



# 2017 Legislative Update

By: Mark Gjurasic, Terry Kohl & Chester Baldwin,  
WA-SSA Lobbying Team - Washington State



WASHINGTON SELF-STORAGE ASSOCIATION



## Why Should you Belong to WA-SSA?

The Washington Self Storage Association (WA-SSA) is an organization in which owners, operators and vendors involved in self-storage can keep abreast of important changes in the self storage industry. This might include notification of upcoming legislation that could have an impact on the industry. It might be information regarding changes in market conditions that might affect you directly. Or it could be banks, cities or counties that have adopted new regulations, which will be of interest to you as a owner, operator or vendor.



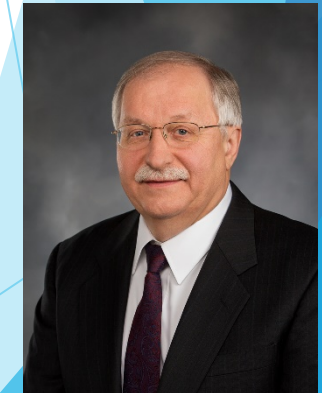
Patrick Reilly  
WA-SSA President

# What's Going on in Olympia?

- ▶ 105 Day Session
- ▶ 1<sup>st</sup> - 30 Day Special Session (Finishes Tuesday, May 23)
- ▶ 2<sup>nd</sup> 30 Day Special Session (Wednesday, May 24?)
- ▶ Need Passage of:
  - ▶ State Operating Budget
  - ▶ State Capital Budget
- ▶ State Revenue Forecast Projection Released:
  - ▶ Tuesday, June 20, 2017



Sen. Mark Schoesler (R)  
Senate Majority Leader



Frank Chopp (D)  
Speaker of the House

# Washington State Important Economic Facts



- ▶ Businesses pay **54%** of all state taxes
- ▶ Washington businesses have the **28<sup>th</sup>** highest tax burden (*Tax Foundation, Washington Business, Spring 2016*)
- ▶ **39<sup>th</sup>** Worst in “overall taxation and regulation” (*Chief Executive Magazine, 2017*)

# 2017 Unemployment Rate

“Ties 10 Year Low, But Prosperity is NOT Experienced Statewide”



US Unemployment

**4.4%** April, 2017

State Unemployment

**4.6%** April, 2017

Seattle Unemployment

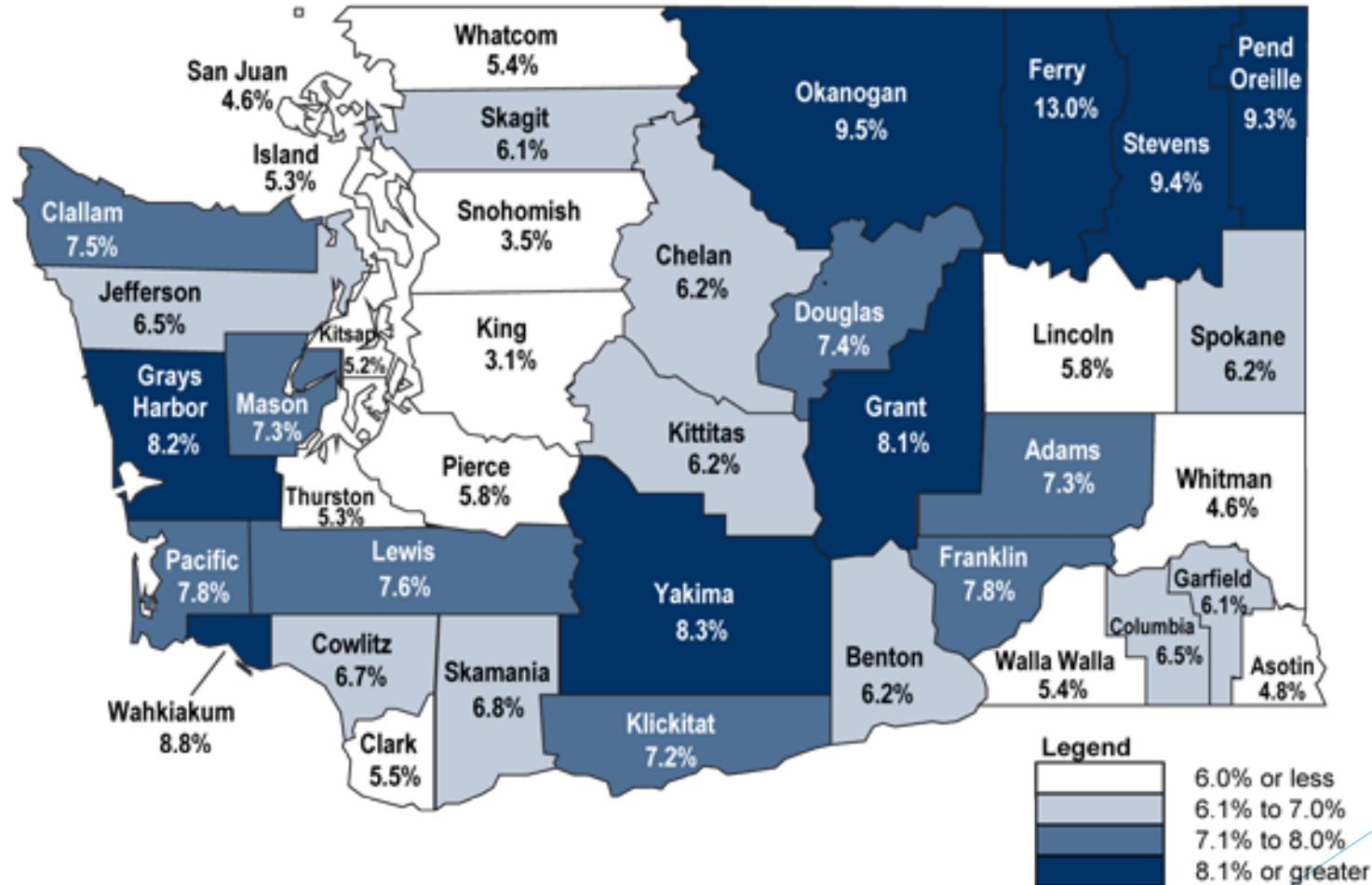
**3.3%** April, 2017



# Washington State Unemployment

March 2017

County unemployment rates, not seasonally adjusted



**NOT All of Washington is Doing WELL!**

# 2017 Inslee Tax Plan

- ▶ The taxes included in Inslee's 2017-19 budget proposal include (House & Senate Proposals Similar):

1. **Capital Gains Tax: \$821 million**

Stock, bonds & some real-estate, 7.9% (new tax)

2. **Increased Tax on Service Businesses: \$2.3 billion**

From 1.5% B&O to **\$2.5%** with no sunset

3. **Carbon Tax: \$2.1 billion** (half for Operating Budget half for Capital Budget). It's a **\$25 per metric ton of emissions**. 1<sup>st</sup> year goes higher per year (new tax)

4. **Closing Tax Exemptions: \$320 million**

Sales tax on Services (new tax)



# 2017 Inslee Tax Plan



- ▶ Total New Revenue: **\$4.4 billion** for operating budget, **\$1.1 billion** in Capital Budget
- ▶ New taxes **\$5.5 billion**
- ▶ Sales Tax on Services would impact about 170,000 tax payers: Property management fees, real-estate commission, janitorial services, etc.

*“Inslee’s 2017-2019 budget largely looks to taxes he’s proposed before, but this time on a larger scale” ~*

*(The Olympian, January 1, 2017)*



# IMPACT WA-SSA Members: Democrat Plan - HB 2186/SB 5929 Tax Package

## 1. New State Capital Gains 7% Tax:

- Sale of real-estate, commercial, industrial and residential rental (exempts your home, certain pensions, agricultural land and property)
- Sales of stocks and bonds, gold and silver, other precious metals
- **IMPACT:** Sale of business, real-estate property and stocks and bonds, etc. is taxing your pension.



Jay Inslee  
Governor

# Democrat Plan - HB 2186/SB 5929

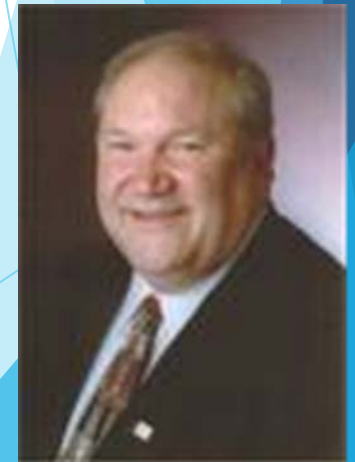
## Tax Package

### 2. \*B&O Tax Increases: **20% increases**

- 0.471: **Retailing**: contractors, restaurants, clothing, Costco, Nordstrom, etc.
- 0.484: **Subcontractors**, wholesale and manufacturing, etc.
- 1.50: **Services**: architect, accounting, window washers, property management, realtors, legal, janitorial, and engineers, etc.
- 1.63: **Private Nontribal Gambling**: "Contest of chance" (card rooms)
  - \* **B&O Deduction** for 250K business income, 100K deduction if over 250k up to 500K



Rep. Frank Chopp (D-43)  
Speaker



Don Arsenault  
WA-SSA Legislative Chair

# Democrat Plan: HB 2186/SB 5929 Tax Package

## 3. New: Graduated Real Estate Excise Taxes

(Now 1.28%):

- 0.75: Selling price is less than 250K
- 1.28: Selling price is \$250K to \$1 million
- 2.0: Selling price is \$1 million to \$5 million
- 2.5: Selling price is \$5 million and above



Sen. Sharon Nelson (D-34)  
Democratic Leader

*“Businesses are more likely to have property sold at a higher REET rate which is paid by the seller.”*

# Senator Dino Rossi (R)



**Rossi challenges Chopp, introduces largest tax increase in state history**

*45th District lawmaker: 'I will not vote for this tax bill, but I'd like to give the Democrats a chance and see if they will'*

# WA-SSA Supported Bill

## SB 5286/HB 1082 - State Pre-emption on Commercial Rent Control

- ▶ Provides that no city or town can enact ordinances that regulate the amount of rent that a commercial property owner can charge their tenants. This legislation gives the same protection as residential state pre-emption to - commercial office building, shopping centers, self-storage and other businesses to include retail stores and provides stability and predictability.
- ▶ **SPONSORS:** *(Senators Angel, Hobbs, Fain, Takko; Representatives Manweller, Condotta, Buys)*
- ▶ **STATUS SB:** DEAD Senate Rules Committee
- ▶ **STATUS HB:** DEAD House Local Government Committee



Sen. Jan Angel (R-26)



Rep. Matt Manweller (R-13)

Assistant Minority Floor Leader

# King County Council Art Tax on August 1 Ballot

- ▶ Brought forth by King County Executive Dow Constantine.
- ▶ The Metropolitan King County Council, voted 7 to 2 on Monday, May 1 approved placing the "**Access for All**" measure on the **Tuesday, August 1 primary ballot**.
- ▶ Would **increase the sales tax by 0.1 percent, or 1 cent for every \$10 spent**.
- ▶ **Raise \$67 million a year** with more than 300 arts, science and cultural organizations receiving money.



Dow Constantine  
King County Executive

# Proposed Seattle Income Tax

- ▶ Drawn up by **Seattle City Councilmember Lisa Herbold**, with **Council President Bruce Harrell**, and supported by **Mayor Ed Murray** expresses the city's intent to adopt "a **progressive income tax targeting high-end households.**"
- ▶ The council will begin considering this ordinance by May 31 with the intent of passing it by **July 10**.
- ▶ There are still key factors that have not been determined, such as:
  - ▶ what type of household income would be taxed,
  - ▶ which households would be considered high-end,
  - ▶ at what rate the income would be taxed,
  - ▶ how the revenue from the tax would be spent and
  - ▶ how Seattle would go about collecting it.



**Lisa Herbold**  
Seattle City Councilmember

# Key Race to Keep Senate Republican Majority: November 7, 2017



Jinyoung Lee Englund (R)



Manka Dhingra (D)

Two candidates have emerged in what is this year's top legislative race. **Jinyoung Lee Englund**, a Republican, and **Manka Dhingra** a Democrat, are running to fill the seat left vacant by last year's death of Sen. Andy Hill, R-Redmond.

*45<sup>th</sup> Legislative District Includes part of King County including Woodinville, Duvall, and part of Kirkland, Redmond and Sammamish.*

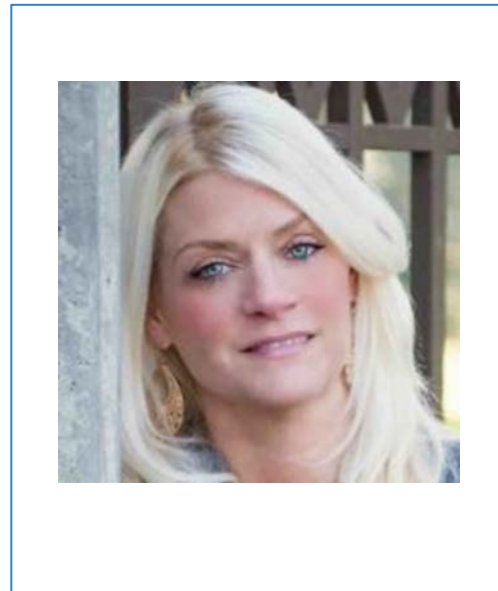
**Primary Election:  
Tuesday, August 1**



# 2<sup>nd</sup> Key Race in the Senate for November 7, 2017



Sen. Phil Fortunato (R)



Michelle Rylands (D)

*31<sup>st</sup> Legislative District Includes south King County and northeast Pierce County, including Auburn, Edgewood, Sumner, Lake Tapps, Bonney Lake, Enumclaw, Buckley, South Prairie, Wilkeson and Carbonado.*

THANK YOU!

Mark Gjurasic, Terry Kohl &  
Chet Baldwin

Mark Cell: 360-481-6000 - [MGJURASIC@COMCAST.NET](mailto:MGJURASIC@COMCAST.NET)

Terry Cell: 206-850-6030 - [TERRYKOHL88@GMAIL.COM](mailto:TERRYKOHL88@GMAIL.COM)

Chet Cell: 360-688-4588 - [CHET@LOBBYWA.COM](mailto:CHET@LOBBYWA.COM)

