

The legislature has been proceeding on a rolling recess for the last 29 days, where most of the members returned to their districts and jobs, and only the budget negotiators remain in Olympia to continue working. Because of this, the campus has been very quiet, with little to no floor activity or hearings. Because there is no deal yet in sight, expectations are that the governor will immediately call a second 30-day special session on 5/24.

Budget negotiations continue

The sub-group negotiating the policy changes of the education *McCleary* package have been meeting regularly for several weeks now. Indications are that the meetings have been progressing well, and the group is not far from a final agreement, with the biggest difference being agreement on the financing the final package. Because the K-12 portion of the budget represents more than fifty-percent of the Operating budget, many members expect the remainder of the Operating budget to take shape after the *McCleary* pieces come together.

Meanwhile, the Capital budget is often tied to the Operating budget. However, this year, the Capital budget has also been tied to a bill that is a top priority of Senate Republicans, SB 5239. The bill would address a recent Washington State Supreme Court decision that impairs water rights for development. The chief Senate Republican budget writer, Senator Honeyford, has indicated he is willing to hold up the Capital budget until the *Hirst* bill is moved by the House Democrats. The bill stalled in the House, and never passed out of the policy committee.

Revenue collections up slightly this month

The Economic & Revenue Forecast Council released its updated [collection report](#) for the April 11 – May 10 collection period. The Council reported that major general fund-state revenue collections were up \$52.3 million (3.5%) above the March forecast. Because last month collections were slightly down, cumulative collections since the forecast are now \$44.4 million (1.6%) higher than had been forecasted.

Overall, total nonfarm payroll employment rose by 8,000, which was 2,800 more than anticipated in March. This increase is largely due to the construction sector, which had not been expected to increase. The housing construction sector has leveled out after a fourth quarter spike in 2016; although Seattle home prices continue to rise very rapidly (increasing 63.8% since the November 2011 trough, and exceeding the May 2007 by 13.9%). Additionally, Washington's GDP growth exceeds the national average, being led by information and retail trade (including electronic shopping). Finally, car and truck sales rebounded in March after declines in the first part of the year. The next revenue forecast will be released on 6/20.

Filing week ends this week

Filing week for 2017 elections was last week, ending on 5/19. This election is an off-year election, with no congressional or statewide races on the ballot. However, the stakes are very high, particularly in the Senate where there is a one vote margin. Here is a summary of some of the contested seats:

- 7th LD: appointed Senator Shelly Short (R) is being challenged by Democrat Karen Hardy. This is considered a safe Republican seat.
- 31st LD:
 - Appointed Senator Phil Fortunato (R) is being challenged by Democrat Michelle Rylands. This district leans Republican.
 - Appointed Republican Morgan Irwin (R) is being challenged by Democrat Nate Lowry.
- 45th LD: Considered the most hotly-contested seat this year, this seat is open after Senator Andy Hill (R) passed away from cancer last year. The candidates are Manka Dhingra (D) who is a King County prosecutor, who will be challenged by Jinyoung Lee Englund (R) who was formerly a federal lobbyist and aide to Cathy McMorris Rodgers.