



Dated: 2/8/10

Prevailing Wage Discussions Continue

In early February, landscape contractors from both the Washington Association of Professional Landscapers and the Washington State Nursery and Landscape Association met with Judy Schurke – Director of the Department of Labor and Industries, Ernie LaPalm – Deputy Director, and Steve McLain – Assistant Director of the Administrative Services Division.

The Landscape contractors explained their concerns about recent changes in the Department's interpretation of the scope of work for landscape construction. The representatives from L&I listened attentively and acknowledged they learned a great deal from the discussion. Additional meetings with other parties will soon be scheduled. Stay tuned for further resolution of the issues.

The meeting was organized by Senator Val Stevens. Representatives Dan Kristiansen and Kirk Pearson were also in attendance. Both organizations extend thanks to these legislators and others for their assistance with this critical issue.

Fuel Tax Increase Looming

Any day now, we are expecting to see a bill that would triple the hazardous materials tax paid on all petroleum products, many pesticides, and some fertilizers in Washington State.

Voters approved I-97 in 1988, creating the 0.7 percent tax on hazardous materials. The majority of the tax is collected on petroleum products, but pesticide and fertilizer dealers must also pay. The original intent of the tax was to create a fund to pay for the clean-up of contaminated sites.

The new proposal would divert most of the money collected to the general fund to help cover the deficit. Over time, more of the money would be channeled to Puget Sound clean-up. The proposal could increase the cost of fuel about a nickel a gallon.

B&O Tax On Ag Products

SB 6841, an act relating to tax preferences, repeals the business and occupation tax exemption for the sale of agricultural products. That means all agricultural producers, including nurseries, would pay B&O tax on the gross income from all product sales.

The Bill also repeals the Fuel Tax refund for non-highway use of fuel and the utility tax exemption for irrigation districts, thus increasing the cost of irrigation water supplied through a district.

As written, the act does not take effect until January 1, 2013, however, that could change as the Bill moves through the legislative process.

Part of the logic behind the Bill may be that removing tax exemptions is a way to raise revenue without technically increasing taxes, thereby avoiding having to vote to increase taxes in an election year.

More Tax Increases Likely

The Senate has taken the first step to suspending I-960, the voter approved initiative that required a two-thirds majority vote of the legislature, or a vote of the people, to raise taxes. SB 6843, which was heard last week, would suspend that requirement for two years.

Workers Compensation Reform Bill Hearing Status

The Comprehensive Workers Compensation Reform Bill supported by the business community has still not received a hearing. In early February, eight House Democrats signed a letter to Commerce and Labor Committee Chair Rep. Steve Conway voicing support for the Bill. In the Senate, the Labor, Commerce, and Consumer Protection Committee held a work session on workers' compensation reform. They are proposing a seven-member task force to study the workers' compensation system. The task force would include three representatives from business, three from labor, and one official from the Department of Labor & Industries.

Unemployment Insurance Bills Likely To Pass

The bills relating to unemployment insurance most likely to pass this session would extend benefits to some part-time employees (SB 6526) and to certain employees who voluntarily quit (HB 2553, SB 6334). In addition, there is an ongoing discussion with legislative leadership about ways to smooth out increases in unemployment insurance taxes.

WSU Ag Research Funding At Risk

Legislative staff has been directed to scour the budget looking for funds that could be diverted to prevent further cuts to high priority programs. One of the areas targeted for diversion is the \$26 million in state funding for research, primarily agricultural research, at Washington State University. President Floyd is already on record stating that such a cut would have a crippling and irreversible impact on both the University and the State. These funds primarily pay the salaries of the faculty members, support staff, and many graduate students who conduct the research, teach the courses, and conduct portions of the extension programs in agriculture for WSU.

This cut would likely result in the closure of all four of WSU's agricultural research and extension centers around the state, as well as most Pullman-based research facilities. Deep cuts in agricultural research, teaching, and extension personnel around the state would also be likely.

Hydraulic Permit Fees A Possibility

HB 3037 and SB 6448 would create a new fee for hydraulic permits. Hydraulic permits are required for replacing culverts, bridges, and other work in or near waterways.

Questions on any of the topics addressed in this "WALP Watch"? Contact the WALP Office at info@walp.org or (425) 967-0729.