

the Courthouse Journal

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Washington Association of County Officials
Washington State Association of Counties

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Supreme Court Rules Against Thurston County Justice Center Plan

In a unanimous opinion issued March 18 the Washington Supreme Court held that Thurston County may not re-locate key county offices outside the county seat of Olympia. The full opinion may be read at <http://www.courts.wa.gov/opinions/?fa=opinions.opindisp&docid=737401MAJ>.

The county had wanted to move the superior court, prosecuting attorney, and county clerk from the county courthouse to a proposed new jail complex to be located in a nearby industrial area. While only a short distance from the courthouse, the site is about one-half mile outside the county seat and within the corporate boundaries of a neighboring city.

The Court held that co-locating the superior court, prosecuting attorney and clerk at the new jail site would violate current statutes, which require these particular offices to be maintained "at" the county seat. Writing for the Court, Justice Charles Johnson

analogized from a 1954 case relating to state offices and adopted a narrow interpretation of the word "at," to mean "in" or "within" the county seat of Olympia. The county had argued for a broader interpretation of "at" to mean "near" or "in close proximity" to Olympia. Justice Johnson further reasoned that "if we adopted a broad approach urged by the county ... we would be faced the additional challenge of determining how close is close enough."

The adverse court opinion is not expected to affect the county's May 18 vote on funding for the new jail, according to county administrator Don Krupp. The jail proposal as it will appear on the ballot is already scaled back to not include superior court, prosecutor and clerk offices.

The Supreme Court is also expected to rule in several weeks on a similar case from Benton County regarding certain satellite offices outside the county seat.

Money...the Great Motivator

Parents who are also county officials or county employees are invited to pull out all the stops to motivate their kids for the next few weeks. They are, in fact, encouraged to ground their children for extensive periods of time, confine them to their rooms, wrench dates and Gameboys from their clutches or do whatever else is required to compel them to apply for a Washington Counties' Scholarship – if the promise of **\$2,500** is not enough! **THERE ARE ONLY TWO WEEKS LEFT!**

The Washington Counties' Scholarship Fund, a joint endeavor of WACO and WSAC, is offering five \$2500 awards this year to dependent children of county employees who are will be enrolled full time for the 2004/05 school year in a baccalaureate, associate degree, or vocational/technical certification

program.

Applications must be postmarked no later than Monday, April 5. The application must be accompanied by two letters of recommendation; a personal statement discussing the student's academic goals and expectations; a sealed transcript of their most recent grades; and, a separate sheet listing his or her activities, honors or awards. Please don't include pictures.

All applications are reviewed by two committees who are independent of both county associations during the month of April. The five lucky winners will be announced in early May. For complete information and an application, please go to www.wacounties.org or call WACO or WSAC.

Legislature passes \$250 million tax cuts and exemptions

WSAC and WACO have been tracking a number of taxation bills through the session and have recently compiled the impacts of those that passed the legislature. Attached to this Courthouse Journal is an explanation of the impacts to the counties and the state for FY 2005 as well as the 2005-07 biennium. A total of eighteen bills are awaiting the Governor's signature

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We welcome your suggestions and contributions. The weekly deadline is noon Wednesday.

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reducing potential income for the state by almost \$250 million and for counties over \$11 million.

Much of the impact is due to reauthorization of tax exemption bills. The largest was the extension of the B&O credit and sales tax exemption for research and development businesses totaling \$174 million in state funds for the 05-07 biennium and \$5.5 million in county funds. Many counties supported the extension. The other large impact was the extension of the rural county tax incentives totaling \$39 million in state funds and \$2.4 million in county funds. This bill was supported by WSAC.

Please see the attachment for a complete listing of all eighteen bills.

Register Today for WSAC District Meetings

The WSAC Spring District meetings take place in April and offer the opportunity to focus on issues of regional concern to counties and county elected officials. The WSAC Eastern District meeting will be held at Campbell's Resort in Chelan County April 8 - 9, 2004. Two weeks later, the WSAC Western District meeting is held at the Heathman Lodge in Clark County on April 22-23, 2004.

Brief descriptions of both meetings are provided below. Full details have been e-mailed to Eastern District members and are available on the WSAC website. Please sign up now to get advanced registration rates. Also, secure your guest room reservations as soon as possible.

EASTERN DISTRICT

The program begins with the Eastern District Business meeting and a Commissioners' Roundtable on Thursday morning followed by an update on watershed planning and salmon recovery from federal, state and local perspectives. Chelan and Douglas counties have arranged for an afternoon watershed tour in the Entiat basin for commissioners and other conference participants. Several legislators and state officials are expected to join us.

Friday's agenda will include a Legislative Wrap-Up and an Emergency

Management Training being developed by state and local emergency responders. You don't want to miss "Are You Prepared? What County Officials Should Know About Emergency Management" - an introduction to the roles and responsibilities of local elected officials before, during and after an emergency or disaster.

WESTERN DISTRICT

The program begins with the Western District Business meeting and a Commissioners' Roundtable on Thursday morning followed by an update on growth management legislation and a discussion of future steps. The afternoon features a workshop from legal experts to advise you on how to build a record and prevail against GMA challenges. John Pennington, Regional Director of the Federal Emergency Management Administration, is our luncheon speaker on Thursday.

Friday's agenda includes a brief Legislative Wrap-Up, an update on Watershed Planning Implementation, and an Emergency Management workshop. You don't want to miss "Are You Prepared? What County Officials Should Know About Emergency Management" -- an introduction to the roles and responsibilities of local elected officials before, during and after an emergency or disasters.

The Heathman Lodge will release the block of rooms on March 31.

NOTE: Legislative Committee schedules and agendas can be found at <http://www.leg.wa.gov/wsladm/calendar.cfm>

Budget, Finance and Taxes

2004 Property Tax Exemptions Passed by the Legislature

SHB 1322 exempts all real and personal property owned by a federally recognized Indian tribe and used for essential government services, from property tax.

Currently reporting taxpayers: \$126,000 in state school levy shifted to other taxpayers in 2004 and \$508,000 during the 2005-2007 biennium. Local revenue losses are estimated to be \$62,000 in 2005 with shifts to other taxpayers estimated to be \$349,000

Total local revenue impact:

Loss:	FY 2005	\$120,000
	FY 2006	\$125,000
	FY 2007	\$129,000
Shift:	FY 2005	\$678,000
	FY 2006	\$703,000
	FY 2007	\$729,000

EHB 1677 exempts farm machinery from a levy made by a county that is not considered as a rural county under RCW 82.14.370. This affects only seven non-rural counties: Clark, King, Kitsap, Perce, Snohomish, Spokane and Thurston.

Revenue loss is minimal; shift to other taxpayers will amount to about \$110,000 annually. This bill is effective 6-10-04

ESHB 3116 reenacts 1995 property tax exemptions for qualifying nonprofit blood banks, tissue banks or a combination of the two. The bill results from a court decision in August 2003, which specifically ruled that a cancer center does not qualify for these exemptions. The decision also nullified the exemption for certain existing tissue bank operation.

Revenue shift is minimal. This bill is effective 6-10-04.

SB 5034 increases the property tax exemption for eligible senior citizens and persons retired due to disability. The bill also increases the valuation income limit for participation in the property tax deferral program. Section 2 of the bill revises the definition of disposable income for purposes of qualifying for the exemption program. Health insurance premiums paid for

Medicare coverage will now be excludable from disposable income. An estimated \$3.2 million will be shifted to other taxpayers during the first fiscal year. These shifts will total \$12.6 million during the full 2005-2007 biennium. Local governments will experience reduced property tax revenue of approximately \$3 million annually, with a shift of taxes to other taxpayers equal to about \$29 million. This bill is effective 6-1-04.

Additional Protection for Service Men and Women Passed by Legislature

On the Governor's desk awaiting action is **SSB 6302**, establishing additional protections for persons ordered to active military service. County treasurers need to be aware of an amendment to the bill, added as the legislation passed out of the House on March 5. The bill is designed to bolster the Servicemembers Civil Relief Act (SCRA), signed into law by President Bush, in December, as a complete revision of the Soldiers' and Sailors' Civil Relief Act. The SCRA provides a number of significant protections to federal service members and National Guard members called into federal service aimed at postponing or suspending certain civil obligations while the service member is deployed.

SSB 6302 began as a bill to establish rights for students enrolled in public higher education institutions, allowing them to withdraw tuition and fees, complete courses upon return, or complete the course with a grade if sufficient coursework has been completed.

The amendment added a provision to the Deed of Trust Act (RCW 61.24) stating that all rights and duties conveyed under the federal SCRA apply to deeds of trust under Washington Law. In addition, no interest or penalties may be assessed by county treasurers on property taxes owed by military personnel who participate in Operation Enduring Freedom, for the period of April 30, 2003 through April 30, 2005 on delinquent 2003 or 2004 taxes. This

same type of legislation has become law throughout the years, during times of war.

New Property Tax Homestead Exemption Initiative 0000e

On March 9, David Goldstein and Steve Zemke filed a property tax homestead exemption initiative with the Secretary of State's Office. The initiative was the template for House Bill 3076 before the 2004 Legislature. While the underlying bill failed, the sponsors may now begin to collect signatures to put the initiative on the fall ballot.

A property tax homestead exemption would be provided for all owner-occupied principal residences. The exemption for excess levies would be equal to 20% of the median value of property in each county. The exemption for the state property tax would be equal to 20% of the state's median value of property. For local taxing districts, the exemption would be equal to the lower of 20% of the county median property value, or the maximum that can be exempted without resulting in a loss of revenue due to the aggregate rate limits.

According to Scott Noble, King County Assessor and Chair of the Assessors' Legislative Committee, contrary to the belief of the sponsors, the initiative would not grant relief to all homeowners. An exemption of zero value may be the answer to taxpayers in districts limited by their statutory rate limit. Many homeowners will have an exemption of "zero," since this would be the "lower of 20% of the local county's median property value as of January 1 of the assessment year, or the maximum exemption that can be applied uniformly within the district without resulting in a loss of revenues due to the aggregate limits imposed by RCW 84.52.043 or other statutes." This would be particularly true in Eastern Washington Counties. We doubt taxpayers fully understand this aspect of our property tax system, and do not think they will be amused when granted an exemption of "zero" value. This would only serve to further

Budget, Finance, and Taxes (continued)

frustrate voters who believe they will receive such an exemption.

Noble agrees with the sponsors comments on the proliferation of property tax exemptions. Comparing the 2000 Department of Revenue Tax Exemption Manual with the new one for 2004 is sobering. The increase, just the increase, in property tax exemptions between the 99-01 Biennium and the 03-05 Biennium is \$9.352 BILLION IN PROPERTY TAX DOLLAR INCREASES! This shift is directly to homeowners and small businesses. Noble describes the current property tax system as going to lunch with 9 other people, and when you examine the tab for accuracy, 7 people skip out of the restaurant, leaving 3 people to pay the tab of ten. Exemptions as a percentage of potential tax base now is near, or exceeds 70%.

Noble notes the total property tax increase from ALL DISTRICTS IN THE STATE FOR FOUR YEARS (99-03) HAS BEEN \$1.172 BILLION. **Of course this means exemptions have produced property tax increases onto homeowners at a rate**

approximately EIGHT TIMES HIGHER THAN TAXING DISTRICT LEVY INCREASES.

While there have been many attempts at reform, including initiatives, they have fundamentally confused cause and effect. The Assessors' Association has advocated, and initiated proposals, for three years on the need for exemption review and truth-in-taxation policies. So far, the Assessors' efforts unfortunately have been without success.

2004 Budget and Policy Measures

County government won new revenue resources and new revenue authority in the budget and policy measures enacted in 2004. A thorough – but still draft – accounting of the budget additions and subtractions is attached to this issue of the Courthouse Journal. It will be refined, amended, and published in complete form after Governor Locke finishes taking action on 2004 legislation.

In the meantime, some of the highlights include the new revenue

authority provided to smaller population counties (under 90,000 population) to seek voter approval for a 50 cent levy above the \$1.80 limit for criminal justice purposes (**HB 2519**). And, counties with state or federal timber lands will see a gradual increase of approximately \$4.5 million in timber tax revenue over the next ten years as a result of passage of **ESHB 2693**.

The 2004 supplemental budget provides four million dollars in addition to the existing \$5 million for the first year of the biennium to counties continuing to receive general state assistance after the legislature repealed the dedicated revenue from a portion of Motor Vehicle Excise Tax receipts. King County and Pacific County are provided grants of \$807,000 and \$147,000 respectively for extraordinary criminal justice expenses. In the human services universe, the budget provides counties a net increase of \$8.8 million for mental health programs and an additional \$7.5 million for developmental disabilities programs.

Courts, Public Safety, Law & Justice

Also passed

The following bills drew little notice during the legislative session but also passed the legislature:

SB 6472, revising provisions relating to victims of crime (Mar. 12 Courthouse Journal).

SB 6478, increasing the regulation of the sale of ephedrine, etc.

HB 2583, authorizing issuance of citations and infractions by electronic device.

HB 2849, sex offender treatment providers.

SB 5083, recognizing concealed weapons permits of states who recognize Washingtons.

SB 6326, defining prohibited bus conduct.

SB 6338, creating an affirmative defense re the theft of merchandise

pallets.

HB 2473, weapons in courthouses (see article that follows).

Domestic Violence Legislation Signed

Governor Gary Locke signed the following bills into law on March 15 during a special signing ceremony in Tacoma:

SB 6161, domestic violence policies for law enforcement agencies. The Washington Association of Sheriffs and Police Chiefs and others will develop, disseminate and help implement model domestic violence policies in law enforcement agencies within several timelines named in the bill.

HB 2473, weapons in courthouses. Law enforcement officers who are parties to a civil action of criminal action

involving domestic violence or harassment are prohibited from bringing a weapon into a courthouse. Chapter 16, Laws of 2004 effective June 10, 2004.

HB 1645, rental of housing for domestic violence victims. This bill allows victims of domestic violence to terminate rental agreements without penalties and prohibits landlords from evicting or refusing to rent to them. Chapter 17, Laws of 2004 effective September 15, 2004.

SB 6384, domestic violence offenders. Courts are authorized to impose an additional penalty of \$10 for domestic violence convictions to fund prevention programs in that jurisdiction. Note: To view other bills that have been signed by the Governor or have been scheduled, go to www.governor.wa.gov and click on 2004 Bill Action in the right hand column. Effective dates and

Courts, Public Safety, Law and Justice (continued)

Session Laws Chapter numbers for each bill are available at www.leg.wa.gov. Go to bill information.

SSB 6527, statutory attorney fees, increases the statutory amount that prevailing parties may recover in addition to filing and service fees from \$125 to \$200 for cases in district and superior court, the court of Appeals and the Supreme Court. If a district court judgment is over \$50 but less than \$200, the statutory attorney's fee remains at \$125. **SSB 6527** adjusts the fee set in 1985 and has been delivered to the Governor.

Report Cites Inadequate Standards, Accountability in County Indigent Defense

The American Civil Liberties Union (ACLU) of Washington has issued a report that finds most counties in the state lack required basic standards and oversight for public defender services.

The report "The Unfulfilled Promise of Gideon" has been mailed to all county commissioners, and also is available at <http://www.aclu-wa.org/pubs/pdf/Unfulfilled%20Promise%20of%20Gideon.pdf>

Although the state passed legislation in 1989 directing local governments to enact formal standards for the delivery of

indigent defense services, the ACLU finds that a majority of counties still have not adopted the standards required by RCW 10.101.030. It identifies King County as the only jurisdiction with formal standards on all statutorily required topics, including a numerical limit on attorney caseloads. While 13 counties have adopted at least some standards, the report states that 25 counties have not adopted any standards. The report also faults the state for not providing oversight to ensure that public defender agencies and contracts meet minimum constitutional standards.

The title of the report is in reference to the 1963 U.S. Supreme Court case *Gideon v. Wainwright*, which established that government must provide defense counsel for criminal defendants who are too poor to pay an attorney. The Washington Supreme Court, in *Strickland v. Washington*, later elaborated on the Gideon decision and ruled that the right to counsel guarantees not just the appointment of an attorney but also the "effective assistance of counsel."

In several counties in recent years, courts have found that contract indigent defense attorneys failed to provide effective assistance of counsel to defendants. In some cases, the counties rehired the attorneys after they had been

found ineffective.

To remedy what it identifies as deficiencies in the current system, the ACLU is calling on the state to require counties to adopt minimum standards for public defender services, including numerical caseload limits, and provide separate payment of fees for expert witnesses. The ACLU also wants the state to formally oversee county indigent defense services and bar renewal of contracts with attorneys who fail to meet Bar Association standards.

In related efforts: A task force of the Washington State Bar Association also is reviewing county indigent defense, including funding issues, and is expected to issue its report this spring. And a Supreme Court task force is studying court funding issues with an ultimate goal of proposing new funding resources for the trial court system, including indigent defense.

Courthouse Ramblings

Pierce County recently honored **Mac Fingerroot** of Tacoma, a reserve deputy for the Pierce County Sheriff's Department. Deputy Fingerroot received a Long-Term Achievement Award for 40 years of service. His work with the

handicap parking enforcement program in Lakewood has been invaluable, according to Lin Spellman, who chairs the recognition program. Congratulations Mac, thanks for the great job.

* * * * *

Environment, Land Use and Resources

CORRECTION: One State Land Acquisition Bill Lands on Governor's Desk

Last week we incorrectly reported that none of the measures addressing the state agency land acquisition process were adopted. In fact, **SSB 6242**, sponsored by Senator Linda Parlette (R-Chelan County) was the last bill passed before the Legislature adjourned. A WSAC priority bill, it directs the InterAgency Committee on Outdoor Recreation to inventory acquisitions for habitat and recreation and recommend to the legislature a strategic plan for acquisition and disposal for both habitat and recreational lands, taking into account existing state, federal and local lands before purchasing more property.

We thank Senator Parlette for her persistence.

Legislature Funds Land Use and Annexation Studies

\$252,000 has been appropriated to the Office of Financial Management to "study land use and local government finance and make recommendations on the impact that trends in city and county revenue sources and expenditures may have on land use decisions made by counties and cities and meeting goals of the growth management act." Such a study was first considered in **HB 2805**, but it failed to pass, so instead this study

was referenced and funded in the budget. WSAC is consulting with advocates of this study, the Governor's office (who will conduct it) and others such as the Association of Cities, to begin thinking about how best to participate. Stay tuned for more in the coming months.

A more targeted study on the impediments to annexations in certain counties was also funded. King County had introduced legislation on this study, but it failed. Instead, the budget contains a direction to the Department of Community, Trade and Economic Development (CTED) to undertake this study in King, Pierce, Snohomish, Thurston, Kitsap and Clark counties, using an equal share of state and King County funds (i.e., \$60,000 a piece). At the discretion of "the county administrative officer," a county and cities within may choose not to participate in the study by notifying CTED no later than July 1, 2004. WSAC staff will be contacting each of the counties to see if they want to participate and help coordinate the county efforts.

Growth Management Hearing Boards invite comments on their rules of practice and procedures

The Growth Management Working Group requested the Hearing Boards provide an opportunity for local governments and the public to provide them feedback on their rules and procedures. As a result of our request

and feedback, the joint boards have decided to undertake a systematic review of their procedures, with an eye to any rule changes or additions that could improve them. They will be holding three public meetings in the month of April to hear from interested members of the public. If you can't attend the hearings, you can also send them a letter.

Schedule of Rules Public Meetings

Eastern Washington - Wed., April 14, 2004, 3:00 p.m. to 4:30 p.m., at the Best Western Hallmark Inn, 3000 Marina Drive, Moses Lake, Washington.

Central Puget Sound - Tues., April 20, 2004, 10:00 a.m. to Noon at the Everett Public Library, 2702 Hoyt Avenue, Everett, Washington.

Western Washington - Thur., April 29, 2004, 3:30 p.m. to 5:30 p.m. and 7:00 p.m. to 9:00 p.m. at the General Administration Building, 1st Floor Auditorium, 210 11th Avenue SW, Olympia, Washington.

The Boards would be happy to consider Rule change proposals and would appreciate your organization's identifying any Rules that could be amended or added to make the Boards' proceedings clearer, fairer and more efficient. For your reference, the Rules may found in Chapter 242-02 WAC, accessible from their website at www.gmh.wa.gov.

General Government Issues

Applications Soon Available For CTED Capital Grants

This spring, the Washington Department of Community, Trade and Economic Development will begin a new biennial grant cycle for three competitive grant programs that assist non-profit organizations in acquiring, constructing or renovating facilities. For the 2005-2007 biennium, the Building for the Arts (BFA) and the Community Services Facilities (CSF) programs will be joined by the Youth Recreational Facilities (YRF) Program. Although these programs are run in a similar fashion, funding amounts, eligibility

requirements, deadlines and application materials are different.

The BFA program offers grants of up to \$1 million for arts or cultural facilities. The state match is up to 20 percent. Application materials will be available Monday, March 29. Application deadline: Friday, May 14, 5 p.m.

The CSF Program offers grants of up to \$400,000 for non-residential social service facilities. The state match is up to 25 percent. Application materials will be available Monday, April 12 and the deadline for applications is Friday, May 28 at 5 p.m.

The YRF Program offers grants of

up to \$300,000 for non-residential facilities with a substantial youth recreational component as well as a social service or educational component. The state match is up to 25 percent. Application materials will be available Monday, May 3 and the deadline for applications is Friday, June 18 at 5 p.m.

Information is available at CTED Capital Programs' web page found at www.CTED.wa.gov (click on "Local Government," "Community Development Programs" and "Capital Programs").

Transportation and Public Works

2004 Supplemental Transportation Budget SHB 2474

When it looked like a supplemental transportation budget was hopeless, the Senate and the House came together on the last day of session to reach an agreement. This is an executive summary of the budget.

Ferry Security: \$3.8 million-Federal regulations require WSDOT to develop and implement a security plan for the ferry system.

- The ferry system will add information technology positions, new security personnel and training.
- The Washington State Patrol will add K9 teams and cadet surveillance teams to monitor vessel and terminal public areas, including vehicle waiting areas.

I-776 Reductions: \$41.3 million- The initiative eliminated the gross weight fees for trucks 8,000 pounds and under and resulted in a loss in revenue supporting several transportation accounts. The 10-year loss is \$205 million. The biennial loss follows:

I-776 Reductions:

- \$30.7 million Motor Vehicle Account revenue reduction.

- \$9.4 million State Patrol Highway Account revenue reduction.

- \$1.2 million gross weight fee refund processing.

\$41.3 million I-776 Total Reduction

I-776 Response: \$44 Million- Revenue losses and new liabilities are partially mitigated through available fund balances, federal funding provided for ferries, a risk management reduction, and reductions in state expenditures.

Some of these include:

- \$18.6 million state ferry capital funding is replaced with federal funding.

- \$8 million fund transfer from Transportation Equipment Fund and Advance R.O.W. Account.

- \$8 million risk management reduction.

- \$9.4 million net from State Patrol Highway Account fund balance.

Nickel Project Management and Schedule Adjustments

Adjustments to project scheduling are adopted. The Transportation

Commission recommended minor

adjustments to project cost and scope have also been adopted.

- No projects have been added or subtracted from the 2003 Transportation (Nickel) Program.

- All projects originally listed are slated for completion within the financial package adopted in 2003.

- The budget accelerates the schedule for projects associated with the 2010 Olympics, including I-5 HOV at Everett and SR 539 (10 Mile to the Border) in Whatcom County. The budget also provides an accelerated schedule for the SR 16 Burley Olalla Interchange project, which is accelerated by one year.

Highway Expenditures (Additional Current Law Projects):

- \$1.7 million is provided for additional noise walls on I-5 by Salmon Creek.

- \$6.1 million (\$1 million in 03/05) is provided for the Purdy Creek Bridge.

- \$400 thousand is provided for a traffic and economic study of the Mount Saint Helens tourist and recreational area.

- \$550 thousand is provided for a route development plan of state route 169.

- \$2.48 million (in 03/05) is provided for either the SR28 - East End of the George Sellar Bridge Phase 1 project or the US 2/97 Peshastin East Interchange project.

- \$11 million of the Puyallup Tribal Settlement Account is provided for the Morgan Murray Bridge.

- \$1.5 million provided for the Skagit River Flood Mitigation and Keystone Terminal studies.

- \$1.2 million provided for Yelm bypass.

- \$650 thousand provided for SR 164 corridor study.

- \$500 thousand provided for sensitive lands database.

Other Transportation Expenditures
Freight and Rail Projects:

- \$800 thousand is provided for the Lewis County Rail Project.

- \$13.92 million is provided for Freight Mobility Strategic Investment Board projects. The list is available on-line.

Washington State Ferries:

- \$1 million is provided for a study on the viability of the existing Keystone harbor.

- Funding for the fourth vessel has been accelerated from 2011-13 to 2007-11.

This adjustment provides for more efficient contracting and millions of dollars in savings associated with building the four vessels consecutively.

- \$15.4 million has been received in one-time federal funding, including \$9.4 million for ferry security equipment purchases.

- Funding for the Vashon to Seattle passenger-only ferry is provided through fiscal year 2005.

- \$3 million in toll credits are assigned to Kitsap Transit to assist them in obtaining a federal match for passenger-only ferry capital projects, which alleviate the need for state or local funds.

- Washington State Ferries is to develop a 10-year strategy.

Public Transportation:

- Greater flexibility is provided for special needs transportation providers. Funds may be used by transit agencies for operating and capital as long as the agencies maintain or increase special needs transportation compared to the previous year.

- The use of vanpool funds provided in 2003 is expanded to include incentives to employers to increase employee vanpool use.

- \$100 thousand is provided for Benton County Commute Trip Reduction.

- \$500,000 is provided to King County for a car sharing program. Funds serve as a state match to obtain federal funding.

Department of Licensing:

- \$2.4 million is provided to purchase and implement digital license plate printing equipment. (\$2 million from the License Plate Technology Account, \$400 thousand from the Motor Vehicle Account).

- \$721 thousand is provided to replace outdated printers in vehicle licensing offices throughout the state.

- \$475 thousand is provided for an emergency data recovery center.

- \$369 thousand is provided for renewal of drivers' licenses via the internet or through the mail.

- \$354 thousand is provided to bring the Commercial Driver's License program into compliance with federal law.

- \$452 thousand is provided to prepare to implement a biometric security system for drivers' licenses to prevent identity

Transportation and Public Works (continued)

fraud.

Washington State Patrol:

- \$2.1 million will add K9 teams and cadet surveillance teams to monitor vessel and terminal public areas, including vehicle waiting areas.
- \$948 thousand is provided for Driving Under the Influence (DUI) equipment. The funding includes a \$198 thousand grant that matches DUI fine revenue directed to the State Patrol Highway Account.
- \$873 thousand is provided for the Motor Carrier Safety Assistance Program. The funding includes \$573 thousand in federal funds provided for the New Entrants Program and border protection.

Statewide Transportation Plan update is underway

This is a statewide plan to be developed by the Washington State Department of Transportation for consideration and adoption by the Washington State Transportation Commission. WSDOT and the Commission will be developing guidance for the planning process to assure appropriate parameters of statewide consistency in the planning approach. The WTP is a blueprint for transportation programs and building the case for additional revenue to support the programs. The plan was most recently issued in February 2002 for the 2003-2022 planning period. The plan covers all modes of Washington's transportation system: roadways, ferries, public transportation, aviation, freight rail, passenger rail, marine ports and navigation, bicycles and pedestrians. The WTP is required by state and federal law to be regularly updated.

It is important for cities and counties, regional transportation planning organizations (RTPOs), tribal nations, and transit systems and other key transportation providers across the state will help to match plan expectations to local needs and circumstances. The WSDOT is looking for help and input. They realize the local part of the system has critical program and funding needs. Please work with your RTPOs and MPOs to help identify key needs at the

local level. Your association staff will be working with the County Road Administration Board staff and WSDOT staff to ensure the plan includes the key statewide data.

DOT Transportation Safety Conference in the works

WSDOT is planning a one day workshop on April 20 (location yet to be determined) to bring about 100 people together statewide to discuss transportation safety needs for all of Washington's transportation system. The focus of the workshop is transportation user safety. This workshop will not focus on transportation security or transportation worker safety, but rather passengers of the transportation system (ferry riders, bus and vanpool riders, passenger rail riders) and those operating their own vehicle on the transportation system (general aviation, cars, trucks, pedestrians, bicyclists).

The workshop will accomplish:

- 1) An understanding of the transportation safety problems and the magnitude of those problems,
- 2) An agreed upon set of emphasis areas for transportation safety, and
- 3) Lists of those wanting to develop specific strategies for those emphasis areas.

Training and Upcoming Events

<i>Training or Workshop</i>	<i>Location</i>	<i>Date</i>	<i>Information</i>
<i>APRIL 2004</i>			
WA Association of Prosecuting Attorneys Spring Training Program	Spokane	April 21-23	(360) 753-2175
<i>MAY 2004</i>			
WA Association of Prosecuting Attorneys Support Staff Training Program	Campbell's Lodge, Lake Chelan	May 12-14	(360) 753-2175
<i>JUNE 2004</i>			
WA Association of Coroners and Medical Examiners' Training	Campbell's Lodge, Lake Chelan	June 22	(360) 427-9670 x 752
<i>JULY 2004</i>			
WA Counties Risk Pool - Risk Managers Training	Shilo Inn, Ocean Shores	July 20	(360) 586-7447
WA Counties Risk Pool - Board of Directors Workshop	Shilo Inn, Ocean Shores	July 21	(360) 586-7447
<i>SEPTEMBER 2004</i>			
WA Association of Prosecuting Attorneys - Juvenile Training Program	Icicle Inn, Leavenworth	September 12-14	(360) 753-2175
WA Association of Prosecuting Attorneys - Drug Training Program	Icicle Inn, Leavenworth	September 15-17	(360) 753-2175

Calendar of Events

<i>Meeting</i>	<i>Location</i>	<i>Date</i>	<i>Information</i>
2004			
WA County Administrative Association Annual Conference	Leavenworth	March 24 - 26	(360) 397-2232
WA State Association of Counties - Eastern District Meeting	Campbell's Resort, Chelan	April 8 - 9	(360) 753-1886
ACE Committee (Payroll & HR)	Yakima Convention Center	April 14	(360) 586-0466
WA Counties Risk Pool Risk Managers Roundtable	Icicle Inn, Leavenworth	April 14	(360) 586-7447
WA Counties Risk Pool Spring Board Meeting	Icicle Inn, Leavenworth	April 15	(360) 586-7447
WA Association of Prosecuting Attorneys Spring Training Program	WestCoast Ridpath Hotel, Spokane	April 21-23	(360) 753-2175
WA State Association of Counties Western District Meeting	Heathman Lodge, Vancouver	April 22 - 23	(360) 753-1886
WA State Association of County Auditors' Elections Conference	The Coast Wenatchee Center Hotel, Wenatchee	May 10-12	(360) 336-9420
Association of County Human Services Meetings	Chelan County	May 19 - 21	(360) 753-1886
WA Association of Prosecuting Attorneys/ Support Enforcement Project Annual Training Symposium	Best Western Lakeway Inn, Bellingham	May 3 - 7	(360) 753-3953
WA State Association of Police Chiefs Spring Conference	Yakima Convention Center, Yakima	May 24 - 27	(360) 486-2380
WA Association of Prosecuting Attorneys District Court Training Program	Icicle Inn, Leavenworth	June 3-4	(360) 753-2175
WA State Association of County Assessors Annual Conference	Hallmark Inn, Moses Lake	June 14-16	(360) 753-7319
WA State Association of County Auditors' Annual Conference	Lakeway Inn, Bellingham	June 16 - 18	(360) 753-7319
WA Association of Prosecuting Attorneys Summer Training Program	Campbell's Lodge, Lake Chelan	June 23-25	(360) 753-2175
National Sheriffs' Association	Seattle	June 26 - 30	www.sheriffs.org
County Clerk's Association 2004 Summer Conference	North Bonneville Hot Springs Resort, Skamania	June 22 - 25	(360) 753-7319
County Treasurer's Association 2004 Summer Conference	Heathman Lodge, Vancouver	June 22 - 25	(360) 753-7319
WA State Association of Counties 98 th Annual Summer Convention	Pierce County, Sheraton, Tacoma	June 22 - 25	(360) 753-1886
IACREOT 33 rd Annual Conference	San Antonio, TX	July 15-24	
NACo Annual Conference	Maricopa County, Phoenix, AZ	July 16 - 20	www.naco.org
Association of County Human Services Meetings	Kittitas County	July 21 - 23	(360) 753-1886
WA Counties Risk Pool Annual Board Meeting	Shilo Inn, Ocean Shores	July 22	(360) 586-7447

Calendar of Events (continued)

WA Counties Insurance Pool Rate Setting Meeting	Wyndham Gardens, SeaTac	August 19	(360) 586-0466
Association of County Human Services Meetings	Grays Harbor County	September 15 - 17	(360) 753-1886
WA Counties Insurance Pool Board Meeting	Radisson Hotel, SeaTac	September 16	(360) 586-0466
WA Counties Insurance Fund	Radisson Hotel, SeaTac	September 16	(360) 586-0466
Insurance Advisory Committee	Radisson Hotel, SeaTac	September 16	(360) 586-0466
Washington State Association of County Assessors (WSACA) Fall Conference	Everett, Snohomish County	September 13 - 16	
County & Regional Planning Directors/City Planning Directors Joint Conference	Campbell's Resort, Chelan	September 14 - 17	www.geocities.com/wsacrpdc
WACO/WSAC Joint Fall Conference	Spokane	October 4 - 8	(360) 753-7319
ACE Committee (Payroll & HR)	Yakima Convention Center	October 13	(360) 586-0466
WA Association of Sheriffs and Police Chiefs Fall Conference	Shilo Inn, Ocean Shores	November 15 - 18	(360) 486-2380
Association of County Human Services Meetings	Spokane County	November 17 - 19	(360) 753-1886
WA Counties Insurance Fund 2005 Budget Meeting	Red Lion at Columbia Center, Kennewick	November 18	(360) 586-0466
WA Association of Prosecuting Attorneys Winter Meeting & Banquet	Crowne Plaza Hotel, Seattle	December 9-10	(360) 753-2175
2005			
NACo Legislative Conference	Marriot Wardman Park Hotel, Washington, DC	March 3 - 4	www.naco.org
WA Association of Prosecuting Attorneys Support Staff Training Program	WestCoast Ridpath Hotel, Spokane	May 11-13	(360) 753-2175
WA State Association of Police Chiefs Spring Conference	WestCoast Wenatchee Center Hotel, Wenatchee	May 23 - 26	(360) 486-2380
WSAC 99 th Annual Summer Convention	WestCoast Hotel at Columbia Center, Kennewick	June 13 - 16	(360) 753-1886
WA Association of Prosecuting Attorneys Summer Conference & Training Program	Campbell's Lodge, Lake Chelan	June 22 - 24	(360) 753-2175
IACREOT 34th Annual Conference	New York, NY	June 28 - July 8	
NACo Annual Conference (City & County of Hawaii)	Honolulu, HI	July 15 - 19	www.naco.org
County & Regional Planning Directors/City Planning Directors Joint Conference	Campbell's Resort, Chelan	September 13 - 16	www.geocities.com/wsacrpdc
WACO/WSAC Joint Fall Conference	Ocean Shores	October 3 - 7	(360) 753-7319

Calendar of Events (continued)

2006			
WA State Association of Counties 100 th Annual Summer Convention	Whatcom County, Bellingham	June / TBD	(360) 753-1886
IACREOT 35th Annual Conference	San Francisco, CA	July 2-7	
NACo Annual Conference	Denver, CO	July 21 - 26	www.naco.org
2007			
NACo Annual Conference (Sponsored by the counties in the Metropolitan Richmond Area)	Richmond, VA	TBD	www.naco.org
IACREOT 36th Annual Conference	Charlotte, NC	July 14-22	

COUNTY REVENUE IMPACT OF MAJOR 2004 TAX LEGISLATION
Fiscal Years 2004-2005 and 2005-07 Biennium

Bill Number		FY 2004	County FY 2005	2005-07 Biennium	State 2005-07 Biennium	Comments
HB 1322	Exempting from taxation certain property belonging to any federally recognized Indian tribe		(\$24,537)	(\$98,545)	\$0	Property belonging exclusively to a federally-recognized Indian tribe and that is used exclusively for tribal government services is exempt from the property tax. Zero state impact due to \$245,000 in tax shifts per year.
EHB 1677	Property tax exemption for certain property used in agriculture		(\$50)	(\$200)	\$0	Machinery and equipment owned by a farmer as personal property is exempt from county property taxes if the farmer does not live in a rural county. Estimated CY 2005-2007 tax shifts are \$110,000 per year.
HB 2453	Accommodation sales of new vehicles between dealers		\$0	\$0	(\$7,947)	Existing B&O tax law provides an exemption for wholesale sales of new motor vehicles between auto dealers. This bill makes some technical corrections
ESHB 2546	Extension of B&O credit and sales tax exemption for R&D		(\$2,008,440)	(\$5,535,040)	(\$174,063,000)	Sections 3-8 of the bill amend the sales tax deferral/exemption program in Chapter 82.63 RCW. Currently, the program is scheduled to expire on July 1, 2004; this bill extends the expiration date to January 1, 2015. One other change specifies that federal contractors who do work for the federal government are not subject to use tax
ESHB 2675	PUT credit for power company contributions for rural development		\$0	\$0	(\$200,000)	RCW 82.16.0491 provides a tax credit against state public utility tax for light and power businesses. The total amount of credits for all firms is limited to \$350,000 per fiscal year. The program was scheduled to expire at the end of 2005, but ESHB 2675 extends the program until June 30, 2011.
ESHB 2693	Transfer of timber tax on public lands to counties		(\$184,325)	\$250,897	(\$861,000)	This bill phases in a 4% county timber excise tax on public lands between 2005 and 2014 while exempting timber from property tax
ESHB 2784	Creating the small business incubator program.		Non-zero but indeterminate revenue impact		Non-zero but indeterminate revenue impact	Creates the Small Business Incubator Program to assist start-up and existing firms with viable products that are located in economically distressed or disadvantaged areas.
EHB 2968	B&O tax deduction for salmon restoration grants	\$0	\$0	\$0	(\$840,000)	Grants received by nonprofit organizations from a government agency which supports salmon restoration programs may be deductible for state B&O tax purposes.
SHB 2929	B&O tax deduction for beef processors	\$0	\$0	\$0	(\$3,875,041)	The bill provides a temporary reduction in state B&O tax for firms that process beef products for sale at wholesale
ESHB 3116	Exemptions for blood and tissue banks		(\$4,760)	(\$11,060)	(\$552,000)	Broadens the exemptions for blood and tissue banks

SHB 3158	Sales tax exemption for publishers' computer equip./software	(\$56,000)	(\$127,400)	(\$3,120,000)	New exemptions from retail sales and use tax are established for purchases of computer software and hardware by printers and publishers.	
SB 5034	Seniors/disabled property tax exemption	(\$622,139)	(\$2,450,958)	\$0	The property tax exemption for eligible senior citizens and persons retired due to disability is increased by this legislation. Zero state impact due to \$6.3 million per year in tax shifts - \$29.5 million in local tax shifts	
SSB 6115	Use tax exemption; donated recreational services	(\$1,120)	(\$7,140)	(\$14,700)	(\$409,200)	RCW 82.12, is amended to extend a use tax exemption for donated recreation and amusement services
SB 6141	Clarifying property taxation of vehicles carrying exempt licenses	(\$12,269)	(\$47,886)	\$0	This bill clarifies that property tax does not apply to motor vehicles which carry exempt license plates. There is no real impact since counties are not assessing the vehicles now.	
SSB 6240	Extension of rural county tax incentives	(\$971,700)	(\$2,409,700)	(\$39,118,000)	The bill allows a deferral program of sales/use tax on construction and acquisition of machinery; if the firm continues to meet the requirements of the program the deferred tax is converted to an exemption. It also extends the expiration date so that the program will terminate on July 1, 2010	
2SSB 6304	Various tax incentives for aluminum smelters (B&O credits)	\$0	\$0	(\$3,037,644)	Credits against the state B&O tax only - no local impact	
SB 6490	Use tax exemption for fuel cells	(\$13,996)	(\$27,992)	(\$242,666)	A correction to 2001 legislation to include a use tax exemption on fuel cells.	
SB 6515	Streamlined sales tax agreement; correction of errors	(\$5,600)	(\$365,120)	(\$898,660)	(\$21,961,135)	This bill makes certain corrections to legislation enacted in 2003 which is intended to make Washington's retail sales tax more consistent with the recommendations of the Streamline Sales and Use Tax Agreement
Total Revenue Impact on County Government		(\$6,720)	(\$4,245,889)	(\$11,272,499)	(\$248,287,633)	