



Senator Linda Evans Parlette

Serving Washington's 12th Legislative District

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Senate Republican Caucus Chair

Committees: Financial Institutions, Housing and Insurance; Health and Long-Term Care;
Ways and Means; Rules

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Dear Friends,

Monday was the 29th day of the special session, and I began working on this update thinking that it would be sent out before the 30th and final day of the special session. It is now past midnight and the House and Senate just took their final votes. Earlier tonight we voted on the operating and capital budgets and a tax package; after midnight we voted on a few related bills. The special session is now over.

Next week, I'll be sending a more detailed summary of the budgets that were approved tonight. I sincerely appreciated all of the calls and correspondence I received throughout the course of the session and I look forward to updating you on many of the programs you contacted me about in my next update.

Below I'm providing a broad rundown of the events that took place in the Senate today.

Tax increase measure passes

If you've been receiving my e-mails, you knew these tax increases were coming. Tonight the Senate passed [Senate Bill 6143](#), a measure that will raise taxes nearly \$800 million between now and next summer, and \$1.7 billion more in the 2011-13 biennium.

I am very concerned about the impact these taxes will have on our state's economic recovery – especially right now, when so many employers and families are struggling just to pay their bills. A better way to balance the budget would be to do what many families are doing; distinguishing between their wants and needs, and focusing on what is essential.

I voted against the bill, which includes:

- A 20 percent **business and occupation (“B&O”) tax** increase on employers that report in the “services” category, effective May 1. This amounts to a \$242 million tax increase between now and July 1, 2011, and a \$483 million increase in the 2011-13 biennium.
- An increase in the **beer tax** of 50 cents per gallon. Microbrews are exempt. This increases the tax on a barrel of beer from \$8.08 to \$23.58. The price of a six-pack will increase 28 cents.

- Increased taxes on carbonated beverages, including **soda pop**, of two cents per 12-oz bottle. This will increase the price of a 24-bottle case by nearly 50 cents.
- Imposing the sales tax on **candy and gum**, with a B&O tax credit for in-state candy makers. This will raise \$94 million in taxes between now and the end of the 2013 biennium.
- Imposing the sales tax on **bottled water**. This will amount to more than \$100 million in additional taxes paid between now and the end of the 2013 biennium.
- Higher taxes on **cigarettes** and other **tobacco products**. This is expected to raise nearly \$300 million between now and the end of the 2013 biennium.

The state House of Representatives passed SB 6143 on Saturday, so the measure now goes to the governor for her signature.

Operating budget

The Senate also passed [Senate Bill 6444](#) today, the state's **\$30.9 billion** supplemental operating budget, after majority-party members in the House and Senate reached agreement on it over the weekend.

The budget passed today marks another missed opportunity for the Legislature to make needed reforms to state government. I came into this session focusing on making government more efficient and getting folks back to work. Instead, the Legislature passed a budget which drains the state's rainy day fund, shifts almost a billion dollars this biennium from the capital budget, and relies on **\$630 million** in federal funds that we are not guaranteed to receive.

We knew that our state had a \$2.8 billion deficit in January. The budget that passed the Legislature reduces spending by less than half a billion dollars. The unfortunate truth is that our inability to make tough decisions only means that we are setting ourselves up for another sizeable deficit next year.

Capital budget

The purpose of the capital budget is to build, improve and repair public works projects around the state. It is usually noncontroversial and enjoys widespread support across both chambers and both sides of the aisle.

The capital budget, also passed today, became controversial for the second year in a row when budget writers transferred money from the capital budget into the operating budget to be used for general state expenditures. Over the biennium, nearly **\$1 billion** was transferred, including more than **\$500 million** from the Public Works Trust Fund, which is supposed to be used to help cities and counties build infrastructure. We are now spending bonded funds on general operating expenses and backfilling with more bonds. That's a recipe for long-term debt. I voted against the capital budget.

How we can stay in touch

Now that the session is over I will reopen my district office in Wenatchee at 625 Okanogan Ave., Suite 301. The office is staffed by my executive assistant, Shiloh Schauer. The phone number is (509) 663-9702; the fax number is (509) 663-9703.

Due to my responsibilities as Caucus Chair, my Olympia office will also remain open. It is staffed by my legislative assistant Sean Graham. My Olympia office phone number is (360) 786-7622. You can also reach me by e-mail at parlette.linda@leg.wa.gov.

In closing...

Watch for more details coming soon about other major events of the session, as well as a post-session newsletter I'll be mailing out soon.

Thanks again for all the feedback, ideas and suggestions you have sent to me this session. I look forward to being back with you in the 12th District very soon. Once I get some sleep I'll be glad to be heading home, as April 13 is a special day for my family. I will home just in time to celebrate my dad's 87th birthday!

All the best,

Linda

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