

**Puget Sound Partnership
Salmon Recovery Council Management Brief
July 16, 2015**

TOPIC:

2015 Legislative Session Review

MEMO STAFF CONTACT:

Jeff Parsons, Legislative Policy Director
(509) 264-4905
jeff.parsons@psp.wa.gov

PRESENTER(S):

PSP Staff: Jeff Parsons

TYPE OF PRESENTATION:

- Oral presentation for a decision
- Oral presentation for discussion
- Oral presentation for information only
- Written briefing only
- Other: _____

ISSUE/QUESTION:

The SRC will receive a report on legislative actions affecting Puget Sound recovery that were taken during the 2015 regular and special sessions of the Washington State Legislature. By the end of this presentation, the SRC will be aware of the status of major legislative issues affecting the recovery of Puget Sound and will have been given the opportunity to provide guidance and feedback to staff on the effectiveness of PSP's activities and communication during the 2015 Legislative session.

ALTERNATIVES:

N/A

BACKGROUND AND KEY CONTEXT:

In the 2015 regular and special legislative sessions, the State Legislature considered bills that would help advance Puget Sound recovery and bills that would hinder that recovery (see attachments). Some themes emerged.

- The majority of legislators in both houses of the legislature continue to support Puget Sound recovery, but enthusiasm for it is tempered by competition for limited revenue and concerns about state agency land ownership, public access to land acquired with public funding, long-term stewardship of land acquired for habitat protection and restoration purposes, the loss of productive agricultural land, and removal of property from local tax rolls.
- The McCleary court decision on state funding for education and the recently-enacted class size initiative combined to significantly reduce the amount of money available for other state government investments, like habitat acquisition and restoration.

BACKGROUND AND KEY CONTEXT (continued):

PSP legislative activities during this year's legislative sessions included the following:

- **Monitoring and analysis of bills** to determine whether they help or hinder Puget Sound recovery.
- **Lobbying** to express the official agency position through testimony, letters and email messages to legislators, and meetings with individual legislators and legislative staff.
- **Communication and coordination** through weekly coordination meetings with Governor's Office staff and other natural resource agencies; PSP hosted conference calls and written Legislative Updates; and periodic legislative updates presented to the PSP Leadership Council and Ecosystem Coordination Board

ANALYSIS:

- The PSP operating budget is funded at the level requested by the Governor' including:
 - Assessing Recovery for Effective Investments
 - Puget Sound Salmon Recovery Plan revision
- Most programs of concern to PSP are funded at less than the amount requested by the Governor, but more than the amount initially proposed by the Senate.
 - State funds can still be used for land acquisition.
 - The Puget Sound Acquisition and Recovery (PSAR) program is funded at a level sufficient to fully fund all of the intended small capital projects in watersheds throughout the Puget Sound basin, plus the top ranked large capital, regionally-significant project, the Busy Wild Creek Protection Project in the Nisqually River watershed.
 - Floodplains by Design is funded at a level above the amount requested by the Governor.
- The legislature did pass:
 - A bill providing for the Department of Fish and Wildlife to study forage fish populations to inform the development of forage fish management plans
 - A Department of Health request bill providing for improved shellfish safety through biotoxin testing and monitoring.
 - A weakened version of the Governor's oil transportation safety bill that addressed oil transportation by rail, but not marine oil transportation in Puget Sound
- The legislature did not pass:
 - The on-site septic system financing bill, which was highest priority policy bill supported by PSP this year
 - The Governor's proposal for toxics reduction through chemical action plans
 - The Governor's carbon pollution market program
 - Any of the bills that would have hindered Puget Sound recovery

FINANCIAL AND ADMINISTRATIVE IMPACTS:

See attachments for budget analysis.

NEXT STEPS:

Discussion:

- What worked?
- What needs improvement?
- How can PSP staff and SRC members collaborate more effectively to represent PSP's interests in the legislative process?

INDICATE PEER REVIEW STATUS (FOR SCIENCE PANEL):

- Peer Reviewed
- Not-Peer Reviewed
- In Preliminary Review
- Requesting Review

ATTACHMENTS:

- "2015 Legislative Session Review for SRC, 7/8/2015"
- "Comparison of Proposed & Enacted 2015-17 Budgets for Top-Ranked Puget Sound Recovery Budget Requests (Revised, July 1, 2015)"

Comparison of Proposed & Enacted 2015-17 Budgets for Top-Ranked Puget Sound Recovery Budget Requests (Revised, July 1, 2015)

Puget Sound recovery program name & brief description (with PSP ranking in parentheses)	Governor's request	House proposal	Senate proposal	Compromise bill as enacted
Stormwater Financial Assistance Program (ECY-Cap) – Provide grants for local governments to implement stormwater retrofit projects that treat polluted stormwater in priority areas throughout state. (#1)	\$74 million (\$44.4 million for Puget Sound)	\$63 million (\$37.8 million for Puget Sound)	\$29.6 million (\$17.8 million for Puget Sound)	\$53 million Sec. 3062 - Proviso: Earmarks \$981,000 for WSU LID frontage.
Puget Sound Acquisition & Restoration Fund (PSP & RCO-Cap) – Provide grants for high-priority local and regionally significant capital projects identified in the Puget Sound Salmon Recovery Plan that protect or restore salmon habitat in the Puget Sound basin. (#2)	\$50 million	\$40 million	\$25 million Proviso: Funds may be used solely for restoration projects, not for acquisition	\$37 million Sec. 3169 – Proviso: Earmarks \$300K for 25-acre Illahee Forest Preserve
Salmon Recovery Funding Board (RCO-Cap) – Provide grants for projects statewide that protect or restore salmon habitat and implement priorities established in federally adopted salmon recovery plans for Puget Sound & elsewhere in state. (#3 - tie)	\$100 million (\$40 million state funds) (\$44.4 million for Puget Sound)	\$100 million (\$40 million state funds) (\$44.4 million for Puget Sound)	\$66.5 million (\$16.5 million state funds) (\$29.5 million for Puget Sound)	\$66.5 million (\$16.5 million state funds) Sec. 3164 – Proviso: Earmarks \$500K for Bothell golf course for fish habitat
Centennial Clean Water Program (ECY-Cap) – Provide grants to local governments for construction of wastewater treatment facilities, elimination of failing on-site sewage systems, and stormwater control and treatment facilities. (#8)	\$40 million (\$24 million for PS)	\$20 million (\$12 million for PS)	\$20 million (\$12 million for PS)	\$20 million Sec. 3054 – Proviso: Requires project audits & use of USDA program
Estuary & Salmon Restoration Program (DFW & RCO-Cap) – Provide grants for projects that protect and restore the Puget Sound near-shore habitat through science-based salmon restoration and protection projects, learning and monitoring projects, and technical assistance. (#9)	\$10 million	\$10 million	\$5 million Proviso: Earmarks \$2,500,000 for a Vashon-Maury Island Land Trust project.)	\$8 million Sec. 3170 – No proviso
Floodplains by Design (ECY-Cap) – Provide grants to tribes, local governments and non-governmental organizations for projects that restore natural conditions in floodplains by correcting problems created by previously constructed flood protection structures, and improve long-term resilience. (#10)	\$25 million (\$17.5 million for Puget Sound)	\$43 million (\$30.1 million for Puget Sound)	\$0	\$35.56 million Sec. 3064

Stormwater Retrofit (DOT-Trans) Treat stormwater run-off so pollutants like oil, fertilizers, pesticides, dirt, trash and animal waste are not carried into lakes, rivers and Puget Sound. (#13 – tie)	\$2.703 million (\$2.303 million PS) \$13 million (same for PS portion)	\$2.703 million) (\$2.303 million PS) New law: 0	\$2.703 million (\$2.303 million PS) New law: \$6.250 mil. Same for PS portion.	\$2.703 million (\$2.303 million PS) New law: 0
Implement Chemical Action Plans (ECY-Op) Increase number of Chemical Action Plans (CAP) developed each year, implement CAP recommendations, and monitor results to reduce impacts of toxic chemicals in Washington. (#17 – tie)	\$2.67 million (\$1.87 million for PS)	\$2.67 million (\$1.87 million for PS)	\$0	\$3.883 million Proviso: Lapses if none of the following pass: E2SHB 1472, 2SSB 5056, or SSB 6131
Wildlife & Recreation Program (RCO-Cap) – Fund a variety of high priority conservation, recreation, and farmland preservation projects throughout the state. (#19 - tie)	\$70 million (\$40.3 million for Puget Sound)	\$75 million (\$40.3 million for Puget Sound)	\$54 million* (\$41.4 million for PS) (No funds for Habitat Conservation Account)	\$55.323 million Sec. 3163 – Proviso: Requires stakeholder review of WWRP program & statute
Managing Aquatic Invasive Species (DFW-Op) Reduce risks from invasive species through detection, eradication, and prevention. (#26 – tie)	\$800,000 (\$480,000 for Puget Sound)	\$800,000 (\$480,000 for Puget Sound)	\$300,000 (\$180,000 for Puget Sound)	\$300,000
Fish Passage Barrier Retrofit (DOT-Trans) Fund projects that improve fish migration by eliminating existing barriers from rivers and streams. (#34 – tie)	\$81.8 million (\$69 million for PS) New law: \$ 30 mil. Same for PS	\$110.4 million (\$97.6 mil. for PS) New law: 0	\$32.6 million (\$31.4 For PS) New law: \$17.5 mil. Same for PS	\$70.8 million (\$58 mil. For PS) New law: 0
Puget Sound Nearshore Estuary Restoration Project (DFW-Op) – Provide state match to support Puget Sound nearshore partnership between DFW and the United States Army Corps of Engineers to restore nearshore estuary habitat. (Unranked as pre-existing program appropriation)	\$800,000	\$800,000	\$0 (Prohibits match for PSNERP projects)	\$800,000 Proviso: For Whatcom County projects, DFW must seek stakeholder consensus on those projects.
Total for Selected Programs	\$457.8 million	\$468.4 million	\$235.7 million	\$353.9 million

* Senate proposal directly appropriated an additional \$14.8 million to 17 WWRP projects sponsored by State Parks, DNR or WDFW.

Abbreviations used above:

Cap = Capital Budget

DFW = Department of Fish & Wildlife

DOT = Department of Transportation

ECY = Department of Ecology

Op = Operating Budget

PS = Puget Sound

PSNERP = Puget Sound Nearshore Estuary

Restoration Project

PSP = Puget Sound Partnership

RCO = Recreation & Conservation Office

For more information, contact Jeff Parsons, Legislative Policy Director, Puget Sound Partnership, (509) 264-4905, jeff.parsons@psp.wa.gov

2015 Legislative Session Review for SRC 7/16/2015

State Operating and Capital Budget Bills Enacted

- **State funding for Puget Sound Partnership (PSP) operations mostly maintained and enhanced in state operating budget** – Below are Puget Sound recovery-related highlights of ESSB 6051 as passed by the legislature & signed by the Governor:
 - **\$1,004,000 included in PSP budget for Assessing Recovery for Effective Investments** – State law requires PSP to assess and monitor the Puget Sound ecosystem and to set measurable outcomes for Puget Sound recovery. PSP has designated 21 vital signs as indicators of the Sound's health. Several indicators are currently unmonitored or monitored at a low level. A combination of one-time and ongoing funding is provided to enhance the amount and usability of data for the following vital signs: birds, estuaries, Pacific herring, land use and cover, shoreline armoring, and quality of life. PSP will also coordinate and support monitoring and analyses that assess the effectiveness of shellfish, stormwater, and habitat recovery actions.
 - **\$600,000 included in PSP budget for Puget Sound salmon recovery plan revision** – One-time funding is provided to begin updating Puget Sound Chinook salmon recovery plans, developed in 2005, to fill information gaps, complete prioritized monitoring plans and implement adaptive management processes.
 - **Local government consultation contract reduced to \$80,000 for the biennium** – PSP contracts with the Washington State Association of Counties to facilitate collaboration and communication between PSP and city and county governments in support of Puget Sound restoration. Funding for this contract is reduced permanently by 50 percent.

- **Other highlights of Operating Budget:**
 - **\$800,000 is restored to Department of Fish and Wildlife (DFW) budget for PSNERP matching funds** – This appropriation provides the state match needed to support the Puget Sound nearshore partnership between DFW and the United States Army Corps of Engineers to restore nearshore estuary habitat.
 - **\$800,000 is provided to DFW to collect data on Puget Sound Steelhead decline.** One-time funding is provided to allow DFW to complete the next stage of research by leveraging existing study results, testing hypotheses, and developing a range of management actions.
 - **\$1,526,000 is provided to DFW to track Puget Sound fish health** - Ongoing funding is provided for DFW to implement its fish contaminant assessment and monitoring efforts as part of the Puget Sound Ecosystem Monitoring Program (PSEMP), a scientific effort to track Puget Sound fish toxicity and ecosystem health. This will help document the impact of contaminants on fish survival, whether Puget Sound seafood is safe to eat, and whether current efforts to prevent pollution and clean up Puget Sound are effective.

- **Capital budget compromise averts threat to pace and scope of Puget Sound recovery posed by competition for capital funding and concerns about land acquisition:** 2ndEHB 1115 was passed by the Legislature and signed by the Governor. Highlights of this bill:
 - **\$53 million** is provided for the **Stormwater Financial Assistance Program**, the top-ranked Puget Sound recovery-related budget request, which enables the Department of Ecology to provide grants for local governments to implement stormwater retrofit projects that treat polluted stormwater in priority areas throughout state.
 - **\$37 million** is provided for the #2-ranked **Puget Sound Acquisition and Restoration (PSAR)** program without the proviso included in the original Senate-proposed budget that would have limited the use of these funds to restoration. This provides all of the requested funding for small capital projects in watersheds throughout all Puget Sound and also funds the top-ranked, regionally-significant large capital project, the **Busy Wild Creek Protection Project**.
 - **\$66.5 million** is provided for grant-making by the **Salmon Recovery Funding Board**. However, only \$16.5 million of this amount is state funding, compared to \$40 million in state funds requested by the Governor and \$40 million included in the original House version of the capital budget.
 - **\$35.56 million** is provided to Ecology for the **Floodplains by Design** program. The Senate's original version of the budget included no funding for this program.
 - **\$8 million** is provided for the **Estuary & Salmon Restoration Program (ESRP)** of the Department of Fish and Wildlife.

- **State invests in Puget Sound recovery infrastructure in transportation budget:**
 - **\$2.703 million** is provided for **stormwater retrofits**
 - **\$70.8 million (\$58 mil. for Puget Sound)** is provided for **fish passage barrier retrofits**.

Policy bills beneficial to Puget Sound Recovery that did pass:

- **Safety of oil transportation by rail improved, but safety of Puget Sound marine oil transportation not addressed:** ESHB 1449, originally introduced by request of Governor Inslee, was passed, with significant amendments, 46-0 by the Senate and 95-1 by the House, then signed by Governor Inslee. Under this bill, as enacted:
 - The state's 5-cent per barrel tax on oil carried by marine tank vessels is extended to oil carried by trains, but not pipelines. The tax rate and export tax credit are unchanged.
 - The regulatory fee charged by the Utilities and Transportation Commission (UTC) to railroads that haul crude oil is increased to 2.5 percent of intrastate operating revenues.
 - The tug escort law for Puget Sound is unchanged.
 - Railroads carrying crude oil must demonstrate an ability to pay for a reasonable worst case oil spill and must prepare oil spill contingency plans that meet the state's Best Achievable Protection standard.

- Ecology is authorized to regulate train yards that store and transfer oil, but railroads are not required to adopt oil spill prevention plans.
- Local committees will develop emergency response plans. Ecology will provide grants to emergency responders to assist with oil spill and hazardous materials response.
- A facility must provide advance notice to Ecology that it will receive crude oil from a railroad car and, upon request, Ecology may share this information with the Emergency Management Division of the Military Department and any county, city, tribe, port or local government emergency response agency.
- The UTC must adopt and enforce safety standards for private rail crossings.
- **Shellfish safety improved:** HB 1620, **biotoxin testing and monitoring**, introduced by request of the Dept. of Health; passed by House 92-5; passed as amended by Senate 38-10; and signed by Governor.
 - Under this bill, as enacted, the biotoxin testing and monitoring surcharge on recreational shellfish licenses is increased by \$1 per license to pay for increased biotoxin testing and monitoring of shellfish by the Department of Health.
- **Forage fish populations will be studied by Department of Fish and Wildlife to inform forage fish management plans:** SSB 5166 (SHB 1152) passed 45-4 by Senate; 93-4 by House; Gov. signed; Ch. 191, 2015 Laws.
 - Under this bill, as enacted, WDFW and the Department of Natural Resources (DNR) will collaborate to conduct a survey of surf smelt and sand lance spawning grounds throughout the Puget Sound, including the Strait of Juan de Fuca.
 - WDFW also will conduct a mid-water trawl survey throughout the Puget Sound to evaluate the prevalence of adults of all species of forage fish.
 - WDFW will integrate survey results into existing Puget Sound ecosystem assessments to assist in managing and conserving forage fish species and the species that prey on them.
 - The surveys are to be completed with funds provided in the 2015-17 capital budget.

Policy bills beneficial to Puget Sound recovery that didn't pass:

- **No new financing to be provided for onsite sewage management planning:** HB 1715, (Dept. of Health request legislation) failed to pass after having revenue source removed.
- **No movement of comprehensive financing package for stormwater management, floodplain management and water storage projects:** SB 5628, Washington Waters Act, sponsored by Sen. Honeyford, remained in Senate Ways & Means Committee. However, a bi-partisan legislative task force was created and provided with \$75,000 to come up with recommendations related to the intent of this bill by November 2015 for the 2016 session.
- **Governor's toxics reduction initiative weakened and failed to pass:** E2SHB 1472 (SB 5406), chemical action plans (Governor's request legislation) was passed the House 63-35; received no floor action in Senate; then returned to House, where it remained.

- **Governor’s carbon pollution market program remained stuck in committee:** SHB 1314 (SB 5283) was heard twice, then died in House Appropriations.

Policy bills that would have hindered Puget Sound recovery, but didn’t pass:

The Skagit Water Bills: Water for people vs. water for fish:

- SHB 1793, drinking water alternatives – Passed by House 53-45; failed to pass the Senate; returned to the House; then remained in House Rules Committee
- SSB 5018, underground aquifer recharge –Passed by Senate 29-19; failed to pass the House; returned to the Senate; then remained in Senate Rules Committee
- SB 5129, management of waters of the state (habitat) – remained in Senate Rules Committee
- SB 5136, repealing instream flow rule – remained in Senate Rules Committee
- ESSB 5407, effects of instream flow rules (habitat) –Passed by Senate 26-23; failed to pass the House; returned to the Senate; then remained in Senate Rules Committee
- SB 5491, reservations of water (habitat) – Passed by Senate 29-20; failed to pass the House; returned to the Senate; then remained in Senate Rules Committee

Bills prohibiting conversion of agricultural land to habitat restoration projects:

- SB 5013, designated agricultural land (habitat) – remained in Senate Rules Committee
- SB 5044, shoreline development mitigation (habitat) – remained in Senate Rules Committee

Bills limiting land use regulation:

- **Bill would have imposed inappropriate and unduly burdensome empirical science protocol on agencies making land use decisions:** SSB 5622 was passed by the Senate 27-21, but failed to move in the House.
- **Bill would have arbitrarily expedited SEPA review for projects at the expense of environmental concerns:** SB 5969 remained in Senate Rules Committee.

Other bills of concern:

- **Industry-sponsored bill, portrayed as protecting waterways from pollution from synthetic plastic microbeads, would have preempted regulation of so-called biodegradable plastics:** SSB 5609, Protecting waterways from pollution from synthetic plastic microbeads – Passed by Senate 49-0; failed to pass the House; returned to the Senate; then remained in Senate Rules Committee
- **Bill would have precluded DNR from finalizing an Aquatic Lands Habitat Conservation Plan:** ESB 5959 was passed by the Senate 34-14, but failed to move in the House. By letter, the Commissioner of Public lands made a commitment to reopen the public involvement process to receive more input from stakeholders.