

The fiscal cut off was 2/6 where bills with fiscal impact had to be passed out of the fiscal committees. We have moved into our second cutoff date, where all bills must be considered and pass their House of Origin by 2/14. Of course, there are exceptions to all cutoffs for bills that are necessary to implement the budget.

Nationstar

Regular negotiations continued this week as we moved closer to coming to a product to agree to. The current draft of the proposal includes the following pieces:

- A mechanism through current nuisance abatement processes (city, county and town) where a municipality may identify whether a property is abandoned. If determined, the municipality may contact the financial institution to grant broad access to abate the nuisance and secure the property. If the financial institution does not act, the municipality may go through current abatement processes, and may take an unlimited priority lien on the property to recoup those expenses.
- A mechanism where a financial institution can contact a municipality to request a determination of abandonment in order to gain access. The municipality must respond to this request.
- A mechanism where municipalities may contact an institution that owns bank-owned property and request abatement of a nuisance. If the financial institution does not act, the municipality may go through current abatement processes, and may take an unlimited priority lien on the property to recoup those expenses.

There is a hearing on this substitute version in the Senate Financial Institutions & Insurance Committee on 2/15.

Housing

Preservation Tax Credit

SB 5182 which creates a preservation property tax credit for low income housing had a hearing on 1/29 and passed out of the Ways & Means Committee on 1/31. The bill has been referred to the Rules Committee.

Source of Income Discrimination

The proposal to prohibit landlords from discriminating against tenants based on a person's source of income (HB 2578/SB 5407) passed the House (with a vote of 61 to 37) and the Senate (with a vote of 33 to 14) this week.

Budget and Tax Developments

Omnibus tax bill introduced in the Senate

A proposal was introduced (SB 6609) this week in the Senate that would modify several tax provisions:

- Repeal the sales and use tax exemption for candy;
- Narrow the nonresident sales and use tax exemption;
- Limit the trade-in exclusion;
- Narrow the sales tax exemption for certain fertilizers, sprays, and washes;
- Reduce the estate tax threshold;
- Impose a graduated real estate excise tax;
- Impose a carbonated beverage tax;
- Impose a luxury tax on high-value passenger motor vehicles; and

- Use the revenues to offset the state property tax.

The bill has not been scheduled for a hearing to date.

Bill to create tax expenditure budget

A proposal to require tax expenditures to be accounted for in a separate tax expenditure budget as part of the biennial budget adoption process (SB 5513) passed out of the Ways & Means Committee on 2/6. The committee amended the bill to require the outlook to explicitly indicate foregone state revenues from discretionary tax preferences and the expenditure impact of continuing the preferences, and to require a detailed list of discretionary tax preferences to be prominently posted on the webpages of the Forecast Council, Governor, and OFM. The bill passed on a party line vote and was pulled out of the Rules committee on 2/8.

Bill to require JLARC to calculate effective tax rates

HB 5847 would require the Joint Legislative Audit Review Committee (JLARC) to also calculate effective tax rate for industry groups benefiting from a tax preference as part of the review process. The bill passed out of the Ways & Means Committee on 2/6. The committee amended the bill to also require a review of the senior citizen property tax relief, and clarify that a taxpayer may not claim a new tax preference if they do not properly report the tax savings from the new tax preference.

Progressive B&O bill

The proposal to change the state’s business and occupation tax structure (HB 2940, sponsored by the chair of the Finance Committee, Rep. Lytton) had a public hearing on 1/30 and passed out of the committee on 2/5. Under the proposal

- Increases the small business deduction to 125,000;
- Creates a new computation methodology for tax liability so that a business calculates its tax gross margin to determine B&O liability. Gross margin thresholds are calculated by deducting cost of goods sold and cost of labor from gross income:
 - If the margin is less than \$250,000 the tax liability is zero;
 - If the margin is between \$250,000 – \$1 million, the tax liability remains the same;
 - If the margin is over \$1 million, imposes a surcharge equal to the tax payable multiplied by 6%.
- The bill also allows the Department of Revenue to adjust the surcharge by rule in order to ensure the act is revenue neutral.
- The bill also creates a taskforce to review existing B&O tax preferences.

The bill passed on a party line vote and has been referred to the Appropriations Committee.

Capital gains and property tax reduction proposal

Rep. Lytton also introduced a bill this week (HB 2967) that would impose a seven-percent capital gains tax on the sale or exchange of long-term capital assets or other capital gains realized by a taxpayer. The bill would also set up a process to use the capital gains revenues to reduce property tax rates. The bill has certain exclusions including:

- Residential dwellings;

- Assets in retirement savings accounts;
- Certain Livestock held for more than 12 months;
- Certain agricultural land;
- Property used in a trade or business if the property qualifies for an income tax deduction; and
- Timber, timberland, or gains derived from real estate investment trusts.

The bill had been scheduled for a public hearing in the Finance Committee on 2/16.

Labor issues

Noncompete bills heard

Rep. Stanford's bill related to noncompetition agreements (HB 2903) passed out of the Committee on Labor & Workplace Standards Committee on 2/1 and has been referred to Rules. The bill was not amended by the committee. The proposal would state that, an agreement can only be enforceable if the employer discloses the terms of the agreement in writing to a prospective employee. And a noncompetition agreement is unreasonable, and void if annual compensation, excluding benefits, of the employee is less than 5 times the average weekly wage (employees making less than roughly \$300,000/year), or the employee is terminated during a probationary period or without just cause. A rebuttable presumption is created that any noncompetition over one year is unreasonable and void. The bill also applies the consumer protection act to violations. The bill passed on a party line vote and is currently being negotiated to address the concerns of stakeholders.

A Senate noncompete bill (SB 6522) passed out of the Senate Labor & Commerce Committee on 2/1. The bill was then referred to the Ways & Means Committee but did not receive a hearing so is likely dead for the session. The policy committee amended the bill:

- Establishes conditions in which a noncompete agreement is enforceable and make certain
- Creates a presumption that an agreement for one year or longer is void and unenforceable;
- Provides that attempts to enforce an unenforceable agreement is a Consumer Protection Act violation.

The other Senate proposal (SB 6526) also passed out of the Commerce & Labor Committee on 2/1 and has been referred to the Rules Committee. The bill was amended to only apply to hourly employees, so any contract that restrains such employees from engaging in that provision is void and unenforceable.

Workplace harassment

The Senate Labor & Commerce Committee moved three bills related to sexual harassment in the workplace on 1/29:

- SB 5996—prohibits an employer from requiring an employee to sign a nondisclosure agreement preventing disclosure of sexual harassment or assault and provides that any such nondisclosure agreement will be deemed void and unenforceable. The committee amended the bill to exclude HR staff. The bill unanimously passed the Senate on 2/8.
- SB 6313—provides that certain employment agreements are void and unenforceable unless they preserve the employee's right to file a sexual harassment or assault complaint in court. The bill is in the Rules Committee.
- SB 6471—requires the Human Rights Commission to develop model policies and best practices to prevent sexual harassment. The bill also passed the Senate unanimously on 2/8.

Bill Tracker

Bill	Title	Status	Date	Original Sponsor	Companion Bills	Latest Cmte Mtg Info
HB 1044	Homeownership projects	H Comm Dev, Housi	01/09/2017	MacEwen		Jan 26 Public hearing in the House Committee on Community Development and Housing & Tribal Affairs at 1:30 PM. (2017)
SHB 1045	Uniform money services act	H Bus & Fin Svcs	01/08/2018	Kirby	SB 5031 (Ssubst for)	Jan 11 Executive action taken in the House Committee on Business & Financial Services at 1:30 PM. (2017)
HB 1051	Infrastructure financing	H Cap Budget	01/09/2017	DeBolt		Feb 14 Public hearing in the House Committee on Capital Budget at 3:30 PM. (2017)
HB 1052	Credentials/student loans	H Rules X	01/16/2018	Sawyer		Jan 18 Executive action taken in the House Committee on Business & Financial Services at 1:30 PM. (2017)
HB 1053	WA state credit union act	H Bus & Fin Svcs	01/08/2018	Reeves	SB 5144 (C 61 L 17)	Jan 11 Executive action taken in the House Committee on Business & Financial Services at 1:30 PM. (2017)
SHB 1057	Education loan information	H Approps	02/16/2017	Orwall	SB 5022 (Ssubst for)	Feb 14 Executive action taken in the House Committee on Higher Education at 8:00 AM. (2017)
HB 1061	Collection agency fees	H Bus & Fin Svcs	01/09/2017	Stanford	SB 5043 (SWays & Means)	
SHB 1070	Dispute resolution fees	H Rules 3C	04/23/2017	Jinkins		Mar 29 Executive action taken in the Senate Committee on Law & Justice at 8:00 AM. (2017)

SHB 1116	Family & med leave insurance	H Labor & Workpla	01/08/2018	Robinson	SB 5032 (SLabor & C ommer)	Feb 22 Executive action taken in the House Committee on Appropriations at 1:30 PM. (2017)
3SHB 1169	Student loan assistance	S Higher Ed & Wor	02/02/2018	Orwall		Jan 22 Executive action taken in the House Committee on Appropriations at 3:30 PM. (2018)
HB 1185	Insurance/inducements	H Bus & Fin Svcs	01/13/2017	Haler		Jan 25 Public hearing in the House Committee on Business & Financial Services at 1:30 PM. (2017)
SHB 1209	Municipal financial services	S Fin Inst/Ins	01/15/2018	Bergquist	SB 5396 (SFin Inst/Ins)	Feb 15 Scheduled for executive session in the Senate Committee on Financial Institutions & Insurance at 8:30 AM . (Subject to change) (2018)
SHB 1219	Auctioned impounded vehicle	H Trans	01/08/2018	Orcutt	SB 5016 (Ssubst for)	Feb 1 Executive action taken in the House Committee on Transportation at 3:30 PM. (2017)
HB 1231	Cooperative finance orgs tax	H Finance	01/13/2017	Lytton	SB 5148 (SWays & Means)	Jan 24 Public hearing in the House Committee on Finance at 3:30 PM. (2017)
2SHB 1298	Job applicants/arrests, etc.	S Labor & Commerc	02/09/2018	Ortiz-Self		Jan 9 Executive action taken in the House Committee on Labor & Workplace Standards at 1:30 PM. (2018)
SHB 1305	Unlawful entry	H Judiciary	01/08/2018	Barkis	SB 5388 (Ssubst for)	Feb 16 Executive action taken in the House Committee on Judiciary at 1:00 PM. (2017)
HB 1318	Credit unions' capital	H Bus & Fin Svcs	01/17/2017	Ryu		
HB 1324	Local infrastruct. financing	H Cap Budget	02/06/2017	Tharinger	SB 5088 (SWays & Means)	Feb 14 Public hearing in the House Committee

						on Capital Budget at 3:30 PM. (2017)
SHB 1422	Rural jobs	H Finance	03/14/2017	Blake	SB 5208 (SWays & Means)	Mar 9 Executive action taken in the House Committee on Technology & Economic Development at 1:30 PM. (2017)
SHB 1425	Ed. savings account pilot	H Approps	02/17/2017	Kilduff		Feb 15 Executive action taken in the House Committee on Higher Education at 1:30 PM. (2017)
E2SHB 1439	Higher ed student protection	S Higher Ed & Wor	02/09/2018	Pollet		Apr 4 Executive session scheduled, but no action was taken in the Senate Committee on Ways & Means at 1:30 PM. (2017)
HB 1441	State agency land purchases	H Environment	01/31/2017	Haler		Feb 14 Public hearing in the House Committee on Environment at 1:30 PM. (2017)
2SHB 1486	Wage liens/wage recovery act	H Rules R	01/24/2018	Gregers on		Jan 18 Executive action taken in the House Committee on Appropriations at 3:30 PM. (2018)
HB 1499	Student loan disbursement	S Higher Ed & Wor	01/15/2018	Pollet		Apr 3 Executive session scheduled, but no action was taken in the Senate Committee on Ways & Means at 1:30 PM. (2017)
HB 1500	Tax exemptions	H Finance	01/20/2017	Pollet	SB 5513 (S2nd Reading)	Jan 31 Public hearing in the House Committee on Finance at 3:30 PM. (2017)
HB 1536	Afford. housing/local tools	H Comm Dev, Housi	01/23/2017	McBride		
HB 1549	Tax preferences	H Finance	01/23/2017	Lytton	SB 5112 (SWays & Means)	

E2SHB 1570	Homeless housing & assist.	S Human Svcs/Corr	02/10/2018	Macri		Jan 22 Executive action taken in the House Committee on Appropriations at 3:30 PM. (2018)
HB 1627	Nonprofit corp. financing	H Comm Dev, Housi	01/08/2018	Ryu		Mar 22 Executive action taken in the Senate Committee on Human Services and Mental Health & Housing at 1:30 PM. (2017)
HB 1633	Housing/source of income	H Judiciary	01/08/2018	Riccelli	SB 5407 (Ssubst for)	Feb 16 Executive action taken in the House Committee on Judiciary at 1:00 PM. (2017)
HB 1635	Tenant property, disposition	H Judiciary	01/25/2017	Barkis	SB 5013 (SRules 3)	Feb 16 Executive session scheduled, but no action was taken in the House Committee on Judiciary at 1:00 PM. (2017)
HB 1665	Tax expenditure transparency	H Finance	01/26/2017	Santos		
HB 1695	Crowdfunding donation taxes	H Finance	01/26/2017	Stokesberry		Feb 7 Public hearing in the House Committee on Finance at 3:30 PM. (2017)
HB 1730	Capital gains excise tax	H Finance	01/27/2017	Jinkins	ESB 5111 (SFailed 3rd)	
HB 1748	Affordable rural housing	H Environment	01/27/2017	Chandler		Feb 14 Public hearing in the House Committee on Environment at 1:30 PM. (2017)
SHB 1752	Affordable urban housing	H Comm Dev, Housi	01/08/2018	Santos		Feb 15 Executive action taken in the House Committee on Community Development and Housing & Tribal Affairs at 8:00 AM. (2017)
HB 1764	Property tax revenue limit	H Finance	01/08/2018	Lytton	SB 5772 (SLocal Government)	Mar 30 Executive action taken in the House Committee on Finance at 8:00 AM. (2017)

SHB 1797	Affordable housing/taxes	H 2nd Reading	01/16/2018	McBride		Mar 3 Executive action taken in the House Committee on Finance at 8:00 AM. (2017)
HB 1806	Crimes by corporations	H Public Safety	01/08/2018	Pellicioti		Feb 16 Executive action taken in the House Committee on Public Safety at 8:00 AM. (2017)
HB 1850	Retirement marketplace opts	H Bus & Fin Svcs	02/01/2017	Stanford		
SHB 1893	Spirits & wine/credit card	H Commerce & Gami	01/08/2018	Vick	ESB 5665 (C 190 L 17)	Mar 9 Executive action taken in the Senate Committee on Commerce and Labor & Sports at 1:30 PM. (2017)
3SHB 1904	Personal info. sale & tax	H Approps	01/26/2018	Smith		Feb 5 Public hearing in the House Committee on Appropriations at 1:30 PM. (2018)
HB 1926	Capital gains excise tax	H Finance	02/02/2017	Pollet		
SHB 1966	Retirement marketplace reqs.	H Bus & Fin Svcs	01/08/2018	Stanford	SB 5675 (Ssubst for)	Feb 15 Executive action taken in the House Committee on Business & Financial Services at 1:30 PM. (2017)
2SHB 1980	Home rehabilitation loan prg	H Cap Budget	01/08/2018	Blake	ESB 5647 (C 285 L 17)	Mar 29 Executive session scheduled, but no action was taken in the Senate Committee on Ways & Means at 3:30 PM. (2017)
HB 1991	Delinquent properties/admin.	H Local Govt	01/08/2018	Volz		Mar 23 Executive action taken in the Senate Committee on Local Government at 1:30 PM. (2017)
HB 1992	County treasurer admin costs	H Local Govt	02/06/2017	Volz		Feb 14 Public hearing in the House Committee on Local Government at 10:00 AM. (2017)

HB 1993	County treasurer contracting	H Local Govt	02/06/2017	Volz		Mar 1 Public hearing in the House Committee on Local Government at 8:00 AM. (2017)
2ESHB 2057	Residential real property	S Fin Inst/Ins	01/22/2018	Orwall	SB 5797 (Ssubst for)	Feb 15 Scheduled for public hearing in the Senate Committee on Financial Institutions & Insurance at 8:30 AM . (Subject to change) (2018)
ESHB 2098	Marijuana/financial services	S Fin Inst/Ins	02/02/2018	Sawyer	SB 5928 (S2nd Reading)	Feb 15 Scheduled for public hearing in the Senate Committee on Financial Institutions & Insurance at 8:30 AM . (Subject to change) (2018)
HB 2265	Lienholders' interests	H Judiciary	01/08/2018	Kirby	SB 6005 (SRules 2)	Jan 17 Public hearing in the House Committee on Judiciary at 8:00 AM. (2018)
HB 2364	Housing finance commission	H 2nd Reading	02/08/2018	Ryu	SB 6371 (SPassed 3rd)	Feb 2 Executive action taken in the House Committee on Capital Budget at 10:00 AM. (2018)
HB 2922	Appraisal management	H Bus & Fin Svcs	01/24/2018	Kirby		Jan 30 Public hearing in the House Committee on Business & Financial Services at 8:00 AM. (2018)
SB 5009	Economic disruption crimes	S Law & Justice	01/09/2017	Ericksen		
SB 5015	At-will tenancy/unl detainer	S Rules 2	01/08/2018	Warnick		Jan 19 Executive action taken in the Senate Committee on Financial Institutions & Insurance at 8:00 AM. (2017)
SSB 5016	Auctioned impounded vehicle	S Rules 3	04/23/2017	Hobbs	HB 1219 (HTrans)	Jan 31 Executive action taken in the Senate Committee on Transportation at 3:30 PM. (2017)

SB 5017	Student loan information	S Higher Ed & Wor	01/08/2018	Bailey		
SB 5032	Family & med leave insurance	S Labor & Commerc	01/08/2018	Keiser	HB 1116 (HLabor & Workpl)	Jun 28 Public hearing in the Senate Committee on Commerce and Labor & Sports at 12:00 PM. (2017)
ESSB 5033	Infrastructure financing	S Rules 3	04/23/2017	Keiser		Apr 7 Executive action taken in the House Committee on Capital Budget at 9:00 AM. (2017)
SSB 5043	Payment of debts	S Ways & Means	02/16/2017	Angel	HB 1061 (HBus & Fin Svcs)	Feb 14 Executive action taken in the Senate Committee on Financial Institutions & Insurance at 8:00 AM. (2017)
SB 5127	Carbon pollution tax	S Rules 2	01/08/2018	Braun	HB 1555 (HFinance)	Feb 24 Executive action taken in the Senate Committee on Ways & Means at 11:00 AM. (2017)
SSB 5140	Workplaces/gender pay equity	S 2nd Reading	01/31/2018	Cleveland		Jan 22 Executive action taken in the Senate Committee on Labor & Commerce at 1:30 PM. (2018)
SB 5148	Cooperative finance orgs tax	S Ways & Means	01/13/2017	Baumgartner	HB 1231 (HFinance)	Feb 14 Public hearing in the Senate Committee on Ways & Means at 3:30 PM. (2017)
SB 5149	Paid family leave	S Labor & Commerc	01/08/2018	Fain		Jan 30 Public hearing in the Senate Committee on Commerce and Labor & Sports at 1:30 PM. (2017)
2SSB 5182	Affordable housing options	S 2nd Reading	02/06/2018	Fain		Jan 31 Executive action taken in the Senate Committee on Ways & Means at 3:30 PM. (2018)
SB 5210	Student loan bill of rights	S Higher Ed & Wor	01/08/2018	Lias	HB 1440 (Hsubst for)	

SB 5264	Virtual currency/marijuana	S Labor & Commerce	01/08/2018	Rivers		Jan 25 Public hearing in the Senate Committee on Commerce and Labor & Sports at 1:30 PM. (2017)
ESSB 5312	Criminal record/employment	S Rules X	01/08/2018	Baumgartner		Apr 4 Executive action taken in the House Committee on Appropriations at 11:00 AM. (2017)
SB 5396	Municipal financial services	S Fin Inst/Ins	01/23/2017	Angel	HB 1209 (Hsubst for)	Feb 2 Public hearing in the Senate Committee on Financial Institutions & Insurance at 8:00 AM. (2017)
SB 5406	DSHS/long-term care settings	S Health & Long T	01/08/2018	Becker	HB 1354 (HHC/Wellness)	
E2SSB 5407	Housing options	S Passed 3rd	02/09/2018	Frocht	HB 1633 (HJudiciary)	Feb 6 Executive action taken in the Senate Committee on Ways & Means at 10:00 AM. (2018)
SB 5416	Property tx exemp/intangible	S Ways & Means	01/24/2017	Chase		
SB 5428	Condo assoc litigation costs	S Law & Justice	01/24/2017	Padden		Feb 15 Public hearing in the Senate Committee on Law & Justice at 8:00 AM. (2017)
SB 5445	Eminent domain/economic dev.	S Rules X	01/08/2018	Padden		Mar 23 Executive action taken in the House Committee on Judiciary at 1:30 PM. (2017)
ESSB 5456	Unpaid accounts	S Rules 3	04/23/2017	Braun	HB 1145 (HJudiciary)	Mar 23 Executive session scheduled, but no action was taken in the House Committee on Judiciary at 1:30 PM. (2017)
SB 5464	Washington investment trust	S Fin Inst/Ins	01/25/2017	Hasegawa	HB 2059 (HBus & Fin Svcs)	Feb 9 Public hearing in the Senate Committee on Financial Institutions &

						Insurance at 8:00 AM. (2017)
SB 5496	Local infrastructure funding	S Ways & Means	01/26/2017	Rivers	HB 1677 (Hsubst for)	
SB 5507	Automatic renewal/contracts	S Labor & Commerc	01/08/2018	Zeiger		Feb 8 Public hearing in the Senate Committee on Commerce and Labor & Sports at 1:30 PM. (2017)
2SSB 5577	Incapacitated persons/rights	S Rules X	01/25/2018	Conway		Apr 4 Executive action taken in the House Committee on Appropriations at 11:00 AM. (2017)
SB 5587	Linked deposit program	S Ways & Means	02/06/2017	Hasegawa		Feb 2 Public hearing and executive action taken in the Senate Committee on Financial Institutions & Insurance at 8:00 AM. (2017)
ESSB 5620	Transp. network companies	S Rules X	01/08/2018	King		Mar 14 Public hearing in the House Committee on Labor & Workplace Standards at 1:30 PM. (2017)
ESB 5629	Title insurance rating orgs.	S Rules X	01/08/2018	Angel	EHB 1450 (C 103 L 17)	Mar 15 Public hearing and executive action taken in the House Committee on Business & Financial Services at 1:30 PM. (2017)
SB 5680	Small securities offerings	S Rules X	03/17/2017	Fain	HB 1593 (C 113 L 17)	Feb 14 Executive action taken in the Senate Committee on Financial Institutions & Insurance at 8:00 AM. (2017)
ESSB 5797	Residential real property	S Rules X	01/08/2018	Mullet	HB 2057 (Hsubst for)	Mar 23 Executive action taken in the House Committee on Judiciary at 1:30 PM. (2017)

SSB 6175	Common interest ownership	S Passed 3rd	02/10/2018	Pederse n		Feb 15 Scheduled for public hearing in the House Committee on Judiciary at 1:30 PM in anticipation of other legislative action. (2018)
SB 6375	Publicly owned depository	S Ways & Means	01/26/2018	Hasega wa		Jan 31 Public hearing in the Senate Committee on Ways & Means at 3:30 PM. (2018)
SSB 6457	Real estate appraisals	S Rules 2	02/02/2018	Conway	HB 2629 (HJudiciary)	Feb 1 Public hearing and executive action taken in the Senate Committee on Labor & Commerce at 1:30 PM. (2018)
SSB 6484	Nuisance abatement	S Rules 2	02/02/2018	Mullet		Feb 1 Executive action taken in the Senate Committee on Financial Institutions & Insurance at 8:30 AM. (2018)
SJM 8002	Banking/Glass -Steagall act	S Fin Inst/Ins	01/11/2017	Hasega wa		Jan 30 Public hearing in the Senate Committee on Financial Institutions & Insurance at 8:30 AM. (2018)