-improvement costs may be paid for with local property and sales tax occurring in the business ecosystems area, with the state reimbursing the local government through a sales and use tax credit.

The second bill has its roots in 2015, when the Legislature approved my proposal to create the Invest in Washington pilot program. That program offered a sales- and use-tax deferral for construction costs for five manufacturing facilities in Spokane, Benton, Pierce, and Snohomish counties. It is already resulting in new family-wage jobs – right here in the Tri-Cities.

**The pilot was so successful that it filled up within a couple months, and we had five additional projects that requested inclusion**



in the program. Last year the Invest in Washington program was expanded to accommodate the additional demand.

**This year, I introduced legislation to make the program permanent.**

The Association of Washington Business, Washington's oldest and largest statewide business association with nearly 8,000 members, highlighted this effort in its *Olympia Business Watch* publication:

*SB 6481, prime-sponsored by Sen. Sharon Brown, R-Kennewick, is squarely aimed at helping manufacturers, but differs in*

*approach to the B&O rate reduction that House budget writers included in their proposed 2018 supplemental budget.*

*It would expand a 2015 pilot project that allows manufacturers to defer for five years the sales tax for construction of buildings, machinery or equipment. After five years, recipients must begin repaying the deferred amount over a 10-year period. The deferred tax payments would be deposited into the Invest in Washington Account and used to support customized job training programs and other workforce development efforts.*

Unfortunately, despite bipartisan sponsorship neither proposal reached the governor's desk. So I will be back at it again next year, working to get these job-creating measures adopted.

## TACKLING THE MENTAL HEALTH CRISIS

*In response to one of my community's greatest needs, I have embraced enhancement of mental health treatment and resources as one of my highest priorities as a legislator.*

### Senate approves \$200,000 for Kennewick project to prevent youth suicide

While I was unable to support this year's supplemental operating budget, I was happy to vote in favor of the capital (construction) budget update that same day. It passed with broad bipartisan support.

I was particularly pleased to secure \$200,000 in the capital budget for the Benton Franklin Community Health Alliance – Youth Suicide Prevention Coalition, for the Crisis Services Renovation Project.

These funds will be used to renovate and expand the lobby and interview rooms of Lourdes Crisis Services, and ultimately, create a more therapeutic environment for patients.

Lourdes Counseling Center in Kennewick offers the only inpatient hospital in the region, providing a full range of behavioral health services for adults, adolescents, children, families and groups.

This renovation project has never received state funding in the past, so it was due.



### Helping new moms access mental-health services

This year I continued my efforts to address mental-health needs in our state. The law created by my measure – Senate Bill 6452 – expands the activities of the children's mental-health services consultation program and creates a pilot program to specifically address the needs of children, pregnant women and new mothers.

My heart goes out to those new mothers struggling to balance their duties as a parent with the need for the emotional and psychological help that sometimes accompanies

becoming a new mom. This new law will connect those women and their health-care providers with the resources they need.

In signing my measure, the governor praised it as one of the "best bills of the session."

In addition to creating the two-year PAL for Moms and Kids pilot program, the law created by SB 6452 will require the state Health Care Authority to collaborate with the University of Washington and Seattle Children's Hospital to annually report on the pilot program's outcomes.

### New law focused on preventing college-campus suicides

I was glad to see the Legislature unanimously pass (and the governor sign) my bill to promote a comprehensive approach to suicide prevention and behavioral health at our higher-education institutions.

It is critically important that we have an honest conversation about this issue. I hope this law, which requires enhanced services for students who are veterans, will help identify the causes of on-campus suicides and provide the resources needed to hopefully prevent the tragic loss of life.

The new law created by Senate Bill 6514 requires the Department of Health to collaborate with the state's Student Achievement Council to develop a statewide resource for behavioral health and suicide prevention for the state's post-secondary institutions.

It also creates a grant program to help post-secondary institutions create partnerships with health-care entities to provide mental-health services on campus. In addition, it directs the state Institute for Public Policy to study academic stress in higher-education settings.

Every student dealing with stress -- and every veteran on campus suffering from post-traumatic stress disorder – must know that they can reach out for help, and that if they do, that critical aid will be there for them.

### Benton-Franklin health receives suicide-prevention funds in supplemental budget

Although I could not support the supplemental budget, I was still able to secure \$350,000 to expand youth-suicide prevention efforts by the Benton-Franklin local health jurisdiction.

Combined with an additional \$200,000 committed in the 2020 and 2021 fiscal years, this means **\$750,000 over four years** to combat suicide – the second leading cause of death for Washingtonians between 10 and 24 years of age.

The funding requires the Benton-Franklin local health jurisdiction to take three steps this year:

- Provide materials and training on youth suicide prevention prior to September 1;
- Hold a summit on suicide prevention prior to October 1; and
- Complete a plan for suicide prevention expansion prior to November 1.

A final report must be filed with the Legislature in mid-2019.



## Democrat-controlled legislature drops the ball on energy

### Democrat majority fails to advance geothermal energy bill

One of the measures that failed to pass this year was our bill to promote renewable energy by advancing the development of geothermal resources.

**Substitute Senate Bill 6350** cleared the Senate Energy, Environment and Technology Committee but not the Senate Ways and Means (fiscal) Committee.

In an all-of-the-above approach to clean energy and emerging new technologies, one of the often-overlooked sources of renewable energy is geothermal.

My bill would:

- require the Department of Natural Resources to publish information about geothermal potential on state-owned lands;
- allow parties exploring for geothermal resources to request a single bond for the whole project, instead of requiring a separate bond for each new well or core hole; and

### Effort to promote nuclear power and new energy technologies continues

In March, Terrestrial Energy USA and Energy Northwest agreed on terms for possible siting, construction and operation of an Integral Molten Salt Reactor at the Idaho National Laboratory. It was just one more sign that inaction by Washington's Legislature is going to put our state at risk of falling further behind when it comes to emerging energy technologies.

This year Democrat leaders in the House and Senate failed to advance any of the many bills I have introduced to promote clean energy education, small modular reactor technology and the inclusion of nuclear power in our state's clean energy plan.

In the 2018 session's final days, I introduced a new and comprehensive nuclear bill that includes many of my previous proposals related to promoting small modular reactors (SMRs).

Under Senate Bill 6631, SMRs would be defined as renewable resources for purposes of disclosure to electric customers and as qualified alternative energy resources to make them available under voluntary green power programs. They also would be considered renewable resources

- expand the research mission of the state's Joint Center for Deployment and Research in Earth Abundant Materials to include technology that would allow for the extraction of valuable minerals from underground fluids brought to the surface by geothermal power plants.

As I learned from talking with our friends at PNNL, rare earth minerals are often a byproduct of geothermal drilling. These materials are extremely valuable, and as the name implies, very rare. Instead of acquiring them from foreign countries hostile to the U.S., advancing geothermal energy would allow us to obtain them right here at home.

While I am disappointed that the Senate majority missed this opportunity to benefit our state and nation, I will continue my work to move the policy forward. Geothermal is not just important to Washington's clean-energy future, it is also critical to the longer-term economic development and fiscal health of our state.

for purposes of utility resource planning and compliance with Washington's renewable-energy law (created by Initiative 937 in 2006).

My proposal would direct the state Department of Commerce to include SMRs in the state energy strategy. Also, the agency that considers energy-facility siting in Washington would be required to provide a process for expediting certification of nuclear power facilities that use SMRs.

Other provisions in the bill are aimed at promoting Washington in the supply chain for SMR production. The bill would exempt the business of manufacturing SMRs or making sales of SMRs from the state business tax. Manufacturing SMR components and parts or selling those components and parts would also be exempt. Furthermore, the bill would broaden the sales and use tax deferral program for new or expanded manufacturing facilities, and specifically encourage facilities that use or produce SMRs.

I plan to work the rest of this year to build support for this sensible approach, ahead of the 2019 legislative session.



Majority fails to advance a single measure supporting nuclear energy or SMR technology

### Funding secured for 'Meals on Wheels' program

I was pleased to be able to secure \$1.5million in the 2017-19 operating budget to expand the Meals on Wheels program to serve thousands of additional Washingtonians who are 60 or older and unable to cook for themselves.

It supports the law created by Senate Bill 5736, which requires the state Department of Social and Health Services to expand nutrition services for the elderly. Up to 25 percent of the expansion must go toward home delivery of meals to areas not presently served.





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## SESSION SCORECARD

### Big Wins for Washington

- ☑ Fast-growing state economy generates nearly \$2.4 billion in unanticipated tax collections – and shows success of fiscally responsible leadership in the Senate over the past five years.
- ☑ Protected rural property values by preserving the right of rural property owners to drill new wells for household use.
- ☑ Approved more than \$4.6 billion in public works projects statewide, including important projects for the Tri-Cities.
- ☑ Placed a big emphasis on mental health, increasing funding for treatment facilities, expanding programs and creating a task force to consider ways to reduce violence.
- ☑ Stopped a proposed 7 percent capital gains tax and a \$3.3 billion carbon/energy tax. The governor’s energy tax would have driven up the cost of electricity and imposed a new tax on motor fuel totaling 30 cents more per gallon.
- ☑ Protected the initiative process, stopping legislation that would have created new obstacles for ballot measures and preserving the people’s right to create laws directly via the ballot.

### The year’s biggest disappointments

- ☒ No meaningful property tax relief, despite record tax collections.
- ☒ No relief for manufacturers from burdensome business-and-occupation taxes.
- ☒ No movement by Democrats in the House or Senate to advance nuclear power or make Washington more attractive to Small Modular Reactor developers.
- ☒ Legislature undermined important taxpayer protections – eliminating a 2/3 voting requirement for tax increases in the Senate, and dodging a constitutional requirement for rainy-day savings.
- ☒ Final budget deal repeats mistakes of the past, spending virtually all money available and leaving an inadequate reserve against future economic downturns.