



# Olympia Report

**Jim Honeyford**

*Serving all of Klickitat and Skamania counties, South Yakima county and southeast Clark county*



**State Senator • 15th District**

APRIL 3, 2009

The state Legislature has just finished up the 12th week of its 15-week session in Olympia. This means committee work, for the most part, has come to an end, and the full Senate is now considering House bills.

## Senate Democrats release operating budget proposal

On March 30, a full 78 days into the legislative session, the majority party finally released its budget proposal. The Senate budget is \$31.3 billion in "near" general-fund state appropriations, a decrease from the 2007-09 biennium level of \$33.7 billion. This is misleading, though, as \$3 billion in additional federal money allowed state spending to be replaced with federal dollars.

There are several major flaws with this budget. The Senate Democrats' budget relies on nearly \$5 billion in one-time money, substantially underfunds the actuary's recommended pension contributions, relies on some tax increases, contains funding for select public-employee step-salary increases, leaves several savings options on the table, and substantially reduces funding in politically popular K-12 and higher-ed programs to set the stage for a tax package.

### This budget is heavily reliant on one-time money, leaving a large hole next biennium.

Roughly \$4.9 billion of their solution relies on one-time funds:

- \$3.033 billion in federal funds
- \$449 million from the rainy day fund
- \$743 million capital budget funds transferred to operating budget
- \$411 million in pension costs that are not paid
- \$242 million in other fund transfers

They should have made policy changes months ago that would have established a new baseline for state spending and reduced the size of the budget gap by billions of dollars. By failing to act earlier, and then using budgeting gimmicks and one-time federal stimulus dollars, they have ensured that the state will be in the same vulnerable position again in 2011.

### This budget includes tax increases.

The Senate budget proposal assumes the passage of three bills that would raise taxes and likely require a 2/3 vote of the Legislature. Senate Bill 6062 would impose the real estate excise tax on bank sales of foreclosed properties (\$54 million). Senate Bill 6119 would repeal the 15 percent discount restaurants and bars receive when they purchase state liquor. This would cost them more than \$36 million. This budget also assumes a repeal of the sales tax exemption on hybrid car purchases, which began this year.

At a time when Washington businesses are struggling to keep their doors open, the last thing legislators should do is increase their tax burden.

### This budget fails to set real priorities.

Many of you have asked why government can't live within its means the way you and your family must during these hard economic times. Several cost-saving measures my Republican colleagues and I have recommended have been rejected by the majority party in creating this budget.

These include eliminating the life sciences discovery fund transfer, eliminating funding for "career students," reducing the Temporary Assistance to Needy Families cash grant enhancement from 2007, holding the line on state expenditures for state employee health benefits, and freezing wages for all employees. All of these options were ignored.

### **A budget is all about priorities – which one is more important, A or B? Do the majority party's priorities match up with yours?**

- In this budget, the majority is choosing to cut funding for the developmentally disabled so it can spend more taxpayer dollars on state-employee health care.
- The majority is choosing to reduce support for nursing homes when it could freeze the wages of all state employees or making union employees pay a greater share of their very generous healthcare benefit.

*(continued on next page)*

## Senate Republican Assistant Floor Leader

### Committee assignments:

- Environment, Water & Energy, Ranking Member
- Labor, Commerce & Consumer Protection
- Ways & Means

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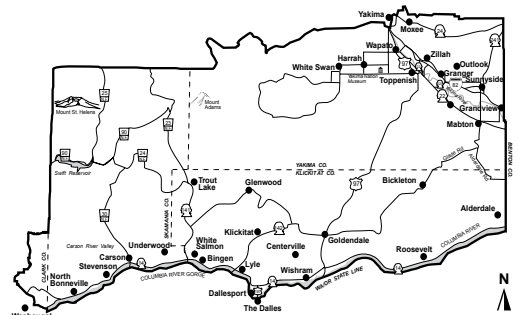
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**15th District**



- The budget cuts funding for tracking sex offenders, but includes \$4 million for the State Arts Commission; \$2.9 million to open five new state liquor stores and \$1.7 million for 10 new contract liquor stores; \$5.1 million for the Horse Racing Commission; and nearly a million dollars for the African-American, Hispanic, and Asian-American commissions.
- \$15 million is cut from the state auditor’s performance audit fund, while potential fraud in state government is not aggressively pursued.
- Funding for reducing class size is cut by \$752 million, dropping from \$458 per pupil to \$31 per student, while the budget includes \$98 million to increase the per-employee funding rate for employee health benefits from \$732 a month to \$768 a month.
- There is no explicit savings in the budget related to suspending step-salary increases, which would total more than \$170 million for K-12 and eligible state employees, yet money to reduce K-4 class sizes, which the state has funded since before the 2000 passage of Initiative 728, is eliminated.

While revenue growth is down it is important to remember that the state is still expecting to bring in **\$66 million more** in revenue for the next budget cycle than it expects for the two-year period ending June 30. **Revenue is not the problem; the failure of the majority to control spending and set priorities is.**

You can follow the budget yourself through the [Senate Ways and Means Committee Web page](#) or the [Office of Financial Management Web page](#) ([www.ofm.wa.gov/budget](http://www.ofm.wa.gov/budget)).

### Cap-and-tax continues to move through the Legislature

As I mentioned in the last update, Gov. Gregoire recently testified in person on [Engrossed Second Substitute Senate Bill 5735](#), the cap-and-tax bill. The House Ecology and Parks Committee gave a new version of the bill a “do pass” recommendation by a 9-5 vote, along party lines.

The new version of the bill would set up a greenhouse gas reduction program, establish a timetable employers would have to meet, create a state climate change “czar,” require counties to reduce vehicle miles traveled by 18 percent by 2020, and establish a crippling hard cap on emissions for coal fired power plants.

This bill, if adopted, would undoubtedly lead to business closures, job losses, and skyrocketing utility bills.

For the latest updates on energy and environmental legislation, please visit my Energy Update page: <http://src.leg.wa.gov/EnergyUpdate.htm>.

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<http://twitter.com/jimhoneyford>

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Or call the toll-free legislative hotline at 1-800-562-6000.

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