September 27, 2013

Association of Washington Cities  
1076 Franklin Street SE  
Olympia, WA 98501

Dear AWC Executive Board:

On behalf of the Washington City/County Management Association (WCCMA) I would like to express our appreciation to the Association of Washington Cities for representing cities’ interests and allowing us to be a part of the legislative priority process. While individual cities’ interests may be diverse, we share a number of common objectives important to us all. We believe that cities and counties can and should be working in partnership with the state to provide direct services to all citizens. We seek the State Legislature’s support in maintaining and restoring local state shared revenues and providing flexibility for funding services through local revenue options. In addition, we value the ability to retain local control over local services. Consistent with these principles and in recognition of the short 2014 legislative session, WCCMA city managers and city administrators have assembled a brief list of priorities and strategies for the coming year.

Retain and Enhance Local Revenue Options

The budget challenges faced by the state legislature in 2013 were daunting and further exacerbated by the immediate need to fund public schools. We appreciate the legislature’s decision to maintain local revenue options and flexibility (e.g. use of lodging tax revenue) and the protection of streamlined sales tax and annexation sales tax credit that help advance important state and local policy initiatives. However, the legislature’s decision to further reduce the amount of liquor tax and liquor profits allocated to cities and to strip the Public Works Trust Fund account of much-needed infrastructure financing capacity should be reversed.

We offer the following specific actions for consideration:

- Restore liquor tax and liquor profit allocations to cities to pre-2011 levels.
- Provide meaningful new local transportation revenue options that allow cities direct authority to address large unmet needs.
- In recognition of local governments’ responsibility for administration and enforcement of marijuana laws and regulations, allocate a fair share of marijuana tax revenues to cities to help offset criminal justice costs.
• Remove sunset provisions currently in place for flexibility of local real estate excise taxes and lodging taxes.
• Restore the Public Works Trust Fund to pre-2013 levels and place a priority on leveraging local infrastructure dollars with state grants and capital budget allocations that can be used for all phases of capital planning, design and construction.

Achieving sustainable revenue sources for state services as well as local services should be an overarching goal of any legislative initiatives proposed in the coming session.

Support Local Control of Local Services and Revenue Sources

The residents of cities in Washington are uniquely qualified to determine local needs, local levels of service and service delivery systems. State intervention on local administrative systems often results in unintended consequences to cities that may be contrary to the original policy objectives of the legislation. Cities have an interest in retaining local control over local matters where appropriate:

• Allow local business and occupation taxes to continue to be administered locally.
• Reduce or eliminate reporting requirements that are imposed along with new revenue flexibility such as the requirements that accompanied extension of lodging tax flexibility. Streamline or eliminate reporting requirements that impose an increased administrative burden on local government and non-profit agencies and that may not be used in any significant way by policy makers. Many of our local governments distribute the lodging tax to non-profit agencies who are made up of volunteers that simply don't have the time and expertise to devote to the reporting requirements that have been imposed.
• Allow cities and counties to establish public defense standards that are in keeping with the standards established by the Washington Supreme Court and that allow for reasonable adjustments based on local factors.
• Given the prospect of the large number of experienced public servants that are expected to be leaving the workforce in the coming years, allow greater flexibility for retired public employees to reenter the work force without penalty to the employee or the employer.
• Reward cities with a history of clean audits by performing only federally-required audits on an annual basis and redirect State Auditor's Office resources to cities and counties where the assistance is needed the most.

Promote Local Government Efficiency and Cost Control

Cities have long recognized the financial burden of rising labor costs and burgeoning public records requests and have sought relief from the state to stem rising local costs to comply with state laws. We understand there are no simple answers but do believe that we need to continue efforts to shift the long term trajectory of these trends.
• City managers and administrators will continue to partner with AWC in working collaboratively with labor to reach solutions to sustaining levels of service and reasonable compensation, especially with arbitration-eligible employees. We will continue to participate and assist in any way we can with this important effort.
• The legislature appropriated funds for a study to be conducted by the Ruckelshaus Center on public records requirements and prevention of abusive requests. We applaud the Legislature’s recognition of this growing problem and support additional funding for the study so that a meaningful and mutually-beneficial solution can emerge.

The experience of the past few years highlights the importance of being nimble in the face of economic turmoil. Economic growth provides an opportunity to revisit prior decisions about service levels, taxation and new policy initiatives. Going forward, we expect that recovery of state revenue levels will be reflected in the restoration of local revenues and assistance programs because, as cities thrive, so does the state.

Government agencies at all levels are struggling to meet rising demands at a reasonable cost while still maintaining our basic responsibility to our citizens for public safety, dependable infrastructure, environmental protection and health and human services that provide the quality of life Washington residents have come to expect. Cities can accomplish much at the local level, but a strong partnership between local and state government adds value for everyone. In short, we expect that legislative actions will be mindful of imposing further administrative requirements and restrictions on local government, maintain existing local revenue sources and state allocations and share equitably in new revenue sources and economic growth at the state level.

We would like to thank the AWC Board for continuing to advocate for state and local partnerships that keep cities whole financially, operationally efficient and properly accountable to our citizens.

Sincerely,

Bob Gregory
WCCMA President

Cc: WCCMA
    Dave Williams, AWC Director of State and Federal Relations.