



STATE OF WASHINGTON
OFFICE OF THE GOVERNOR

P.O. Box 40002 • Olympia, Washington 98504-0002 • (360) 902-4111 • www.governor.wa.gov

April 18, 2016

To the Honorable Speaker and Members,
The House of Representatives of the State of Washington

Ladies and Gentlemen:

I am returning herewith, without my approval as to Sections 113 page 7, lines 24-25; 123(5); 126 (38); 128, page 35, lines 16-19; 128(8); 128(10); 134, page 41, lines 29-32 and page 42, lines 6-7; 134(4); 206, page 90, lines 3-5; 207(9); 220(2)(h); 302(14); 308(22); 402, page 180, lines 22-25; 402(2); 612, page 265, lines 11-12; 901; 920; 921; 929; 935; and 939, Second Engrossed Substitute House Bill No. 2376 entitled:

“AN ACT Relating to fiscal matters.”

Section 113, page 7, lines 24-25, Administrator for the Courts, Fiscal Year 2017 Appropriation Reduction Affecting Thurston County Court Funding

Certain types of court cases are required by statute to be filed in Thurston County. The Administrative Office of the Courts (AOC) provides funding to Thurston County to help offset the state impacts to the county’s courts. The budget eliminates \$811,000 allocated to AOC to reimburse the county for these state impacts. Vetoing the fiscal year 2017 supplemental appropriation in Section 113, lines 24 through 25, will restore \$584,000 to the original fiscal year 2017 appropriation. For these reasons, I have vetoed Section 113, page 7, lines 24 through 25.

Section 123(5), page 20, State Auditor, WWAMI Medical School Study

Section 123(5) provides \$600,000 for a study of the Washington, Wyoming, Alaska, Montana, and Idaho (WWAMI) medical school. Consistent with the underlying 2015-17 biennial budget, the Auditor’s Office will perform the study within the original amounts appropriated. For this reason, I have vetoed Section 123(5).

Section 126(38), page 33, Department of Commerce, Incremental Energy

Funding is provided solely for the implementation of Engrossed Senate Bill No. 6166 (incremental energy). I vetoed this bill. For this reason, I have vetoed Section 126(38).

Section 128, page 35, lines 16-19, Office of Financial Management, Central Service Charges

The General Fund-State (GF-S) appropriations for the Office of Financial Management (OFM) are decreased to reflect the agency’s budget, accounting, and forecasting functions being billed to state agencies as a central service charge. Charging agencies for these services could create the perception of unfairness, as agencies would likely receive services disproportionate to the amounts they would be charged. Agencies are provided GF-S appropriations to cover their share of the new OFM central service charge, but the change would negatively impact dedicated funds for which no new revenues are authorized. Vetoing changes to these appropriation line items does not fully restore the expenditure authority required for OFM to continue providing its current level of services. Therefore, OFM will bill agencies only for the difference between the original cost of providing

these services and the amount of funding restored by the veto. For these reasons, I have vetoed Section 128, page 35, lines 16 through 19.

Section 128(8), pages 37-38, Office of Financial Management, Infrastructure Investment Strategy Workgroup

Section 128(8) directs OFM to convene a workgroup including local governments, state agencies, and legislators to develop a local government infrastructure investment strategy. A formal workgroup is not necessary to accomplish this task. For this reason, I have vetoed Section 128(8).

Section 128(10), pages 38-39, Office of Financial Management, Proposal for Pacific Tower

Section 128(10) directs OFM to work with the Department of Enterprise Services, Department of Commerce, and Office of the State Treasurer to develop a proposal for the purchase of the Pacific Tower. Preparing such a proposal will require significant legal and real estate professional services that are not funded in the budget. For this reason, I have vetoed Section 128(10).

Section 134, page 41, lines 29-32, and page 42, lines 6-7, Department of Revenue, Performance Audits of Government Account

These appropriations shift \$10 million for Department of Revenue (DOR) audit functions from the state General Fund to the Performance Audits of Government Account. To preserve performance audit functions of the State Auditor's Office at their anticipated activity levels for the current biennium, I am vetoing the appropriation from the Performance Audits of Government Account in this section. To preserve audit functions at DOR, I am also vetoing supplemental changes to the agency's General Fund-State appropriations. While I am vetoing Section 134, page 41 lines 29 through 32, I am directing DOR to place excess state General Fund appropriations as a result of this veto in unallotted status in an amount to be determined by the Office of Financial Management. For these reasons, I have vetoed Section 134, page 41 lines 29 through 32 and page 42 lines 6 through 7.

Section 134(4), page 42, Department of Revenue, Waiver of Penalties on Unpaid Royalty Tax

This proviso authorizes the Department of Revenue (DOR) to waive unpaid penalties for outstanding Business and Occupation tax on royalty income. Under current law, DOR already has the authority to waive unpaid penalties. Therefore, this proviso is unnecessary. For this reason, I have vetoed Section 134(4).

Section 206, page 90, lines 3-5, Department of Social and Health Services, Aging and Adult Services

These two appropriations are identified as federal; however, no federal dollars are received into these accounts. The Assisted Living Facility Temporary Management Account and Adult Family Home Account are created in statute as not requiring an appropriation; therefore, the department can spend revenue received into the accounts upon approval of an allotment. For these reasons, I have vetoed Section 206, page 90, lines 3 through 5.

Section 207(9), page 104, Department of Social and Health Services, Economic Services Administration

Funding is provided solely for the implementation of Senate Bill No. 6499 (electronic child support payments). The bill was not enacted. For this reason, I have vetoed Section 207(9).

Section 220(2)(h), page 150, Department of Corrections, Correctional Operations

Funding is provided solely for the implementation of Second Substitute Senate Bill No. 5105 (felony DUI). The bill was not enacted. For this reason, I have vetoed Section 220(2)(h).

Section 302(14), page 161, Department of Ecology, Rain Gauges

This proviso requires the Department of Ecology to transfer responsibility for ongoing operation and maintenance of the rain gauge network in Okanogan County to the Okanogan Conservation District. The Okanogan Conservation District has neither the funding nor expertise needed to operate the network reliably. For this reason, I have vetoed Section 302(14). However, I have directed the Department of Ecology and the State Conservation Commission to work with local authorities in Okanogan County to provide funding, including local funding, to continue network operations to ensure public safety.

Section 308(22), page 175, Department of Natural Resources, Natural Area Preserves

This proviso prohibits the Department of Natural Resources from using any appropriation in this section for activities related to increasing the amount of land managed by the department as natural area preserves. The department has several existing capital projects to expand natural area preserves, and this proviso inhibits its ability to move forward with those projects. For these reasons, I have vetoed Section 308(22).

Section 402, page 180, lines 22-25 and Section 402(2), page 181; Washington State Patrol, Fire Service Training Account

These provisions authorize the use of \$1.611 million from the Fire Service Training Account for fire mobilization costs. This account has never been used for fire mobilizations. Its primary purpose is to pay for firefighter training and is used mainly by local government fire agencies. For this reason, I have vetoed Section 402, page 180, lines 22 through 25 and Section 402(2).

Section 612, page 265, lines 11-12, Department of Early Learning, General Fund-State Appropriation (FY16)

This section decreases the General Fund-State appropriation for the Department of Early Learning in fiscal year 2016. This includes a significant reduction in full time employees which cannot be realized within the next two months. Decreased funding may prevent the Department from maintaining and advancing my Healthiest Next Generation initiative to increase coordination of comprehensive health services between state agencies and to improve nutrition and physical activity for young children in early learning settings. Reduced funding also will prevent the Department of Early Learning from investing resources in fraud prevention and meeting new child care provider monitoring requirements of the Child Care and Development Block Grant Reauthorization Act of 2014. For these reasons, I have vetoed Section 612, page 265, lines 11 through 12.

Section 901, page 293, Agency, Collective Bargaining Agreement – Coalition of Unions

This section rejects funding a Memorandum of Understanding with the Union of Physicians of Washington and directs the terms for an alternative if an agreement is reached by June 30, 2016. This is not in keeping with the state's collective bargaining law, RCW 41.80.010, that specifies the process to be used if the Legislature does not approve funding a tentative agreement. Collective bargaining will proceed in accordance with statutory requirements. For this reason, I have vetoed Section 901.

Section 920, pages 305-307, Fire Insurance Premium Tax

This section limits the distribution of fire insurance premium tax to local governments and requires reports and audits of information about local governments' firefighters' pension funds. Changes in the distribution of this tax should follow, rather than precede, collection of this information and review of potential changes in distribution. For this reason, I have vetoed Section 920. I encourage the affected local governments to provide the information specified in this section and direct the Department of Revenue and the Department of Retirement Systems to review the information

submitted.

Section 921, pages 307-308, Law Enforcement Officers' and Firefighters' Retirement System (LEOFF), Distribution in 2017

Section 921 declares the Legislature's intent to fund a 2017 distribution to the Local Law Enforcement Officers' and Firefighters' Retirement System Benefits Improvement Account through "alternate means" which may include transfers from the LEOFF 2 pension fund itself. I vetoed similar language in the 2015-17 biennial budget because I believe that this is not an appropriate use of a pension fund. While I signed the actual transfer language at that time, I indicated that this should be a one-time event to avoid weakening the pension fund. I continue to think that this is unwise, particularly when used to help balance the budget over four years. For these reasons, I have vetoed Section 921.

Section 929, pages 318-319, Fire Services Training Account

This section authorizes use of the Fire Services Training Account for fire mobilization cost of the Washington State Patrol. Because I have vetoed Section 402, page 180, lines 22 through 25 and Section 402(2), this authority is unnecessary. For this reason, I have vetoed Section 929.

Section 935, page 323, Public Works Assistance Account

This section provides a statement of intent that the Legislature will not authorize new loans for public works from the Public Works Assistant Account in the 2017-19 biennium. Use of funding in the account next biennium is a decision for the next Legislature. In addition, there is a clear need for future public infrastructure improvement throughout the state. For these reasons, I have vetoed Section 935.

Section 939, pages 325-326, Parking Enforcement

This section amends current law to authorize the Department of Enterprise Services to contract with the City of Olympia to enforce parking on the Capital campus. This amendment changes substantive law related to parking violations and enforcement, which is more appropriate for a policy bill. For this reason, I have vetoed Section 939.

For these reasons I have vetoed Sections 113 page 7, lines 24-25; 123(5); 126(38); 128, page 35, lines 16-19; 128(8); 128(10); 134, page 41, lines 29-32 and page 42, lines 6-7; 134(4); 206, page 90, lines 3-5; 207(9); 220(2)(h); 302(14); 308(22); 402, page 180, lines 22-25; 402(2); 612, page 265, lines 11-12; 901; 920; 921; 929; 935; and 939 of Second Engrossed Substitute House Bill No. 2376.

With the exception of Sections 113 page 7, lines 24-25; 123(5); 126(38); 128, page 35, lines 16-19; 128(8); 128(10); 134, page 41, lines 29-32 and page 42, lines 6-7; 134(4); 206, page 90, lines 3-5; 207(9); 220(2)(h); 302(14); 308(22); 402, page 180, lines 22-25; 402(2); 612, page 265, lines 11-12; 901; 920; 921; 929; 935; and 939, Second Engrossed Substitute House Bill No. 2376 is approved.

Respectfully submitted,

A handwritten signature in blue ink, appearing to read "Jay Inslee", is written over a light gray rectangular background.

Jay Inslee
Governor