



Retired Public Employees Council of Washington

End of Session Report 2021
By RPEC Lobbyist Emily Murphy
May 18, 2021

The 2021 Legislative Session concluded on time on April 25th. The impacts of the global pandemic, large scale demonstrations across the country, significant changes at the federal level, and a never before-attempted remote legislative session made for a truly unprecedented interim and 2021 legislative session.

Remarkably, amidst a myriad of unknowns in a rapidly changing landscape, RPEC achieved [its goals to protect our hard-fought gains in the 2021 legislative session](#).

Interim 2020 & Session Context

Immediately following the conclusion of the 2020 legislative session, all eyes were on a possible special session to address the public health emergency and economic freefall. We spent the spring, summer and fall anticipating and preparing for a special session and the possibility of dramatic and potentially draconian budget cuts, as was done during the Great Recession (including repealing the permanent Plan 1 COLA and cutting the PEBB Medicare Benefit).

On April 14th 2020, less than two weeks after the Governor vetoed hundreds of millions of dollars from the supplemental budget, but preserved the one-time 3% COLA passed by the legislature, faced with massive revenue shortfall, the Office of Financial Management (OFM) instructed state agencies to begin to reduce programs, delay implementation, and capture other “savings.” In early June, OFM directed state agencies to undertake 15% budget cut exercises that could have cut and eliminated more than \$2 billion in state programs and services. At its peak, the projected revenue shortfall was nearly \$9 billion.

The November [2020 election results](#) continued Democratic control of the legislature (Democratic Governor, Senate: 28 D/21 R, and House: 57 D/41 R) and expanded the composition as the most racially diverse legislature in Washington State history. Given the restrictions of remote governing, the Democratic

caucuses issued [formal guidance](#) directing legislators to focus on four caucus priority areas: (1) racial equity & police accountability (2) pandemic response (3) economic recovery (4) climate crisis, and limit the number of bills each legislator could introduce to seven (the House average is twelve bills per legislator) and not introduce companion bills (same bills in both chambers).

In late December, Governor Inslee released his [proposed 2021-2023 biennial operating budget](#) focused on “relief, resilience and recovery” including significant funding for public health, economic supports for workers and businesses, a tax on capital gains, and other services aimed at helping Washingtonians recover from the impacts of the COVID-19 pandemic.

It is in this context – amidst a global pandemic, economic recession, divided federal government, and never-before-attempted remote session (which one legislator described the trial runs in December as “the legislative version of the Titanic”) – that RPEC, along with other advocacy groups, developed a no cuts legislative agenda and corresponding focus on new progressive revenue.

Legislative Session 2021

Session began with yet another first in state history as essential lawmakers and staff gathered to adopt the rules for virtual session amidst nearly a thousand National Guard and Washington State Patrol members and a fence barricading the state capitol following the deadly insurrection in DC, Governor’s mansion breach the same day, and proceeding protest at the state capital that left one person shot and three arrested. The tense beginning ultimately concluded with what many including the Governor described as a “historic and truly extraordinary session... having produced unprecedented and legacy making advances as all-encompassing as any session in the last 25 years.”

[Click here for an overview of some of the major priorities passed by the legislature in 2021.](#)

Budget and Revenue Highlights Signed into Law

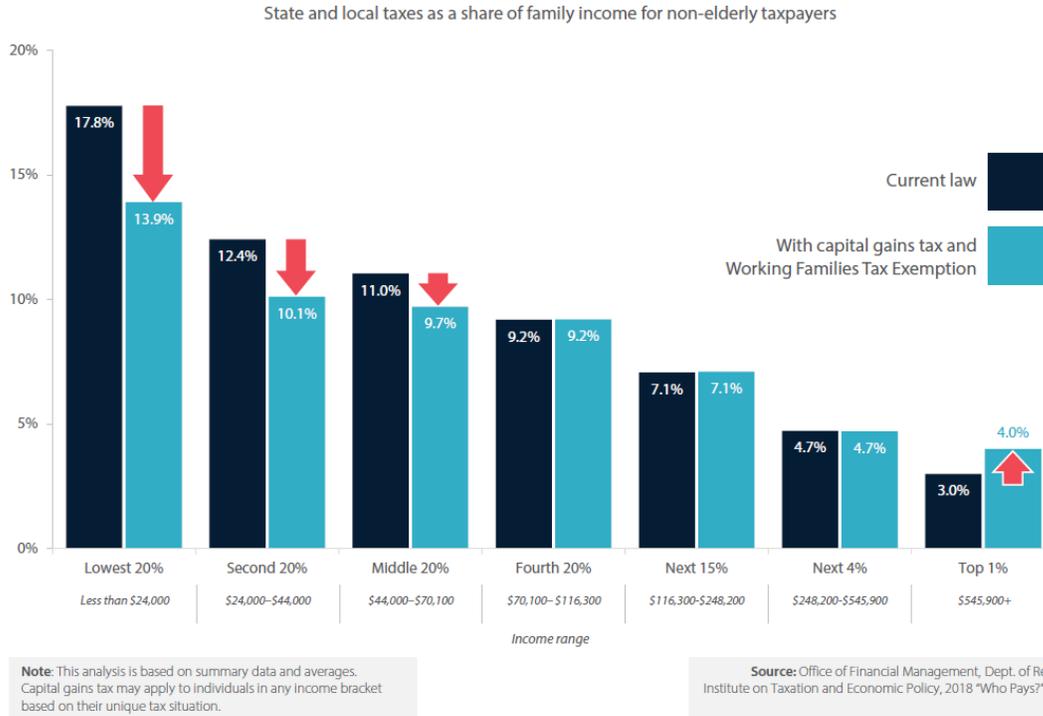
The Early Action Relief Package (HB 1368): In February the legislature passed a bipartisan [\\$2.2 billion COVID-19 relief package](#) for immediate distribution. The majority of the funding in HB 1368 came from the second federal stimulus bill approved by Congress in late December. HB 1368 highlights include:

- \$618 million for **vaccine administration, contact tracing, and testing** (includes emphasis on working with school districts as they reopen safely)
- \$668 million for schools as they **resume in-person learning** and dedicated funding to help children catch up with learning loss during the pandemic
- \$365 million for **rental assistance to help tenants and landlords** impacted by the pandemic
- \$240 million for at least **12,000 small business assistance grants**
- \$70 million to assist **undocumented immigrants** who have been affected by the pandemic and do not qualify for federal or state assistance
- \$50 million in grants to help **keep childcare businesses open** and expand their capacity
- \$26 million for **food assistance to individuals and households** in need

Working Families Tax Credit ([HB 1297](#), Rep. My-Linh Thai, D-41, Bellevue): Also known as the “Recovery Rebate” and modeled after the federal earned income tax credit, HB 1297 provides direct, flexible cash assistance to families, and passed with broad bipartisan support. Starting in 2023, an estimated 420,000 Washingtonians will receive rebates of between \$300 and \$1,200. Washington state now joins 29 other states and the District of Columbia in implementing its own state-level version of the Earned Income Tax Credit, and Washington also joins five other states to include Individual Tax Identification (ITIN) filers, a group of taxpayers which includes some student visa holders, survivors of domestic violence, and undocumented immigrants. [Click here for more information on the Working Families Tax Credit.](#)

Capital Gains Tax ([SB 5096](#), Senator June Robinson, D -38, Everett): Heralded as the most equitable change to Washington state’s upside-down tax code in nearly 90 years, SB 5096 enacts a 7% excise tax on extraordinary profits from the sale of financial assets of over \$250,000 per year. The tax includes several exemptions, including for real estate, retirement accounts, timber, and family-owned small businesses that meet certain qualifications. It is expected to impact about 8,000 households and bring in about \$500-550 million in revenue per year starting in 2023 to support investments in child care, early learning, and public schools. This tax will be paid almost exclusively by the richest 1% of Washingtonians. Washington State joins 41 other states in taxing capital gains. As anticipated, opposition groups have [filed lawsuits](#) against the bill. [Click here for more information on the Capital Gains Tax.](#)

The capital gains tax and working families tax exemption will make Washington's tax structure less regressive



Final 2021-2023 Biennial Operating Budget: The \$59.2 billion two-year biennial includes approximately \$50 billion in the base budget and \$10 billion in federal dollars. [Click here for Operating Budget highlights.](#)

Pensions and Retiree Healthcare

Employer Contributions: The operating budget fully funded the employer contributions to the pension systems.

PEBB Medicare Benefit: The final budget preserved the PEBB Medicare Benefit.

TRS 1 UAAL: As first proposed in the Senate budget, the final operating budget included \$800 million in state funds for the Teacher Retirement System (TRS) Plan 1 Unfunded Actuarial Accrued Liability (UAAL).

Plan 1 COLA: The House budget included \$14.4 million for a one-time 1.5% COLA capped at \$22 per month, mirroring [HB 1565](#) introduced the same week by Rep. Jesse Johnson (D-30, Federal Way). The COLA proposal was unexpected and RPEC worked diligently with Reps. Johnson and Mari Leavitt (D-28, University Place) on a bipartisan [Plan 1 COLA support letter](#) signed by 37 House members. Unfortunately, despite our efforts, HB 1565 did not receive a hearing and the proposal to provide a one-time increase to Plan 1 retirees did not survive the budget negotiation process.

RPEC-Supported Bills Signed into Law:

Worker Protections

[SB 5021](#) (Senator Sam Hunt, D-22, Olympia): **Protects retirement benefits of furloughed public employees.** Average final salary and earned service credits must include any compensation that was forgone as a result of reduced work hours, mandatory leave without pay, temporary layoffs, furloughs, reductions to the current pay, or other similar measures resulting from the COVID-19 budgetary crisis.

[SB 5097](#) (Senator June Robinson, D-38, Everett): **Expands coverage of the Paid Family and Medical Leave program (PFML)** for workers, particularly Black, Indigenous and people of color (BIPOC), low-wage, and immigrant workers by ensuring job protection for workers and including chosen family.

[HB 1073](#) (Rep. Liz Berry, D-36, Seattle): **Expands PFML coverage** to families who lost eligibility for the program as a result of job losses or furloughs due to COVID-19 pandemic.

Healthcare

[HB 1272](#) (Rep. Nicole Macri, D-43, Seattle): **The Health System Transparency Act** requires hospitals to provide additional financial reports to the Department of Health, updates Community Benefit and Needs Assessment requirements, to publicly disclose debt information, and collect and report on demographic information of discharged patients.

[SB 5203](#) (Senator Kevin Van De Wege, D-24, Sequim): **Increases access and affordability of generic prescription medications.** Authorizes the state Health Care Authority (HCA) to partner with other states, state agencies and non-profit entities to produce, distribute or purchase generic drugs (such as Insulin) and requires state-purchased health insurance programs to procure generic drugs through the partnership.

[SB 5377](#) (Senator David Frockt, D-46, Seattle): **Increases affordability of standardized plans on the individual market.** Strengthens the Cascade Care program, the nation's first public option for health care, and provides more assistance with premiums and out-of-pocket costs, as well as more public option offerings in more counties.

[SB 5399](#) (Senator Emily Randall, D-26, Bremerton): **Creates a permanent universal health care commission to** design and implement the necessary components to ensure Washingtonians have universal access to comprehensive health care coverage.

Housing

[SB 5160](#) (Senator Patty Kuderer, D-48, Bellevue): **Creates new eviction protections for renters**, including a first-in-the-nation statewide right to counsel for low-income tenants facing an eviction, and expand programs to help landlords recover losses from unpaid rent as a result of the COVID-19 public health.

[HB 1277](#) (Rep. Timm Ormsby, D-3, Spokane): **Provides additional dedicated funding for rental assistance** and housing stability through a \$100 document recording fee.

[HB 1218](#) (Rep. Jessica Bateman, D-22, Olympia): **Improves health, safety, and quality of life for residents in long-term care facilities** by requiring LTC facilities to develop comprehensive disaster preparedness plans, provide communications devices to residents and increases access to communication with family members of residents in a timely manner.

What's next

RPEC achievements are due to year-round persistent and effective advocacy by RPEC members and the dedicated staff that serve the organization.

Our 2022 work begins now. Our legislative success depends on RPEC member advocacy during the summer and fall. The RPEC Legislative Committee and Executive Board will be working with leaders, allies, new legislators and legislative champions to develop strategy to move a proposal for a substantive and consistent COLA in the upcoming 2022 session. The saying is true – all politics is local – and RPEC's continued success hinges on RPEC members organizing and educating legislators (many of them new) this interim to lay the groundwork for a productive 60-day short session in 2022.

I am honored to continue to serve as RPEC's lobbyist and I am humbled and grateful to advocate alongside this wonderful community.

In solidarity,

Emily