

CITY OF BELLEVUE
CITY COUNCIL

Summary Minutes of Special Meeting
Legislative Breakfast

January 3, 2013
7:30 a.m.

Conference Room 1E-113
Bellevue, Washington

PRESENT: Deputy Mayor Robertson and Councilmembers Chelminiak, Davidson, Stokes,
and Wallace

ABSENT: Mayor Lee and Councilmember Balducci

Deputy Mayor Robertson called the meeting to order at 7:30 a.m. and welcomed the following
state legislators in attendance:

41st District

Representative Judy Clibborn
Representative Marcie Maxwell

48th District

Representative Ross Hunter
Representative Cyrus Habib.

Deputy Mayor Robertson acknowledged significant budget challenges for state and local
governments. She identified Bellevue's top priorities: transportation funding; the multi-city
Business License and Business & Occupation (B&O) Tax Portal project; and maintaining state-
shared revenues.

Ms. Robertson thanked Representative Clibborn for her leadership as House Transportation
Committee Chair and for her work on the proposed new state revenue package.

Deputy Mayor Robertson spoke to the importance of finishing the I-405 Master Plan.

Ms. Robertson requested support of the multi-city Business License and Business & Occupation
(B&O) Tax Portal project, which allows cities to streamline their business licensing and B&O
tax payments without State interference. Another critical issue for Bellevue is maintaining state-
shared revenues including liquor excise taxes, liquor profits, annexation sales tax credit, and the
Public Works Trust Fund. These revenues help fund local services including Police and Fire
operations and the expansion and replacement of critical infrastructure.

Deputy Mayor Robertson commented on the critical connection between economic development, transportation infrastructure, and tax resources.

Councilmember Wallace said the transportation revenue package, including funding for I-405 and SR 167 consistent with the I-405 Master Plan, is a top priority for Bellevue. The City appreciates the investments made in 2003 and 2005. However, I-405 remains one of the most congested traffic corridors in the state.

Mr. Wallace said the City supports an increase in the state gas tax and other measures to increase revenue for the I-405 corridor. He noted that future revenues are not adequate to fund improvements on key sections of the corridor including widening I-405 between Bellevue and Renton, a new connector at I-405 and SR 167, extending NE 6th Street to 120th Avenue NE, and completing the SR 520/I-405 braided ramp at NE 10th Street.

Mr. Wallace encouraged funding in any state revenue package to provide a new interchange at 124th Avenue over SR 520. He asked that the package also include a local allocation for cities to address numerous transportation needs related to local streets.

Representative Clibborn said she appreciates Bellevue's support of the state transportation revenue package and state gas tax. She noted that a small percentage of the gas tax is to be used for local governments, transit agencies, and ferries. Ms. Clibborn said there is bipartisan support of the package, while there are others who will never vote for a tax increase of any kind.

Ms. Clibborn concurred with the critical need for continued improvements to I-405. She said that tolling on SR 520 has contributed to traffic backups between I-90 and I-405, which makes it important to address I-90 tolling as well. She said that I-90 tolling, beginning in 2015, will help pay for the SR 520 project. She spoke to the potential for using toll revenues in the I-405 corridor as well.

Ms. Clibborn expressed concern that, if a transportation revenue package is not approved soon, the State will miss out on the current favorable bidding environment. She noted the importance of construction sales tax and Business and Occupation tax revenues as well.

Councilmember Stokes noted that traffic flow on I-405 has a direct, negative impact on I-5 due to traffic diverting to avoid I-405. Improvements to I-405 will relieve traffic congestion throughout the metropolitan area.

Responding to Mr. Stokes about the Motor Vehicle Excise Tax (MVET), Representative Clibborn said she has been working on a small statewide increase to contribute toward transit and ferry services, which is the traditional use of the revenues. Ms. Clibborn acknowledged that local governments are in favor of local MVET funding. However, she cautioned that local MVET approaches could jeopardize statewide MVET funding.

Representative Hunter said he supports any transportation package that includes funding to complete the SR 520 project, including on the west end. He said a top priority for this legislative session is to balance the State budget, which is now subject to the strongest four-year balanced

budget requirement in the country. Another top priority relates to the McCleary State Supreme Court Decision on education, with a potential budget impact of up to \$1.5 billion for 2013-2015 and at least that amount for the 2015-2017 State budget. A third key issue relates to the expansion of Medicaid under the Affordable Health Care Act, which will save the State approximately \$100 million annually. It provides 100 percent coverage for approximately 40,000 people who are currently being covered by the State at the 50 percent level. The State provided 100 percent coverage to those individuals until two years ago.

Councilmember Wallace expressed concern about increasing health care costs for employees.

Representative Maxwell expressed her support for transportation funding and completion of the I-405 Master Plan. She said that she and Representative Hunter are working on the education funding issue. She commented on the connection between economic development and strong school systems, including Bellevue's nationally recognized school district.

Representative Habib commented on his interests in economic development, technology businesses, job creation, and growing the tax base. He spoke to the critical link between transportation infrastructure and economic vitality, noting the strategic economic significance of Bellevue within the region and along the I-405 corridor. Mr. Habib said that Eastside legislators and local elected officials must work together to ensure that the SR 520 bridge is completed on time and on budget. He acknowledged the important connection between economic development and education, and noted his involvement over the past three years with the Bellevue College Foundation Board.

Deputy Mayor Robertson suggested moving on to the B&O Tax issue.

Councilmember Davidson commented on the importance of maintaining local government collection of Business & Occupation Tax revenues. The five largest B&O Tax cities (Bellevue, Bellingham, Everett, Seattle and Tacoma) represent approximately 90 percent of B&O Tax collections in Washington. These cities are developing a business license and B&O tax portal to simplify the system for both cities and businesses. Bellevue continues to oppose the state administration of the collection of the B&O Tax because it would limit local government's flexibility to respond to local business conditions and to tailor the tax to meet specific needs.

Dr. Davidson said the multi-city tax portal group will release its request for proposals (RFP) soon. The portal will make it easier for businesses to obtain a license, file tax returns, and pay B&O taxes. The multi-city portal will be up and running before a state system could be set up and it will not contribute to state administrative costs.

Dr. Davidson noted that the portal group meets with the State Department of Revenue on a quarterly basis to discuss the project and hopes to meet with the new Governor soon. He said the Association of Washington Businesses (AWB) is opposed to taxes. However, Dr. Davidson explained that B&O Tax collections and business license fees help to support businesses in local communities. Dr. Davidson said he has been paying the B&O tax in Bellevue for approximately 45 years.

Representative Hunter noted the need to resolve the problem of 40 separate B&O Tax forms within the state.

Deputy Mayor Robertson said the portal will be available to any city upon implementation.

Councilmember Stokes commented on the importance of state-shared revenues for local governments. He said the City of Bellevue has eliminated approximately 100 staffing positions since 2010. He noted the importance of state-shared funding for local services and asked that the legislature not redirect these revenues to solve the State's revenue shortfall. Councilmember Chelminiak commented on Bellevue's recent annexation of the Eastgate area and the need for the annexation sales tax credit to offset annexation-related expenditures for the City.

Councilmember Chelminiak spoke to Bellevue's support for the restoration of the local share of Liquor Excise Tax revenues. Similarly, Bellevue is asking the state legislature to remove the cap on liquor profits distributions and to allow the cities' share of these profits to grow in order to provide critical local services affected by the increased availability of alcohol (e.g., public safety, human services).

Councilmember Chelminiak commented on the need for enhanced transit service in Bellevue to serve existing demands and to support future growth.

Representative Hunter said he favors exploring local revenue options to fund transit.

Deputy Mayor Robertson encouraged funding based on connecting growth centers via transit.

Representative Clibborn commented that a statewide MVET generates more total dollars for King County by including both the local government distribution and the transit distribution.

Ms. Clibborn explained that transit funding is becoming a bipartisan issue. She said that certain stakeholders have identified available dollars held by transit agencies and suggest that this money be used for services. However, most of those funds are allocated for capital projects including crossing the I-90 bridge with light rail and replacing buses.

Deputy Mayor Robertson thanked everyone for attending and encouraged the legislators to contact the City Council for assistance in working on mutual priorities.

The meeting adjourned at approximately 9:00 a.m.

Myrna L. Basich
City Clerk

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