

Doug Levy – 5/31/17

MAY 2017 Report from State Lobbyist

May was a pretty quiet month on the legislative front, as the Legislature went through the entirety of its 1st Special Session without Operating and Capital Budget deals and without an agreed-upon K-12 funding plan.

A 2nd Special Session began May 23 (*as of the June 1 Board meeting, we will be 10 days into that 30-Day Session*) and still we are not aware of significant Senate/House negotiating, at least on major areas of disagreement. If no Operating Budget is agreed upon by July 1, non-essential parts of state government will be required to shut down until a 2017-19 budget is in place. It's worth noting that agencies are developing contingency plans that impact staff, contracts with outside parties, reservations for use of state facilities, and more.

One bright spot I can report on for May (pardon the pun) **involves state adoption of an update to the National Electrical Code (NEC)**. Unbeknownst to those of us in recreational boating circles, the code had been updated at the federal level without meaningful recreational boaters' input, and the state Department of Labor & Industries was poised to adopt it July 1! Article 555.3 in Document 70 of the NEC included a 30 milli-amp (mA) ground protection standard that would have been unachievable for many marinas and would have made electrical upgrades of marinas impossible to undertake. We had already heard of an upgrade at the Roche Harbor Marina being put on hold.

The good news is that our colleagues with NMTA got involved in a late effort to amend and/or delay the implementation of the ground-protection standard, and we got involved as well with Board approval. With two organizations now registering concerns, with two state legislators making inquiries, and with RBAW asking L&I's Legislative Director for an Agency-stakeholder meeting, we got results! L&I's Chief Electrical Inspector amended the language for article 555.3, time-limited the amended language to expire on July 1, 2018, and opened the door for an Agency-stakeholder process that, in the words of the electrical inspector, can help ensure a permanent code-update adoption will not "create an undue burden on marina operators and boat owners."

Meanwhile, elsewhere, here is an issue-by-issue rundown that will look eerily similar in some cases to what I provided last month (*except for bills signed by the Governor*), given lack of progress:

Capital Budgets -- Retaining Boating Facilities Program (BFP) and funds for boating infrastructure: We're now waiting on the finalizing of 2nd Special Session negotiations. Both the Senate-passed (**ESSB 5086**) and House-passed (*Striking Amendment to **ESSB 5086***) versions of the 2017-19 Capital Budget preserve a full \$17.165 million, historic funding level for the Boating Facilities Program (BFP). The budgets also include \$2.6 million in federal pass-through funds for Clean Vessel Pump-Out Grants, and \$2.2 million for the Boating Infrastructure Grant program (*federal pass-through dollars*).

Aquatic Invasive Species (AIS) Program Funding bills – SSB 5303/SHB 1429: These bills are called out in the Senate- and House-passed Operating Budgets. We believe **5303**, which passed unanimously off the Senate Floor back on April 4, is the likely "vehicle." But, both the Senate-passed (**ESSB 5048**) and House-passed (*Striking Amendment to **ESSB 5048***) versions of the Operating Budget anticipate new funding for the AIS program. In the Senate, it is \$1.046 million in 2017-19 and \$2.866 million in 2019-21 – the figures you can see in the chart below. The House budget in Sec. 307(13) sets aside \$1.63 million in new funds for 2017-19. This RBAW-supported legislation enhances funding for the Department of Fish and Wildlife's AIS enforcement and education programs – albeit without a \$125 per vessel ballast water fee from the initial bill. Here's the chart we previously published on 2017-19, 2019-21, and 2021-23 forecasted revenues – with strike-throughs of the ballast water fee portion:

User Fees		17-19	19-21	21-23
	Non-resident boater	\$600,000	\$800,000	\$800,000
	Commercial vessel	\$60,000	\$80,000	\$80,000
	Seaplane	\$3,000	\$4,000	\$4,000
	Commercial transporter	\$15,000	\$20,000	\$20,000
	Ballast water QVA	\$918,000	\$918,000	\$918,000
	Total From User Fees	\$1,596,000	\$1,822,000	\$1,822,000
PUT/GFS		1,046,000	2,866,000	4,690,000
	Total Biennial Budget	2,642,000	4,688,000	6,512,000

Boating Safety legislation – SB 5442; SHB 1605; ESSB 5552: Two of these RBAW-supported bills have been signed into law, while the third (**SB 5442**) may still have a pulse. **5442** passed the Senate unanimously during the Regular Session, and again passed the Senate unanimously during 1st Special Session Floor activity. Whether the House is willing to take it up remains unclear. In the meantime, **SHB 1605** passed the Legislature, gained the Governor’s signature on May 8, and takes effect on July 23. **1605** allows law enforcement – only after “a series of reasonable alternatives” have first been explored -- to impound vessels when operators are impaired. **SSB 5552** passed the Legislature, was signed by the Governor May 10, and takes effect July 23. Sec. 1(9) ensures that for purposes of what is a ‘firearm,’ “flare guns” are not subject to background check requirements.

Here are links to the Session-Law (final) versions of each bill, for your reading pleasure:

<http://lawfilesex.leg.wa.gov/biennium/2017-18/Pdf/Bills/Session%20Laws/House/1605-S.SL.pdf>

<http://lawfilesex.leg.wa.gov/biennium/2017-18/Pdf/Bills/Session%20Laws/Senate/5552-S.SL.pdf>

Capitol Lake Long-Term Management Planning: For our friends with Olympia Yacht Club, this is one where the Senate and House are in different places. The Senate-approved Capital Budget (**ESSB 5086**) includes \$2 million toward long-term management planning. The House-passed version (*Striking Amendment to ESSB 5086*) includes \$3 million in Sec. 1078. The Governor initially had proposed \$4 million.

Governor-request bills to eliminate or change a series of ‘tax preferences’ – SHB 2186: Unless something truly wild and crazy occurs in budget negotiations, we will not see the Legislature attempt to change the current sales tax exemption on vehicle and vessel trade-ins. The Governor had proposed in his budget and policy package to the Legislature to limit the sales tax exemption to only the first \$10,000 in value of a trade-in. While the Senate’s Operating Budget makes some property tax changes to fund schools, it does not include any other new revenue or tax-incentive repeals. The House Operating Budget is built partly on the assumption of new revenues embodied in **Substitute House Bill 2186**. While **SHB 2186** includes things like a new Capital Gains tax and a 20 percent B&O tax surcharge on earners making over \$250,000, it does *not* include the Governor’s proposal. This now the third straight year where the Legislature has said “Thanks but no thanks” to proposals to limit or remove the trade-in exemption.

No-Discharge Zone (NDZ): No new information. Our colleagues with the Marine Alliance continue to work on a “request for reconsideration” and we are aware of no Department of Ecology efforts to impose an NDZ regulation.

Regulatory issue – Hull Identification Number (HIN) Registration/Reporting Changes: Discussions with the Department of Licensing (DOL) are progressing well. President Wayne Gilham and I took part in the latest meeting (by conference call) today. While a pending U.S. Coast rule-making could have led to significant upheaval for all those who sell, trade, register, or re-register vessels, we’ve bought time to educate boaters and brokers and establish a system where existing HIN numbers can at least be preserved somewhere on the re-registration form (likely in the “Comment” portion).

Tourism Marketing legislation for 2017 –SSB 5251: The Senate-passed Operating Budget includes \$500,000 toward a tourism marketing plan under **SSB 5251**. The House-passed budget does not include direct funds, but includes tourism within its “economic sector lead” funding. The Washington Tourism Alliance (WTA) continues to push for **5251**, and got support when the Big Tent Outdoor Recreation Coalition sent a letter of support (attached with this report).

2SSB 5285, directing the Workforce Training and Education Coordinating Board to perform a study of employment opportunities in several sectors – including outdoor recreation: The Governor signed this bill into law on May 4, and it takes effect July 23, 2017. **5285** directs the Workforce Training and Education Coordinating Board to do an assessment of future employment opportunities in several sectors – including outdoor recreation. Here’s a link to the Session Law:

<http://lawfilesexternal.wa.gov/biennium/2017-18/Pdf/Bills/Session%20Laws/Senate/5285-S2.SL.pdf>

Legislation that would give two municipally-operated marinas 12 years of rent-free status on Department of Natural Resources’ Aquatic Lands – SB 5504/HB 1801: These bills “died” – but could well return in 2018. **HB 1801** cleared a policy committee but never received a hearing in House Appropriations. Companion **5504** “died” after a Senate Natural Resources & Parks Committee hearing. RBAW, NMTA, the Department of Natural Resources, and the Recreation and Conservation Office (RCO) expressed concerns with the bills, which would have diluted Aquatic Lands Enhancement Account (ALEA) revenues and created an uneven playing field among marinas.