



**COMMISSION
AGENDA MEMORANDUM**

Item No. 7b

BRIEFING ITEM

Date of Meeting May 9, 2017

DATE: May 2, 2017

TO: Dave Soike, Interim Chief Executive Officer

FROM: Pearse Edwards, Director, Government Relations
Eric ffitich, Manager, State Government Relations

SUBJECT: 2017 State Legislative Session – End of Regular Legislative Session Review

EXECUTIVE SUMMARY

The purpose of this briefing is to provide the Port of Seattle Interim CEO and Commission with an update on the status of items that were included in the 2017 state legislative agenda document, adopted unanimously by the unanimously in a vote in public session on November 8, 2016.

The 2017 State Legislative Session in Olympia, Washington adjourned its regular session on April 23, 2017. The Governor immediately convened a special session, as lawmakers have not yet reached agreement on an operating or capital budget for fiscal years 2017-2019, with budget negotiations remaining focused on resolving the state’s ongoing public education funding challenges.

The Port of Seattle’s legislative agenda for the 2017 session included some issues that could still be advanced in year-end budget negotiations. Tax preferences to promote in-state fishing vessel construction are technically a fiscal issue, and hence could be included in the operating budget. Likewise, tourism advocates that the Port has been collaborating with on establishing a statewide tourism office continue to push budget-writers to include funding for this office in the budget. While those could be resuscitated in special session, the failure of the proposals to advance on their own during session means it remains unlikely that they’ll be included in a final agreement.

Career and technical education funding, another priority on our 2017 legislative agenda, is in a good position to be included in a final budget compromise. And Core Plus received full funding in the Senate’s operating budget proposal, though funding in the House’s budget proposal was reduced. Another Port priority in this area, adoption of language clarifying the authority of port districts to engage in workforce training, was not advanced through the committee process this session.

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Finally, one central Port of Seattle priority, the passage of legislation bringing the state into compliance with federal REAL ID standards, was passed by the House and Senate on the penultimate day of regular session and awaits the Governor’s signature.

Additional information on those issues, the remaining Port of Seattle priorities, and a range of other issues that staff was tracking, is included in this briefing.

Port of Seattle Priority Agenda Items and Issue Areas:

In November 2016, the Port of Seattle Commission voted unanimously to adopt an agenda that included five priority items and five broad issue areas of interest to the port. The briefing below includes an update on the status of each priority item, and discussion of issues that correspond with the issue areas that Port of Seattle staff were monitoring during the 2017 legislative session.

In addition to the priority agenda items and the broad issue areas, this briefing includes updates on other issues that were the subject of Port staff advocacy efforts in the legislature this year.

Priority Agenda Items

- **Maritime and manufacturing land use:**
 - The Port of Seattle did not pursue specific legislative language in Olympia this session on the issue of preserving maritime and manufacturing lands.
 - Consistent with the planned approach that was discussed with commissioners in advance of the 2017 session, staff raised this issue as a top priority for the Port in conversations with individual legislators, legislative staff, the Governor and his staff, and important stakeholders.
 - Reception from all groups with whom the issue was discussed was positive – including a meeting with the Governor in January 2017 in which he asked the maritime industry representatives to come up with a “targeted” approach to addressing the issue that he could support.
 - *NBA hearing* – During session, Port of Seattle staff worked with staff from the Northwest Seaport Alliance to support an appearance from NWSA Deputy CEO Kurt Beckett before the Senate Commerce, Labor, and Sports Committee regarding the importance of preserving maritime and manufacturing land in the South Downtown Seattle industrial area. That appearance was prompted by the Committee convening a work session on the importance of an NBA team to the

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state. Beckett affirmed our support for returning the NBA to Washington, but shared our long-held concern with the proposed South Downtown location. His testimony was well-received.

- *NBA legislation* – Following the Senate hearing on the NBA issue, the Committee Chairman who called the hearing, Senator Michael Baumgartner (R- 6th, Spokane-area) introduced a so-called “title only” bill (no legislative text, simply a statement of intent) that declared the project of securing an NBA team to be a “project of statewide significance.” That bill passed out of Senator Baumgartner’s committee, but was not advanced to the Senate floor before the end of session.
- *WOSCA* – By the second half of the state legislative session, conversations around maritime and manufacturing land use began to focus on efforts led by Commissioner Bowman to garner support in Olympia for the Port’s acquisition of the WOSCA property in south downtown. WSDOT owns the property, and it is currently in use as a staging area for the viaduct project. Commissioner Bowman had positive conversations with Speaker Chopp about an agreement between the state and the Port on the future of the property, and both House Transportation Chair Judy Clibborn and Senate Transportation Chair Curtis King indicated that they would support the Port taking control of the property. These conversations are ongoing.
- **Workforce development:**
 - The Port of Seattle initially directed its workforce advocacy efforts toward the advancement of Rep. Tarleton’s legislation, House Bill 1510, that sought to clarify the authority of port districts to engage in a broad range of workforce development programming.
 - The legislation had a hearing before the House Technology and Economic Development Committee on February 1st, and Dave McFadden testified on behalf of the Port.
 - Dave was joined in providing testimony by Jene Jones, representing the Manufacturing Industrial Council. The Washington Business Alliance also signed in as supportive of HB 1510. The hearing was positive overall, with the members of the committee engaged and none raising concerns with the proposal.

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- House Bill 1510 was the scheduled for Executive Session, where committee members would have voted on moving the bill forward and making it eligible for a vote by the full House. However, the Chairman of the House Technology and Economic Development Committee canceled the two remaining executive sessions prior to the policy committee cutoff in the House, stranding dozens of bills including HB 1510.
- The cancelation of the meetings that would have allowed HB 1510 to advance was an unexpected development, and was not owing to any direct opposition to the port workforce development proposal. Staff understands that it was related to a larger disagreement among committee members about which policies to advance through the committee process.
- *Core Plus* – Within the Port’s agenda item on workforce development is support for the state’s continued funding of Core Plus curriculum development. At the time this memo was written, the Senate’s operating budget included full funding for the Core Plus program (\$900,000, equal to the Governor’s budget request), while the House included only \$400,000. Port staff has expressed concern to House members about this funding level, as has the Washington Maritime Federation with our support.
- *Career and Technical Education* – In conversations with lawmakers, both individually and as part of groups such as during Maritime Day on the Hill, Port staff has advocated for strong funding of career and technical education (CTE) programming in the state operating budget. It is not clear how this will fare in final budget negotiations. Currently, the Senate’s proposal has strong funding for CTE, while the House does not do as much.
- **Fishing fleet modernization:**
 - Rep. Gael Tarleton once again introduced legislation that sought to establish a reduced Business and Occupation tax rate for the construction of fishing vessels in Washington state shipyards for service in the North Pacific Fishing Fleet. HB 1154 was passed by the House Technology and Economic Development Committee, and received a hearing at the House Finance Committee. However, it did not advance through the Finance Committee, and at this time it is not likely to be included in a year-end budget compromise.

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- The Port’s advocacy efforts on this bill included testimony by Commissioner Creighton and also by Dave McFadden. We joined meetings during Maritime Day in which this was a central topic of conversation with lawmakers.
 - Further, following the deadline for House committees to move bills, Port staff joined the Department of Commerce’s Maritime Sector Lead, the Washington Maritime Federation’s executive director, and the executive director of the Freezer Longline Coalition in two days of meetings with lawmakers to discuss the prospects for including these tax preferences in budget negotiations. This was followed by a letter, sent by the Port along with the three organizations listed above, to House and Senate budget-writers urging its inclusion in the year-end budget deal.
 - At the time this memo was written, Rep. Tarleton indicated to Port staff that she was continuing to advocate for the inclusion of fishing fleet tax preferences in a year-end budget compromise. Senator Ranker appears to be supportive in his chamber, and has said that if the House can include language he would support maintaining it on his side of the Hill. This is another priority issue that will have to be resolved during special session.
- **Statewide tourism marketing authority:**
 - Following a productive interim that featured several meetings of tourism stakeholders and state legislators from both chambers and both sides of the aisle, Rep. Condotta (R-12th, Wenatchee, Leavenworth) and Sen. Takko (D-19th, Long Beach, SW Coast), introduced legislation that sought to establish a statewide tourism marketing authority.
 - Port staff participated in the interim sessions and Ron Peck, the Port’s director of tourism development, was immediately involved with the Washington Tourism Alliance’s advocacy on this issue upon his arrival at the Port. Peck provided testimony at multiple committee hearings on both the House and the Senate side as the Condotta/Takko proposal moved through the legislative process.
 - Condotta’s bill was advanced by the Community Development, Tribal Affairs, and Housing Committee on January 26th, and referred to the Finance Committee. It did not move beyond that point. Meanwhile, Takko’s bill met a similar end in the

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Senate, where it was passed by the Agriculture, Water, Trade, and Economic Development Committee and referred to Ways and Means. The Ways and Means Committee did not vote to advance the bill.

- When the Condotta and Takko proposals did not advance beyond their fiscal committees prior to the “cutoff” dates in each chamber, the future of the tourism proposal hinged on potential inclusion in the operating budget. Neither the House nor Senate’s initial draft budget included language to establish a statewide tourism marketing entity, but the Tourism Alliance and advocates continued to push for its inclusion. At the time this memo was written, it was not considered likely that the tourism office would be included in the final budget compromise.
- **REAL ID compliance:**
 - On April 20, 2017, the House and Senate reached a compromise on language to bring the state into compliance with federal REAL ID standards. The bill, ESB 5008, passed both chambers and was sent to the Governor for his signature.
 - The passage of REAL ID legislation was the focus of port advocacy efforts for much of session. Beginning in the interim last summer, Port staff worked with the Washington Public Ports Association (WPPA) to assemble a group of stakeholders all interested in preserving efficient functioning of the airport.
 - Commissioner Creighton and Wendy Reiter both testified multiple times before legislative committees, before and after session, and Port staff met with an array of legislative leaders to better understand how the Port and other stakeholders could help advance the bill.
 - At this time, Port staff are developing an outreach plan for commissioners to express appreciation to legislative champions and dedicated stakeholders who helped to ensure this legislation could pass this session.

Priority issue areas:

- **Transportation:**
 - *SR 509* – Final budget compromise included language that pushes back the timeline for local governments to provide matching funds to this project.

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Previously expected in 2019-2021 biennium, now not due until 2023-2025 biennium.

- *Taxis and Transportation Network Companies* – Two proposals that would've limited the Port's ability to control access to its facilities by taxicabs and transportation network companies failed to advance during regular session.
- *Air cargo study* – The original House transportation budget contained language on air cargo that raised some concerns among airport staff. The study appeared to assume congestion in the air cargo system, and Port staff worked with transportation leaders in Olympia to amend the language to improve the eventual study outcome.
- **Environment:**
 - *Air quality study* – Representative Tina Orwall included language in the House operating budget to fund a UW study on airport air quality. The Port supported this proposal when it was a standalone bill, and we remain supportive of the budget language. It was not in the Senate's version of an operating budget, so it is not clear if it will advance during special session budget negotiations.
 - *MTCA advocacy* – The Port of Seattle joined the NW Seaport Alliance and the Washington Public Ports Association in advocating for strong funding for programs under the Model Toxics Control Act (MTCA). This support for House Bill 2182, to place a surcharge on the movement of hazardous substances that would provide additional funding for MTCA programs. HB 2182 is not expected to pass during special session, but both the House and Senate budget proposals include funding for some delayed MTCA projects. The Senate's capital budget proposal would fund a \$5m reimbursement to the Port of Seattle for environmental cleanup work done at the Lora Lake site.
- **Quality Jobs:**
 - *Initiative 200* – Once again, a group of House Democrats introduced legislation to repeal Initiative 200, a bill that prevents public agencies from granting preference to underserved groups in employment, education, or contracting. Last year, the Port of Seattle Commission adopted a resolution in support of repealing I-200. This year, Commissioner Bowman testified in Olympia in support of HB 1158, to repeal I-200. The bill did not advance through the Committee process.

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- *Contracting proposals* – Thanks in large part to the leadership of Bob Maruska, the Port of Seattle’s Assistant Director of Engineering, the Port of Seattle provided the Washington Public Ports Association with guidance as to the impact that several proposed contracting bills would have on port operations. Senate Bill 5734 was signed by the Governor on April 20th, and raises the waiving of bonding limits for the Small Works category, thus allowing us additional options for achieving our small business and minority/disadvantaged business utilization goals.
- **Energy:**
 - *Seattle City Light proposal* – The Port of Seattle and NW Seaport Alliance were supportive of a proposal by Seattle City Light that would allow a utility to make investments in expanding electricity capacity for purposes of enhancing energy efficient operations of large-scale industrial users. Staff from the Northwest Seaport Alliance provided testimony at the legislative hearing on the Seattle City Light proposal, and Port of Seattle staff signed in as supportive as well.
 - *VW settlement mitigation* – Again partnering with the Seaport Alliance, Port of Seattle staff shared feedback to lawmakers on language in the House and Senate transportation budget that would’ve directed the Department of Ecology’s plan for spending the money made available by the national Volkswagen Clean Air Act Civil Settlement. The final transportation budget included language that confirmed the Department of Ecology as the lead agency for distributing settlement funds, and directs the Department of Transportation to work with Ecology on developing the state’s Mitigation Plan. That transportation budget proviso also indicated that the Capital Budget proposal debated by the House and Senate during special session would include language with more specific policy direction on the Mitigation Plan.
- **Tax:**
 - *Streamlined sales tax* – Mitigation funds to assist communities impacted by the Streamlined Sales Tax were included in both the House and Senate operating budget. That issue will remain a matter of negotiation up until the year-end budget compromise is finalized during special session.

Additional Items of Interest:

- *Port commissioner district elections* – Rep. Gregerson’s bill to change the way Port of Seattle Commissioners are elected, and to expand the Commission to nine members, did not advance to the House floor for a vote this session.

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- *Airport community impacts* – The City of SeaTac is seeking inclusion of language in the year-end operating budget that would call on the state to hire a consultant to study a broad array of impacts that airport operations have on all communities within twenty miles of Sea-Tac Airport. Port staff have met with lawmakers to express concerns with this study, which would duplicate Port efforts in the SAMP Environmental Review process.
- *Des Moines marina lease* – At the request of the City of Des Moines, the Port of Seattle supported legislation that would've reduced the lease amount the City of Des Moines pays to the State Department of Natural Resources for its marina property. That bill did not advance, and is not expected to be included in the budget.
- *Vessel impoundment* – A bill to change the laws around the impoundment of vessels involved in Boating Under the Influence arrests was passed into law this session. It originally caused the Port community some concern, but Port of Seattle marina staff worked with the Washington Public Ports Association to incorporate edits to improve the bill.

ATTACHMENTS TO THIS BRIEFING

- (1) Presentation slides

PREVIOUS COMMISSION ACTIONS OR BRIEFINGS

November 8, 2016 – The Commission adopted the final 2017 State Legislative Agenda in public session.

October 25, 2016 – The Commission was briefed on the Draft 2017 State Legislative Agenda in public session.