

Operating budget | SB 5092

2021-23 budget cycle: July 1, 2021 to June 30, 2023.

Funds: K-12 education, higher education, corrections, human services, and other government operations.

Funded by: State taxes (sales tax, property tax and B&O tax), federal funds, tuition, and other sources.

- Concerns: Unsustainable, includes new income tax on capital gains, and moves money out of the rainy-day fund.
- Spends about \$58.9 billion in state funds, an increase of \$7 billion (13.6%) over the 2019-21 budget cycle.
 - Spends another \$7 billion in federal stimulus funds from the American Rescue Plan Act of 2021.
- Contains a new income tax on capital gains and a new \$100 surcharge on recorded documents.
- Transfers \$1.8 billion from the rainy-day fund to the state general fund for ongoing operating costs.
- Leaves a four-year ending fund balance of \$98 million (\$1.5 billion with rainy-day fund transfer).
- Details: <http://fiscal.wa.gov/OperatingCurrentBudgets.aspx>

Capital budget | HB 1080

2021-23 budget cycle: July 1, 2021 to June 30, 2023.

Funds: K-12 school construction, higher education facilities, mental and behavioral health, Public Works Assistance Account, housing, and community projects.

Funded by: General obligation bonds, dedicated cash accounts, federal funds, and financing contracts.

- Spends \$6.3 billion, \$3.9 billion from the sale of general obligation bonds.
 - \$730.6 million for 2021-23 School Construction Assistance Program.
 - \$326 million to State Broadband Office for broadband infrastructure projects, including \$50 million in bonds to leverage other federal funding.
 - \$200.7 million to begin construction of the behavioral health teaching hospital run by UW.
 - \$95 million in behavioral health capacity grants for community mental health services.
 - \$129 million from the Public Works Assistance Account to issue grants and loans to local governments.
 - \$733 million, including \$558.5 million in bonds, for state's four-year higher education institutions.
 - \$512 million, including \$442.6 million in bonds, for community and technical college system.
- Leaves \$82 million in bond capacity for 2022 supplemental capital budget.
- Local projects: <http://fiscal.wa.gov/CapitalProjectListDistrictBien.aspx>

Transportation budget | SB 5165

2021-23 budget cycle: July 1, 2021 to June 30, 2023.

Funds: Capital projects, operating programs, and debt service.

Funded by: Fuel taxes, license fees, tolls, bonds, and federal funding.

- Spends \$11.8 billion.
 - \$849 million for preservation and \$520 million for maintenance.
 - \$550 million for Washington State Patrol, including an additional trooper class.
 - \$541 million for operating costs and \$505 million for capital costs for Washington State Ferries.
 - \$374.5 million for Department of Licensing.
 - \$224 million for Transportation Improvement Board.
 - \$101 million for County Road Administration Board.
- Details: <http://leap.leg.wa.gov/leap/budget/detail/2021/st2123Bien.asp>

Tax increases

- Income tax on capital gains | SB 5096
- New \$100 surcharge on recorded documents | HB 1277

Tax relief/bipartisan successes

- Working Families Tax Credit | HB 1297
- B&O tax exemption for amounts received as pandemic financial assistance | HB 1095
- Property tax deferral during the COVID-19 pandemic | HB 1332
- Expanding eligibility for property tax exemptions for service-connected disabled veterans and seniors | HB 1438

Other bipartisan successes

- Capital budget, including school construction, mental health, rural broadband, and local projects | [HB 1080](#)
- Wildfire prevention and forest health | [HB 1168](#)
- Facilitating the coordinated installation of broadband along state highways | [HB 1457](#)
- Modifying the Washington Main Street Program tax incentive to respond to the economic impact of COVID | [HB 1279](#)
- Unemployment insurance reforms | [SB 5193](#), [SB 5478](#)

Bad Democratic bills that passed

- Income tax on capital gains | [SB 5096](#)
- Cap-and-tax scheme | [SB 5126](#)
- Low-carbon fuel standard mandate | [HB 1091](#)
- Limiting reasons to evict | [HB 1236](#)
- Restoring voter eligibility for felons | [HB 1078](#)

Police reform bills that passed

- Tactics and equipment used by peace officers | [HB 1054](#)
- Permissible use of force by law enforcement officers | [HB 1310](#)
- State oversight and accountability of police and corrections officers | [SB 5051](#)
- Establishes Office of Independent Investigations in governor's office for investigating deadly force incidents | [HB 1267](#)

Bad Democratic bills that were stopped

- Qui tam actions | [HB 1076](#)
- Attorney General's price-gouging bill | [SB 5191](#)
- Adding a climate change layer to GMA | [HB 1099](#)
- Restricting natural gas use in homes and commercial buildings | [HB 1084](#)
- Requiring Environmental Product Declarations for building materials and reports on factory worker conditions at building materials manufacturing facilities | [HB 1103](#)

Good Republican bills that passed

- Protecting taxpayers from home foreclosure | [HB 1410](#)
- Building economic strength through manufacturing | [HB 1170](#)
- Encouraging utility mitigation of urban heat island effects | [HB 1114](#)
- Elevating road maintenance and preservation in transportation planning | [HB 1137](#)
- Establishing a law enforcement professional development outreach grant program | [HB 1001](#)

Good Republican bills that died

- REAL Recovery for Washington Act | [HB 1334](#)
- Emergency powers reform | [HB 1020](#), [HB 1029](#), [HB 1381](#), [HB 1557](#)
- Washington Consumer Affordability and Reliability in Energy Supply Act | [HB 1130](#)
- Allocating state sales tax on motor vehicles to fund transportation projects | [HB 1010](#)
- Addressing residential landlord-tenant requirements in response to COVID-19 | [HB 1228](#)

Missed opportunities

- Emergency powers reform.
- More tax relief, including ideas in the House Republican operating budget framework.
- Bipartisan collaboration on operating budget.
- A more comprehensive approach to the Blake decision.
- No discussion on meaningful property tax relief.
- No discussion on \$30 car tabs despite voter sentiment.

House Republicans offered real solutions

- [Operating budget framework.](#)
- [REAL Recovery for Washington Act.](#)
- [Legislation to address the Blake decision.](#)

House Republican priorities | [Our priorities web page: Real solutions](#)

- Safely getting Washingtonians back to work, school, and a more normal life.
- Standing up for families by opposing unnecessary tax increases that ultimately hurt our state's most vulnerable, including any form of an income tax, and working to make life more affordable.
- Holding state government accountable, fighting for transparency, and shedding light on mismanagement.
- Strengthening communities by providing appropriate resources for vital mental health services, working to end the homelessness crisis, and supporting effective community policing.
- Reining in the governor's unilateral emergency powers.

Blake decision response | [SB 5476](#)

- Reduces criminal penalty for possession of a controlled substance from a felony to a misdemeanor.
- Requires law enforcement to offer diversion services for a person's first and second violations and encourages diversion thereafter.
- Requires HCA to establish substance use recovery services and creates an advisory committee to make recommendations.
- If the Legislature does not act before July 1, 2023, drug possession will become decriminalized without consequences.
- The state Supreme Court's Blake decision shocked everyone and created complicated problems, including decriminalizing the possession of drugs.
- People need treatment options to break the cycle of addiction. But if our justice system loses its power to convict people for simple possession, we lose a powerful deterrent that could help keep people out of the cycle of addiction.
- The majority party waited way too long to address this issue. More important work remains to be done.

Cap-and-tax scheme | [SB 5126](#)

- Establishes a cap-and-invest program for greenhouse gas emissions to be implemented by Department of Ecology.
- This is regressive. This will raise the price of gas, food, goods, and heating on struggling Washingtonians.
- This hurts rural communities, agriculture, and small businesses, and makes Washington less competitive.
- This is an ineffective way to reduce CO2 emissions and globally irrelevant.
- The will of the voters is being ignored. Voters overwhelmingly rejected I-1631 in 2018 (43.44%). This bill is similar.

Gun rights/open carry | [SB 5038](#)

- Prohibits open carry of a firearm or other weapons at or near public demonstrations, Capitol campus grounds and buildings, and other legislative locations.
- The constitutional issues with this bill cannot be ignored.
- This bill ignores current law and seeks to label and shame an entire segment of our population just for exercising constitutional rights and long-standing state tradition.

Emergency powers reform

- Washingtonians should not be ruled by executive orders and one person for months on end.
- We must provide balance in state government and a greater role for the Legislature during a state of emergency.
- Our state emergency powers allow the governor to waive or suspend laws and prohibit certain activities.
 - Waivers or suspensions of laws are limited to 30 days and require approval from the Legislature to extend.
 - Prohibitions can last longer if a state of emergency is in effect and do not require legislative approval to remain in place.

Environment

- Republicans have supported several environmental bills in the past because they have been balanced:
 - Promoting healthy forest initiatives, providing incentives for solar energy, cleaning up toxic sites, removing legacy nets, dealing with derelict vessels, clearing fish passage, ensuring oil-train safety, and combatting pharmaceutical and synthetic runoff.
- If our state wants to decrease carbon emissions, it should manage its public forests, incentivize adoption of alternative fuels and the build-out of electric vehicle infrastructure, and reduce traffic congestion.

Homelessness

- We must address the root causes: Drug addiction, mental health, economic despair, and lack of affordable housing.
- [Seattle is Dying](#) and the [follow up](#) highlighted that enforcement and intervention are the keys to addressing this crisis.
- We cannot continue with the same programs and services if they continue to produce the same failed results.

Housing

- Our state has a housing affordability problem due to over-regulation and costs associated with development.
- We want people to stay in their homes. But landlord/tenant laws must have balance and be fair to both parties.
- Many property owners have been providing free or reduced-rent housing for months because of the emergency order. We should be helping them, not making it harder to be a rental housing provider in our state.

Low-carbon fuel standard mandate | **HB 1091**

- Authorizes Department of Ecology to create a clean fuels program by rule to reduce the carbon intensity of transportation fuels.
- This is regressive. It will create additional hardship on low- to middle-income families by increase the price of gas, diesel, and goods.
- Combined with cap-and-tax and a potential state gas tax increase, this could cost people close to \$9 more each time they fill up their gas tanks – with some estimates much higher.
- It will not generate any new revenue for transportation projects and do very little to improve air quality.

Income tax on capital gains | **SB 5096**

- Imposes a 7% capital gains tax beginning January 1, 2022. This is a big step toward a state income tax.
- Unnecessary. Our state tax collections are strong and budget writers had an influx of federal funding.
- Unpopular. Voters have told us several times over the years that they don't want any type of state income tax.
- Unreliable. We know this type of revenue can be volatile and would discourage investment in our state.
- Unconstitutional. This new tax will be challenged in the courts and could be struck down.

Operating budget (see details above) | **SB 5092**

- Grows state spending by \$7 billion, an increase of 13.6% over 2019-21. A 74% increase since the governor took office.
- This level of spending growth is not sustainable and will inevitably lead to devastating cuts or burdensome new taxes.
- Relies on a job-killing income tax on capital gains when the budget could have been funded with existing revenue.
- Needlessly drains the state's rainy-day fund to circumvent the normal supermajority vote requirement.

Police/law enforcement

- It's no longer about defunding the police. It's about disarming them. And this does not make our communities safer.
- We can't take away tools police officers rely on to deescalate situations and avoid the necessity to use deadly force.
- Our police officers are already held to a very high standard. We cannot make that standard an impossible one.
- We need to bridge the gap of the fragile relationship between law enforcement and the communities they serve.
- We already have policing shortages in areas. These new bills will make it harder to recruit good candidates and result in more good officers leaving their profession.

More information

- House: 57 Democrats, 41 Republicans | Senate: 28 Democrats, 20 Republicans (+ Sen. Tim Sheldon).
- [leg.wa.gov](#) | [twv.org](#) | [waledger.houserepublicans.wa.gov](#) (House Republican legislative news aggregator)