**Washington State Dairy Federation**

**Legislative Update**

**January 19, 2015**

**First Week Fireworks & Theater in the Senate & House**

The 2015 Legislative Session started January 12, and it didn’t take long for the fireworks to hit the skies.

It’s pretty routine for things to be surprising in the first week, and this year is no exception.

Republicans hold 25 of 49 seats in the Senate and have one Democrat (Tim Sheldon) in their Majority Coalition Caucus (MCC). Sheldon and another Democrat joined with 23 Republicans in 2013 to form the MCC. In 2014, the MCC had one additional Republican, making it a coalition of 24 Republicans and 2 Democrats.

The other MCC Democrat, Rodney Tom, did not seek re-election. But the Republicans picked up another seat in the 2014 election, so they still have 26 members of their MCC (25 R; 1 D).

Most of the Republicans wanted Sheldon (the Democrat) to continue as President Pro Tem, the person who presides over the Senate when Lt. Governor Brad Owen is absent. But 23 Democrats had other plans. Still steamed at their fellow Democrat Sheldon for breaking ranks, they lined up behind conservative Republican Pam Roach. Roach, and fellow Republican Don Benton formed a temporary coalition to elect Roach President Pro Tem.

While the position itself has little direct power, it does come with a seat on the powerful Rules Committee. And the action sent a message to the Majority Coalition Caucus that both Roach and Benton are prepared to break ranks and be deal-makers.

Republicans quickly came back together to deal with Senate rules.

Republicans, along with Democrats Tim Sheldon (D-Potlatch) and Mark Mollett (D-Issaquah) voted to require a 2/3rds vote to move forward a bill that includes a new tax that has not been previously imposed. Raising an existing tax or amending an exemption or preference would not be affected by the rule.

For example, Governor Inslee is proposing a capital gains tax. Since Washington State does not have one, the rule would kick in. Same with an income tax. Or perhaps even a carbon tax of some sort.

Voters have approved a 2/3rds requirement (on each of the House and Senate) five times via initiatives sponsored by Tim Eyman. But the state Supreme Court struck down such laws, pointing out that the state Constitution provides that a measure may pass the Senate or House with a simple majority, except for very limited circumstances.

Opponents of the rule argued that the Senate cannot pass a rule that overturns the ruling of the Supreme Court. Proponents of the rule pointed out that this is a middle-of-the-process vote and not final passage. Under the rule, if 2/3rds of the Senate vote to move the new tax measure forward, a simple majority would still be the threshold for final passage.

Lt. Governor Brad Owen (D) hinted that he would determine that the rule is out of order if it is challenged later when such a vote occurs.

Things were more mundane on the floor of the House, where Democrats have a 51-47 advantage over Republicans. But things could get dicey in a heartbeat.

It takes 50 votes to pass a bill. That means that the Democrats can lose only one vote in their caucus, unless they get some Republicans to cross over and support their policy and spending priorities. Pressure will be intense in each caucus as a result, given that any two members (just like in the Senate) can make a majority with either caucus.

On Thursday, the House gallery was surreal. Opponents of I-594, gathered to openly exchange firearms in protest of the voter-passed initiative that infringes upon 2nd Amendment rights. The initiative requires a background check for any exchange of firearms, including sales and temporary possession (borrowing).

Inside the House gallery, handguns and rifles were displayed and exchanged, much to the dismay of the Washington State Patrol, which handles security at the Capitol. This was a completely different scene than the metal detectors at the entrance and the hyper-sensitivity to any potential threat that was seen post 9-11 (2001) and for several years following.

The metal detectors are gone, but laptops and bags must still be checked at the doors of the House and Senate galleries. Not so with firearms. Washington is one of about 3 state capitols that do not restrict the open carry of firearms. Concealed carry of firearms is also allowed, but requires a state concealed carry permit, which involves a background check.

Lt. Governor Brad Owen, a staunch supporter of 2nd Amendment rights, said he might ask for a rule to prohibit the carry of firearms in the Senate gallery. House Speaker Pro-Tem Jim Moeller (D-Vancouver) presides over the House frequently, said he would shut down House business and clear the floor if more such displays occur.

**Hearings Begin Early on Governor’s Budget Proposal**

It seems pretty unusual to have hearings on the Governor’s budget proposal in the first week of session. But both the Senate and House are doing just that. And they are considering legislation to mandate earlier revenue projections so they have an extra month to wrangle over the budget.

Given the narrow Republican majority in the Senate and narrow Democrat majority in the House, neither party will be able to roll over the other to get everything they want. Early work, cooperation and compromise will be commonplace in 2015.

State revenue is projected to increase by almost $3 billion in the 2015-17 biennium, even without any tax increases. But the Governor is looking for another $1.4 billion in tax increases, primarily from a new carbon tax and a new capital gains tax.

Transportation Committee chairs Sen. Curtis King (R-Yakima) and Judy Clibborn (D-Mercer Island) both have said that the proposed carbon tax is a threat to needed transportation projects. If the carbon tax is in place, they believe that voters will not tolerate a potential increase in the gas tax. They also point out that the gas tax is bonded for transportation projects, whereas the carbon tax would go into the general fund and be spent on other programs.

State Treasurer Jim McIntire (D) points out that it will be difficult to sell bonds based on the carbon tax, since it is an unknown quantity and would not be specific to projects.

It appears the carbon tax faces tough opposition already in both the Democratic House and Republican Senate.

The capital gains tax isn’t faring much better, at least not in the Senate. With the Republican majority and the passage of the rule requiring 2/3rds of the Senate to advance to consideration for final passage, the capital gains tax will face a tough environment on the Senate floor – if it even gets out of committee.