Capitol News

March 20, 2021

Melissa Johnson, WSLHA Lobbyist

# Last Week’s Highlights

Week ten saw legislative committees with full agendas, hearing and voting on bills to meet next Friday’s policy committee cutoff. At this stage of the session, it becomes clear which bills are likely to pass. With few exceptions, majority Democrats are sticking to their stated priorities of addressing COVID-19 challenges, improving racial equity, advancing economic recovery, addressing climate change, and increasing revenue or creating savings.

**Economic news.** The state received some good news from the Economic and Revenue Forecast Council’s forecast released on Wednesday. The forecast shows nearly $3.3 billion more in revenue than previously expected over the next four years. Broken down by biennium, that represents a $1.3 billion increase in revenue for the current 2019-21 biennium and a $1.9 billion increase for the 2021-23 biennium. This puts the state’s revenue picture back to where it was in February 2020.

While this is certainly good news, legislators warned that there is still uncertainty in the state’s economic outlook, with impacts of COVID as the primary unknown. While the influx of federal dollars from the American Rescue Plan Act (ARPA) provides much-needed stimulus, it is one-time funding. Legislators cautioned that their challenge with the upcoming budget is to ensure that the state’s long-term economic future is sustainable once these federal funds are spent.

**American Rescue Plan Act work session**…The Senate Ways & Means Committee held a work session on the American Rescue Plan Act (ARPA) last Friday. While there is a high-level understanding of the level of funding, the state must wait for federal guidance on many aspects of how to appropriate these dollars. The presentation from the work session can be found [here](https://app.leg.wa.gov/committeeschedules/Home/Document/232853#toolbar=0&navpanes=0). Here are highlights taken from the presentation:

* Washington will receive an estimated $4.44 billion in state funding
  + $4.25 billion in flexible dollars
  + $189 million in “capital project” dollars
* Emergency Rental Assistance Program: $404 million (estimated)
* Unemployment insurance: $300/week through Sept. 4 ($10,200 tax-deductible for some)
* FMAP: 10% for state expenditures on Home and Community-Based Services (HCBS) for four fiscal quarters (capped at 95%)

Eligible uses for ARPA funds:

* Respond to [COVID-19] or its “negative economic impacts”
* Provide premium pay to eligible workers doing “essential work”
* Replace revenue -- “the extent of the reduction in revenue…relative to revenues collected in the most recent full fiscal year prior to the emergency…”
* Make necessary investments in water, sewer, or broadband infrastructure
* Capital projects -- “directly enabling work, education, and health monitoring, including remote options, in response to [COVID-19]”

Ineligible uses:

* Cannot deposit into pension funds
* Cannot “directly or indirectly offset a reduction in the next tax revenue…resulting from a change in law, regulation, or administrative interpretation during the covered period”

**Capital gains legislation.** The House Finance Committee heard SB 5096 on Monday. Of the 4,002 people who signed in on the bill, about 2,380 (60%) were in favor of the legislation. Congressman Dan Newhouse also appeared before the committee to oppose the bill, saying the IRS told him in 2018 that “capital gains are treated as income under the tax code, and taxed as such.” Perhaps a sign of referendum signature gathering to come, opponents of the bill presented a petition against SB 5096 with 13,688 signatures. The bill has not yet been scheduled for executive action.

# Priority Bill Updates

* **HB 1196**, the bill that creates reimbursement parity for **audio-only consultations**, was heard in the Senate Health & Long Term Care Committee on March 12th.  WSLHA signed in in support of this bill. It hasn’t been scheduled for executive session yet.
* **SB 5169,** the bill providing **reimbursement** to health care providers for the cost of **PPE** when treating patients in person, passed the House Health Care & Wellness Committee last Wednesday. WSLHA signed in in support of this bill. It is now in the Rules Committee.
* **SB 5229,** the legislation that creates a **health equity continuing education** requirement for health care providers, passed the House Health Care & Wellness Committee last Wednesday. WSLHA signed in in support of this bill. It was amended in committee to move the date upon which information must be provided to licensees about available CE courses from July 1, 2022, to July 1, 2023.
* **SB 5284** passed the House Labor & Workplace Standards Committee last Friday. This bill **eliminates subminimum wage** certificates for people with disabilities after July 31, 2023. **WSLHA signed in in support of this bill.** It now goes to the Rules Committee.

# Next Week’s Events

**Budgets released next week.** The House and Senate operating budgets will be released next week. Senate Democrats will roll out their operating budget on March 25th, with a hearing scheduled for March 26th. The House will follow with a rumored budget release on March 26th and a hearing on March 27th.

**Children’s hearing aid mandate budget proviso.** You’ll recall that WSLHA supported HB 1047, legislation mandating insurance coverage for children’s hearing aids. While that bill did not pass this session, we expect to see a House budget proviso that would fund a study on the cost of this mandate to the state budget. This cost analysis is the next step in (hopefully) passing this bill next session.

**Cutoffs approaching.** Next Friday marks the opposite house policy committee cutoff deadline. Bills with a fiscal impact must be voted out of the opposite house fiscal committees by April 2nd. And the opposite house cutoff is on April 11th. The Legislature is scheduled to adjourn on April 25th.