

# WFFA Legislative Report – Feb. 26, 2018

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Last week was opposite house committee cutoff. With each deadline that passes, the bill tracking list gets shorter.

Both the House and Senate released their proposed supplemental budgets last week. Both budgets have already been through a round of amendments and will be headed to a conference committee to resolve final differences soon. Even-year budgets (like 2018) are supposed to be supplemental. That means they are intended to make minor changes.

Last week, the Senate budget chair said there would be no new taxes. Her budget uses nearly a billion dollars from the Rainy-Day Fund to fully fund teacher salaries one year earlier than required and to provide some property tax relief.

Despite the pledge about no new taxes, the carbon tax passed out of the Ways & Means Committee on a party line vote. Even as they voted for it to keep it moving, several Democrats spoke out and said they did not plan to vote for it on the floor. It appears unlikely to move further, but anything is possible.

The House budget uses a new capital gains tax to lower property tax rates. The author of the capital gains tax, Rep. Kris Lytton, Anacortes, says she has worked hard to protect farmers, timberland owners and small business, however, all farm and small business organizations remain opposed to the new tax.

## HB 2967 - enacting a capital gains tax

- Imposes a tax of 7 percent on long-term capital gains. This tax is in addition to any other taxes imposed by state and local governments.
- Reduces the state property tax levy.
- Changes the income thresholds and funds the senior citizen, disabled persons, and qualifying veteran's property tax exemption.

The following assets are exempt from the capital gains tax:

- single-family residences;
- retirement assets, including 401(k), a tax-sheltered annuity and custodial account, deferred compensation plans, individual retirement accounts (IRAs), Roth IRAs;
- agricultural lands for which the taxpayer has regular, continuous, and substantial involvement in the operation of the land and meets the federal criteria for "material participation" for 10 years previous to a sale;
- property used in a trade or business if it qualifies for depreciation under federal law;
- timber, timberlands, or receipts from a Real Estate Investment Trust.

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## High Priority Bills

<u>Bill Details</u>	<u>Status</u>	<u>Sponsor</u>	<u>Position</u>
<b>Working forests/real estate</b> <a href="#"><u>SHB 2710</u></a> Revises the real estate disclosure statement, relating to the right to farm act, to include working forests, which gives home buyers a more accurate description of the effect of the act and science-based forest practices regulations that protect the state's public resources.	S Rules 2	Reeves	Support
<b>Prescribed burn cert. prog.</b> <a href="#"><u>SHB 2733</u></a> Establishing a prescribed burn certification program at the department of natural resources.	H not subst	Orcutt	Support
<b>Carbon pollution</b>	S Rules 2	Carlyle	Concerns

## Medium Priority Bills

<u>Bill Details</u>	<u>Status</u>	<u>Sponsor</u>	<u>Position</u>
<a href="#">E2SHB 2177</a> <b>Rural county jobs program</b> Creates the rural county high employer demand jobs program to: (1) Meet the workforce needs of business and industry in rural counties by assisting students in earning certificates, associate degrees, or other industry-recognized credentials necessary for employment in high employer demand fields; and (2) Provide selected students scholarship funds, as determined by the opportunity scholarship board, to help them meet their eligible expenses for up to one year, when they enroll in a community or technical college program that prepares them for a high employer demand field. Requires the opportunity scholarship board to create the rural jobs program account, from which scholarship funds will be disbursed beginning no later than the fall term of the 2020 academic year, if by that date, state matching funds have been received. Creates the rural jobs program match transfer account.	S Ways & Means	Chapman	Support
<a href="#">ESHB 2285 (SB 6020)</a> <b>Marbled murrelet reports</b> Finds that protecting the habitat of the marbled murrelet is beneficial to the state and our environment, however, the protection and recovery of the murrelets may have impacts, specifically on timber jobs in our rural communities and lost revenues to our schools, counties, and junior taxing districts through reduced timber harvests. Requires the department of natural resources to provide a report to the legislature that includes an economic analysis of: (1) The net loss or gain of revenues to each of the trust beneficiaries from a proposed marbled murrelet habitat conservation plan approved by the board of natural resources and forwarded to or approved by the United States fish and wildlife service; (2) The potential net loss or gain of jobs for each impacted county; and (3) Economic activity benefits from additional conservation measures that support murrelet protection and recovery. Requires the commissioner of public lands to appoint a marbled murrelet advisory committee to assist the department in developing and providing the report.	S Ways & Means	Chapman	Neutral
<a href="#">SHB 2320 (SSB 6036)</a> <b>Natural disaster mitigation</b> Creates a working group to study and make recommendations on natural disaster and resiliency activities.	S Rules 2	Reeves	Neutral
<a href="#">SHB 2561</a> <b>Wildland fire adv. committee</b> Concerning temporary duties for the wildland fire advisory committee.	S Ways & Means	Dent	Neutral
<a href="#">SHB 2967</a> <b>Capital gains tax/prop. tax</b> Assisting Washington families by improving the fairness of the state's tax system by enacting a capital gains tax and providing property tax relief.	H Rules R	Lytton	Oppose
<a href="#">SHB 2992</a> <b>Rural manuf., etc./B&amp;O tax</b> Encourages economic growth and lower unemployment rates in rural counties by modifying the business and occupation tax structure for rural manufacturers and timber and wood product manufacturers, extractors, and wholesalers.	H Rules R	Chapman	Support
<a href="#">HJM 4014</a> <b>Biochar</b> Supports the continued research, development, production, and application of biochar from our forests and agricultural lands.	S Rules 2	Shea	Neutral

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<a href="#"><b>SB 6073</b></a> <b>(HB 2553)</b>	<b>Hardwood processors levy</b>	H 2nd Reading	Takko	Support
	Adjusting assessments levied on hardwood processors. Changes the agricultural commodity assessments, levied by the state hardwoods commission, on processors of hardwoods to four cents per ton produced. Requires the assessment to be adjusted to reflect the percentage change in the implicit price deflator for personal consumption expenditures by September 25th of the year before the assessments are payable.			

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<a href="#"><b>E2SSB 6529</b></a>	<b>Pesticide application safety</b>	H Rules R	Salda?a	Oppose
	Creates the pesticide application safety work group to develop recommendations for improving the safety of pesticide applications. Expires December 31, 2018.			

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## Low Priority Bills

<u>Bill Details</u>	<u>Status</u>	<u>Sponsor</u>	<u>Position</u>	
<a href="#"><b>SHB 2276</b></a>	Wildlife transfer notice	S Rules 2	Eslick	Requires the department of fish and wildlife to provide notice and hold a public hearing before department personnel relocates or introduces any wolves, coyotes, lynx, bobcats, and animals defined as big game, where the action is intended for population maintenance or enhancement.
<a href="#"><b>HB 2307</b></a>	Fish & wildlife data	S Rules 2	Van Werven	Support Changes the term "may" to "must" with regard to subjecting the release of sensitive fish and wildlife data to a confidentiality agreement.

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