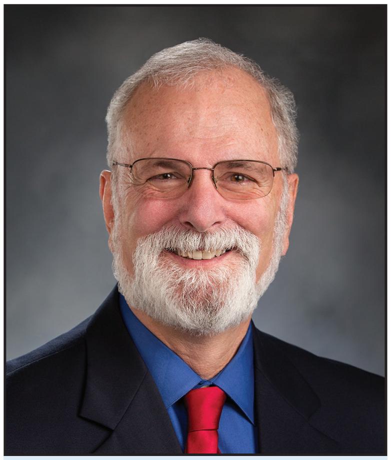
Washington State Senator • 31st Legislative District

2019 LEGISLATIVE UPDATE

Senator Phil Fortunato



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- Housing Stability & Affordability
- Transportation

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Contact my Legislative Assistant Alexander Bohler for help:
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Greetings Friends and Neighbors,

The 2019 legislative session concluded on time, with state government's new operating budget approved on the 105th (and final) day. That may seem like good news, but recent history tells us otherwise.

The last time a 105-day session adjourned on time was when the Legislature also was dominated by one party. The 2007 session also ended on time and the budget adopted that year immediately created a deficit of more than a billion dollars going forward. In 2009, Democrats controlled everything again. The result? A new two-year budget that cut almost $1 billion from K-12 and $500 million from higher education. With those kind of results, we can conclude that nothing good happens when a Democratic-controlled Legislature ends on time, and this session was no different. Over the past dozen years, taxpayers fared far better with a divided Legislature and when our side led the Senate, and held the line on taxes, even though those sessions went into "extra innings."

While we all know that we need to fund our schools and provide infrastructure and necessary services with our tax dollars, the Legislature should be able to do it with the existing taxes we already send to Olympia and not keep taking food off our tables to do "nice things" for us. My position is "let people keep their own money and do something nice for themselves." Thanks to the federal tax cuts and deregulation, and the stimulating effect those are having, the Legislature's budget writers had $5 billion more of your tax dollars than expected this time than in 2017, when the current budget was put together. Those aren't my words. Our state economist was on TVW saying the same thing. Too many in Olympia thought it still wasn't enough, however, which is why the new budget grew by over 17 percent, nearly $8 billion, climbing past $52 billion for the first time in state history.

So, while the tax cuts and deregulation are putting more money in people's pockets (as evidenced by the record revenue collected by the state), the majority party worked overtime to implement new taxes and regulations that will undo all of that positive momentum.

I did everything I could to push back. I offered modest proposals to keep money in your pocket by getting rid of the sales tax on clothes and prepared food, as everyone needs clothes and food. This would be $2 billion tax break for working families, and having more of a benefit to lower-income Washingtonians. However, even those efforts were rejected. I also pushed for a budget item that would reward state employees for finding waste in government. I've heard many complaints from front-line workers, who are also taxpayers, about the waste and inefficiency they see every day, but that too was shot down.

Now that the session is over, the taxpayers of Washington are safe from the tax and-spenders until next year. I look forward to seeing you around the district. Although we are a part-time Legislature, I'm here to serve you with any issues or concerns you have regarding your state government.

Sincerely,

Senator Phil Fortunato
31st Legislative District

The punishment, which the wise suffer, who refuse to take part in the government, is to live under the government of worse men.
-Plato

THE IMPENDING TRAFFIC-CONGESTION CRISIS

While the billions' worth of general tax increases associated with the new operating budget are understandably drawing much attention, the Legislature's majority party approved other troubling policies in the final days of the 2019 legislative session. A prime example involves our transportation system and a looming, self-imposed crisis.

Since becoming a senator, I have sounded the alarms about our state's crumbling transportation infrastructure and the tax-and-spend approach to funding this immense need. Now the Legislature has taken action that could ensure our region is stuck in traffic for decades.

To complete a much-needed project along SR-167 to the Port of Tacoma, some in Olympia decided to make tolls along the corridor permanent **and** use the toll revenue to pay off road-construction bonds. This creates what they call a "perverse incentive" because the state needs to pay off the bonds, which requires a particular amount of toll revenue, yet any effort to reduce congestion could also reduce toll revenue. State government, therefore, has more incentive to keep congestion where it is (and if congestion happens to increase, that's more revenue)!

The problem with transportation funding is not usage, as some would have you believe. The state transportation secretary has said as much. The problem is inflation – the costs of construction are increasing, as well as the cost of right-of-way purchases. We currently fund our transportation needs with declining gas-tax revenues, tolls or other usage-type taxes that will never actually meet the need. The current way transportation is funded by the Legislature centers on developing a project list that is great for communities around the state, but then they raise taxes to pay for them.

I've proposed a much more sensible source of funding for important transportation projects. Let's use the ***existing*** sales tax revenue from the sale of motor vehicles, which currently goes into the general fund. By using a vehicle-related tax to fund infrastructure used by vehicles, we would have more money available to pay for projects, and relieve some of the worst congestion in the country while we unlock billions in economic development with the money you already send to Olympia. It would also create thousands of family-wage jobs, and unlock billions in economic development with the money you already send to Olympia.

A $54.4 BILLION BENEFIT FOR THE STATE'S ECONOMY

USING THE EXISTING SALES TAX REVENUE FROM MOTOR VEHICLES

			Major Improvement	Benefit (Billions)	30 – Year Benefit	
RESIDENTS	1	Reduced Congestion:	5.2M fewer congestion hours/yr	$2.7B	$26.4B	TOTAL $54.4B
	2	Improved safety and lower vehicle operating costs:	Up to $208/yr per person	$18.1B		
	3	More construction jobs:	239K jobs over 12 years	$5.6B		
BUSINESS	4	Lower costs allowing for greater investment in Washington:	$780M/yr supply chain costs	$13.7B	$20.7B	
	5	Promotion of significant port expansion:	$3.25B in building + $480M/yr jobs	$7.0B		
GOVERNMENT	6	Revenue from increased commerce and lower unemployment:	$780M/yr supply chain costs	$0.78B	$7.3B	
	7	Opportunity cost:	$845M/yr cost avoidance	$6.5B		

BUDGET OVERVIEW

As I mentioned earlier, the state's budget grew by a historic amount - nearly 18 percent.

The Bureau of Economic Analysis just published a report saying Washington leads the nation in personal income growth at almost 7 percent. That's 3 percent higher than the rest of the country.

Make no mistake, the state's spending habits are paid for with your money. This $8 billion increase in the budget is financed with all the gains you've seen in your income, now taken out of the economy to grow government. But it doesn't stop there. We're talking up to $25 billion more in taxes over just the next 10 years, including new payroll taxes, higher property taxes and significant tax increases on small-business owners. None of which were necessary considering budget writers were already expecting a $5 billion surplus.

WASHINGTON BUDGET BY THE NUMBERS

Spending per day:
$71,780,821

Spending per hour:
$2,990,867

Spending per minutes:
$49,847

Median Yearly Household Income (EWA): $57,766
Median Yearly Household Income (WA): $70,979

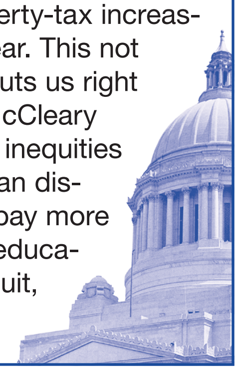
RESTORING SCHOOL LEVY FLEXIBILITY - A PROMISE BROKEN

"All politicians are liars, except when they call other politicians liars." - Unknown

What was the McCleary decision of 2012 all about? For years, it was all anyone talked about in Olympia. The basis of the lawsuit was simple: Local school districts were relying too much on local-levy funds to pay for basic-education needs that should have been funded by the state. This was exacerbated by the inequity between property-rich school districts and more rural districts **like ours**. More affluent districts tended to have very low local levies, sometimes less than a dollar, while our district had levies as high as $6.60 because of the lower property values. In 2017, after years of making big new investments in K-12, the Legislature approved a bill to address the funding structure itself. The changes rebalanced state funding and local funding, and put a limit on local-levy rates going forward (to $1.50 per $1,000 assessed valuation). In 2017, the Legislature also extended an "eight-year temporary levy increase" by one year resulting in property taxes spiking in 2018 because of the old levy, extended levy and new state levy phasing in and out during the transition. 2019 was the first year to actually have the lower rate for schools take effect, resulting in reduced taxes in our districts and increases in affluent districts.

In 2017, everyone knew there would be some problems that would need to be addressed after the new system was put in place. What we didn't expect was that some districts would be unable to allocate the new money as they should have. Instead, teachers received pay raises as high as 18 percent instead of the more typical 3 percent increase, with some teachers now getting as much as $100,000. This resulted in a domino effect in 2018 as district after district handed out unsustainable teacher-pay increases. One teacher-union leader even said, *"We (the union) went in saying let's grab all we can grab…We knew it would contribute to these budget deficits, but we did it anyway, to try to put pressure on the state Legislature to make this funding permanent."*

When some school districts came to the Legislature this year looking for more funding to "backfill" their spending decisions, the response from the majority party was to lift the cap on local levies, enabling property-tax increases of up to 67 percent to happen next year. This not only betrays the trust of taxpayers, but puts us right back into the situation that caused the McCleary court case in the first place. It will create inequities between districts, benefiting wealthy urban districts and hurting rural districts. You will pay more in property taxes to provide an unequal education for students and the impending lawsuit, McCleary 2.0. Your government at work.



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THE PLASTIC BAG BAN - A MICROCOSM OF THE MAJORITY PARTY'S MEAN GREEN AGENDA

The efforts to impose a ban on plastic bags and straws offers a glimpse of how the majority party looks at the economy and the environment.

The narrative is that banning plastic bags and coffee-shop straws will solve the problem of plastic being in the oceans and washing up on our beaches. The fact that plastic comes from other countries, primarily in Asia, dumping trash in their rivers, and foreign-flagged ships dumping trash at sea does not enter into the equation. The reality is that 10 rivers contribute most of the plastic in the oceans with the Yangtze alone pouring up to an estimated 1.5 million metric tons into the Yellow Sea. Therefore, the majority's "solution" to the problem is to ban plastic bags in the grocery store and mandate that the store charge you 8 cents for a paper bag, which has nothing to do with other countries dumping trash in the ocean.

This same mythology produced a litany of other environmental regulations this year that take food off your tables without actually doing anything to solve any environmental issues. In addition to higher taxes when government coffers are bursting already, there is a hidden financial cost to these regulations. We'll be seeing higher costs to heat our homes, rising food prices, and a double-digit increase in gas prices without investing in transportation. The only thing *green* about these policies is the money coming out of your pocket to pay for 0.2 percent impact on the earth's environment.