

2020 State Legislative Elections Update and 2021 Session Context

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Budget Update:

While the revenue forecast has improved since the most dire projections this Spring – shrinking the projected revenue shortfall from approximately \$9 billion to now \$2.7 billion for the 2021-2023 biennium – by no means are we out of the woods. Due to the pandemic, state revenue collections are expected to fall nearly \$4 billion short of the amount needed to sustain existing commitments to schools, health care, child care, and other essential investments for the next three years¹.

Revenue experts are also quick to note they are not epidemiologists, and there is no precedent in the modern era to account for a global pandemic on the economic forecasts, especially as we experience spikes in new COVID cases in the winter months, and some nations enter more restrictive lockdowns.

The Office of Financial Management projects an estimated \$2.4 billion in the Budget Stabilization Account (“Rainy Day Fund”) over the next 3 years.

In June, the Office of Financial Management directed state agencies to propose 15% cuts as part of their budget reduction exercise, which amounted to nearly \$2 billion in proposed cuts and elimination to services impacting hundreds of thousands of Washingtonians, ranging from maternity support, hospice care, nursing homes, higher education, early learning, housing, and many other programs. While state agencies and lawmakers are clear the budget reduction exercise was simply an exercise (cuts take an act of the legislature), it is a testament to the severity of the economic realities facing our state.

Pandemic response, budget shortfall and new revenue will be the central focus of the 2021 legislative session. New spending outside of these core priorities is unlikely to advance in the 2021 session.

New Revenue:

Below is messaging from the Balance Our Tax Code coalition convened by the Washington Budget and Policy Center for the 2021 legislative session regarding the need for progressive new revenue:

- ✓ Working families pay seven times more of their income in taxes than the wealthiest. Giant corporations and the wealthy few have rigged our tax code so that they pay the least, while we pay the most. They pit our communities against each other, hoping we’ll look the other way while they rake in profits and reap the benefits of our contributions while refusing to pay their share. It doesn’t have to be this way. When we join together across our

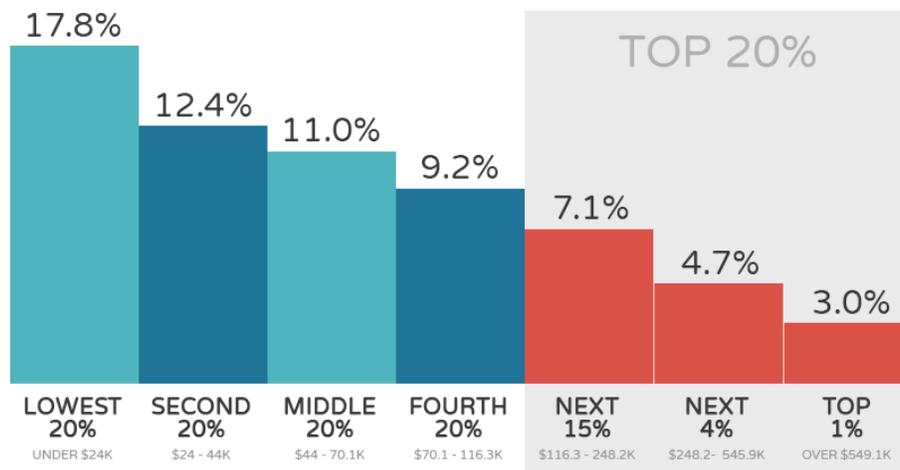
¹ <https://budgetandpolicy.org/schmudget/washingtonians-call-for-bold-action-to-support-an-inclusive-economic-recovery/>

differences, as we have done in our past, we can rewrite the rules and make sure that those who've done well in Washington, do right by Washingtonians.

- ✓ COVID-19 has caused a collapse of economic activity. This means a collapse in state revenue from sales and business taxes. Therefore, the people of Washington face a simple choice: We can cut spending—which will hurt people and slow economic activity as the flow of money in Washington communities dries up even further—OR we can raise taxes on those at the top—which will preserve needed programs, help people who need it, keep workers employed, and ensure that money continues to circulate in Washington communities.

Total State and Local Taxes in Washington

Share of Family Income



Source: Balance Our Tax Code Coalition

The legislature is considering a number of new revenue proposals for the 2021 session. Revenue discussions factor in economic projections, the composition of the legislature (i.e. the votes to pass a proposal or package of proposals), dedicated revenue vs. general fund (i.e. does the investment pay for a specific, dedicated program, which tend to be more popular among voters and moderate legislators), and other factors.

Legislators are exploring a mix of new progressive revenue as well as increases to regressive revenue (such as a sales tax increase) given that some new progressive revenue such as a capital gains tax would not be available for a few years. Increases to regressive revenue options could be enacted to sunset when new progressive revenue becomes available.

- **Capital Gains:** Taxing the profits from the sales of stocks and bonds through a state capital gains tax on the ultra-wealthy. Estimated to generate approximately \$1 billion per year.
- **Excessive Compensation:** Enacting new taxes on the excessive wages and salaries paid to CEOs and other highly paid employees at large corporations. Estimated to generate approximately \$500 million per year.

- Estate Tax: Raising the estate tax on extremely high-valued estates, valued at more than \$6.5 million. Estimated to generate approximately \$100 million per year.
- Inheritance Tax: Reinstating a state inheritance tax on the beneficiaries of extremely large estates. Estimated to generate low to mid hundreds of millions per year.

Virtual Governing and Legislative Implications:

As of now, the legislature plans to convene an unprecedented remote session. Significantly fewer bills are expected to be introduced and passed given the constraints of a virtual session, which will likely include fewer committee meetings (and therefore fewer hearings) and possibly shorter floor action. A remote session may also mean limited time for constituent meetings and testimony at hearings, though a virtual session may present unique opportunities for constituents to meet with legislators and testify remotely, especially for those who would otherwise not be able to travel to Olympia. Many remote session details remain to be seen.

State Legislative Election Results:

The Washington State Secretary of State certifies final results by December 03, 2020. The results posted before certification are unofficial. [Complete elections results can be found here \(Secretary of State\)](#).

Statewide voter turnout was the highest in recent memory at approximately 83.22%.

Washington State did not experience the “Blue Wave” many predicted. While voters elected twenty new legislators (not including those previously appointed to their seat), there was no net change in the number of seats controlled by either party. In both the House and the Senate, both parties flipped one seat each. Swing districts LD 10, 17, 25, 26 did not see any pick-up seats.

Of the twenty new legislators, ten are Republicans and ten are Democrats. Half of the newly elected Democrats (not previously appointed) are Black, including State Senator-Elect T’wina Nobles, who will be the only Black State Senator, and the second ever Black woman to serve in the Washington State Senate. The other new Black legislators are April Berg, Kirsten Harris-Talley, Jamila Taylor, and David Hackney. Women comprise 50% of the Senate Democratic Caucus and 60% of the House Democratic Caucus.

Most incumbent legislators who served in the 2020 Legislature will continue to maintain their seats due to re-election. As in 2020, there will be 28 Democrats and 21 Republicans in the Washington State Senate (Tim Sheldon-D, who caucuses with Republicans, is counted as a Republican), and 57 Democrats and 41 Republicans in the Washington State House of Representatives. However, as a result of retirements and elections, there will be a number of changes to the individual membership the 2021 Legislature ([click here for Legislative District \(LD\) map and roster](#), which will be updated before session):

Changes to the 2021 Legislature

LD	Departed	Rep/Sen-Elect	LD	Departed	Rep/Sen-Elect
2	Sen. Randi Becker (R), retired	Jim McCune (R)	28	Sen. Steve O'Ban (R) defeated	T'wina Nobles (D)
4	Rep. Matt Shea (R), retired	Rob Chase (R)	28	Rep Christine Kilduff (D), retired	Dan Bronoske (D)
10	Rep Norma Smith (R), retired	Greg Gilday (R)	30	Rep. Mike Pellicciotti (D), successfully run for State Treasurer	Jamila Taylor (D)
11	Rep. Zack Hudgins (D), defeated	David Hackney (D)	31	Rep. Morgan Irwin (R), retired	Eric Robertson (R)
16	Sen. Maureen Walsh (R), retired	Perry Dozier (R)	36	Rep. Gael Tarleton (D), unsuccessfully run for Secretary of State	Liz Berry (D)
16	Rep. Bill Jenkin (R), unsuccessful run for Senate	Mark Klicker (R)	37	Rep. Eric Pettigrew (D), retired	Kirsten Harris-Talley (D)
19	Sen. Dean Takko (D), defeated	Jeff Wilson (R)	38	Sen. John McCoy (D), retired	June Robinson (D), appointed and elected to Senate
19	Rep. Brian Blake (D), defeated	Joel McEntire (R)	38	Rep June Robinson (D), appointed and elected to Senate	Emily Wicks (D), appointed and elected
20	Rep. Richard DeBolt (R), retired	Peter Abbarno (R)	42	Rep. Luanne VanWuerven (R), defeated	Alicia Rule (D)
22	Rep. Beth Doglio (D), unsuccessful Congressional run	Jessica Batemen (D)	44	Rep. Jared Mead (D), appointed and elected to County Council	April Berg (D)
23	Rep. Sherry Appleton (D), retired	Tarra Simmons (D)	<i>Caucuses by the numbers</i>		
25	Sen. Hans Zeiger (R), successful run for County Council	Chris Gildon (R), (vacated House seat)	Senate Democrats: Total: 28 Members of Color: 8 [Das, Dhingra, Hasegawa, Hobbs, Nguyen, Nobles, Randall, Saldana, (Black: 1, Nobles, new)]. Percentage of caucus: 28% Women: 14 (1 new, Nobles). Percentage of caucus: 50%		
25	Rep. Chris Gildon (R), successful run for Senate	Cyndy Jacobsen (R)			

House Democrats: Total: 57 | Members of Color: 18
 [Berg, Duerr, Entenman, Gregerson, Hackney, Harris-Talley, Johnson, Lekanoff, Lovick, Morgan, Ortiz-Self, Ryu, Santos, Slatter, Stonier, Taylor, Thai, Valdez (Black: 8, Entenman, Johnson, Lovick, Morgan and newly elected Hackney, Taylor, Harris-Talley, Berg)].
 Percentage of caucus: 31% | **Women: 34** (8 new).
 Percentage of Caucus: 60%

Senate Republicans: Total: 21 (*including Sen. Sheldon) | **Members of Color: 0** | **Women: 5**. Percentage of Caucus: 24%

House Republicans: Total: 41 | Members of Color: 1 (Ybarra) | **Women: 9** (1 new).
 Percentage of Caucus: 22%