Spring 2018

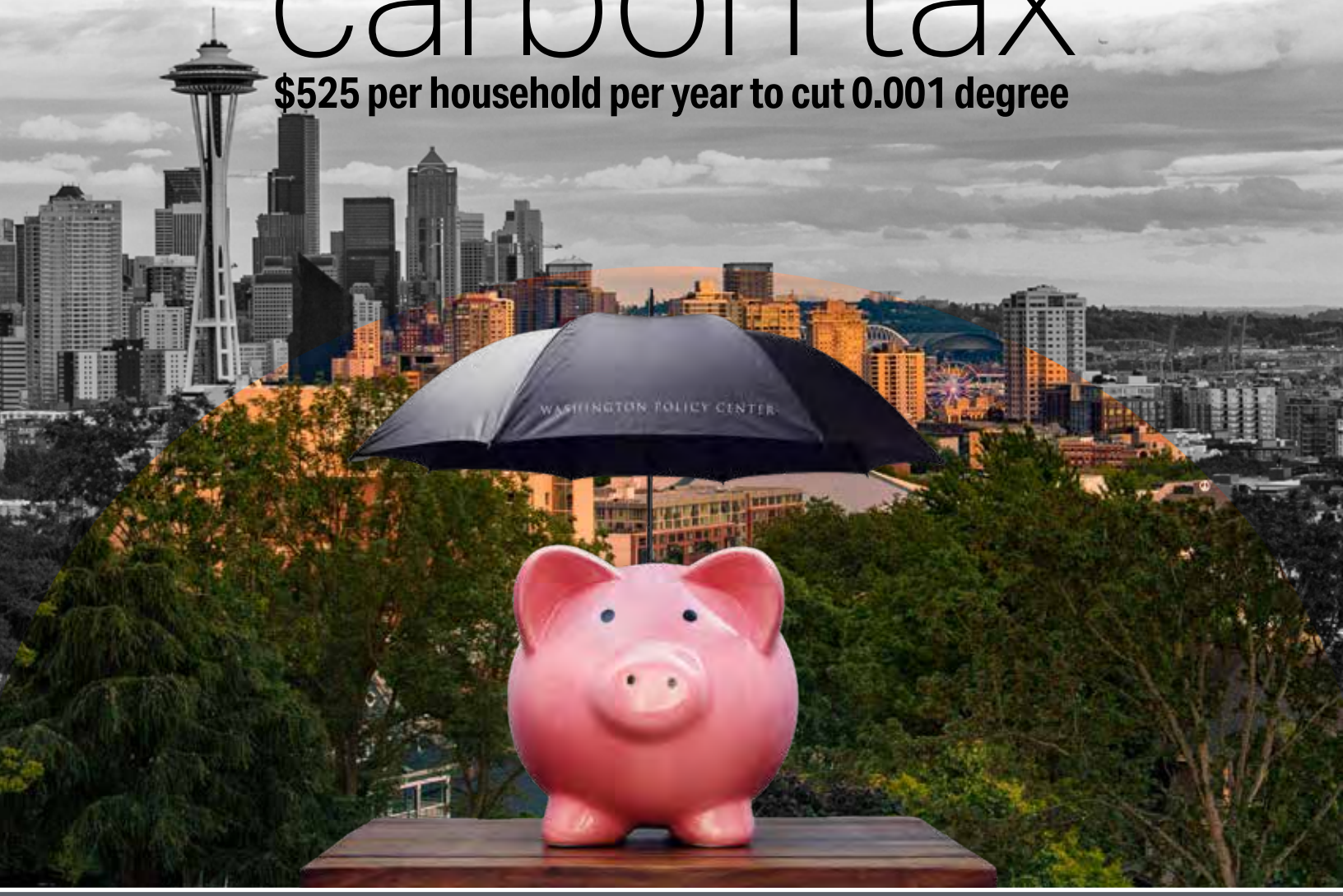
Viewpoint

The quarterly magazine of Washington Policy Center

Protecting your piggy bank from a

carbon tax

$525 per household per year to cut 0.001 degree



Special interests have a seat at the table - shouldn't you?

Video conferencing technology allows citizens to testify before lawmakers in Olympia without making the long and sometimes dangerous trek over snowy mountain passes. The Senate allowed citizens the option of remote testimony. The House should start doing the same.

Lawmakers shouldn't silence those of us who cannot afford to take the day off work for a long drive and 60 seconds of testimony.

On remote testimony, our high-tech state speaks with one, bipartisan voice.

Keep and expand remote testimony for all citizens.

Find out more: **washingtonpolicy.org**

Viewpoint

The quarterly magazine of Washington Policy Center

Dear friends,

As a broadcaster for more than 15 years in the Seattle/Puget Sound radio market (the 12th largest market in the country), I long relied on the quality and reliability of Washington Policy Center research and insight when it came to issues facing our state. The credibility of WPC research directors was unmatched, and their work was key for me to be able to follow what was going on in the Legislature and state agencies.

I now see WPC's work as even more essential. As the media continues to transform in the wake of new technologies and the press corps covering Olympia continues to shrink, now more than ever, citizens need reliable sources that will help them track what's going on in the Legislature — and hold elected officials accountable. As WPC's new communications director, I seek to make it easier for citizens to use, absorb and share WPC research. I seek to broaden the exposure of our work and to diversify the audiences exposed to it.

WPC's 8 center directors— each focusing on a single area of policy— allows for both broad tracking of key legislation, as well as targeted focus on the details that can make all the difference. Radio, television and print media call on them for perspective, legislators request their testimony for their expertise, and citizens turn to them for information.

There is no other policy organization doing what WPC does. WPC stands alone. Without it, the citizens of this state would have a massive blind-spot on state action that they could ill-afford.

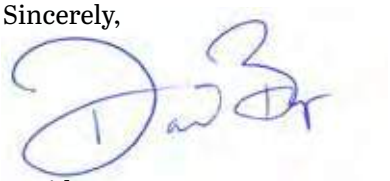
In this edition of *Viewpoint*, you will find a sample of the kinds of work we publish throughout the legislative session. You'll read Todd Myers' widely-distributed examination of Washington's proposed carbon tax, Mariya Frost's analysis on the fundamental flaw in much of the effort to curb the impact of Sound Transit's car-tab taxes, Liv Finne's expose on the effort to cut funding for the Running Start program, and Erin Shannon's op-ed asking why legislators proposed legislation that specifically denies individual rights that the Supreme Court of the United States recognizes workers have. Exclusive to this edition of *Viewpoint*, Jason Mercier offers a legislative recap of this historic legislative session.

It is significant that even with the scope and quality of the information provided within these pages, we only include a fraction of the total work published during the legislative session. Further, we were unable to include work from two of our center directors, Dr. Roger Stark, WPC's health care policy director, and Madilynne Clark, our agriculture policy director. We'll catch up with their fine work in later editions.

As a WPC supporter, I am confident these pages will remind you of the value of the organization and give you satisfaction for the role you play in ensuring our work continues. If you read these pages and find yourself thinking, "More people need to know this!", help make that happen. Commit to following our blogs and social media and sharing information among your networks regularly.

This is my first edition of *Viewpoint* as WPC's communications director. I'm proud to be associated with this organization I've so long respected and admired. I look forward to serving you and working with you to spread WPC's message of free-market solutions as broadly as possible.

Sincerely,



David Boze

WPC Communications Director

Viewpoint is the quarterly magazine of Washington Policy Center, an independent Washington state-focused think tank.

Viewpoint designed and edited by **August Bress**

2018 Session: The good, bad, and truly outrageous

By JASON MERCIER, Director, Center for Government Reform

During my nearly 20 years in policy analysis, I've never seen anything quite like the 2018 legislative session. We saw floor protests by lawmakers; more than 19,000 Washingtonians rise up to demand government transparency; and a long-standing Washington Policy Center recommendation for tax transparency adopted. It was a truly historic session of good, bad and truly outrageous..

The Good

Washington's economy continued to grow, aided by the federal tax reform enacted late last year. In fact, between the 2015-17 and 2017-19 state budgets, tax revenue is expected to be 15% higher. Thanks to this news, discussion quickly focused on the need for property tax relief and a one-year property tax cut was adopted (more on how the mechanism used creates a precedent for future budget gimmicks later).

Proposals to impose a carbon tax and capital gains income tax never received a floor vote. WPC's Todd Myers published numerous analyses of the carbon tax proposal, noting that while it raised taxes, so much money was siphoned off for left-wing causes, it was unlikely to effectively reduce the state's CO_2 emissions.

The final 2018 supplemental budget also included Washington Policy Center's long-time recommendation for creation of a tax transparency website.

Lawmakers also came to a long-overdue agreement to respond to last year's state Supreme Court "Hirst" decision that severely restricted access to water rights in rural communities. Under the "Hirst" deal, landowners in rural areas will now be able to drill household wells, while planners in local Water Resource Inventory Areas create new long-term water usage plans. This agreement also led to quick passage of the 2017-19 capital budget, which Republicans had been using as leverage to get Democrats to agree to a "Hirst" fix.

The Bad

While it is important to celebrate these victories, the 2018 session was marked by many bad developments as well. Perhaps none were more notorious than efforts to weaken worker rights as enacted under HB 2751 and SB 6229 and the granddaddy of them all, the outrageous SB 6199.

HB 2751 changed state law to allow unions to collect dues and fees from public employees without their written permission. Currently, a union needs the written authorization of public employees before taking a portion of their paychecks. This new law removes that requirement, instead making the deduction of union dues automatic, and requiring public employees to affirmatively opt-out of forced dues collection in writing.

Under another union-influenced bill, SB 6229, union executives will be given a minimum 30 minutes of taxpayer-funded time to convince public employees to pay the union.

On the education reform front, WPC's Liv Finne noted the Washington Education Association's "stranglehold over education policy maintained and strengthened, so no expansion of charter schools or school choice" occurred this year.

Once again, lawmakers failed to correct the unfair car tab overcharges being imposed by Sound Transit. As noted by WPC's Mariya Frost, however, Sound Transit can still bring relief to taxpayers, if they choose to, without legislative action.

WPC's Eastern Washington Director Chris Cargill highlighted that a rash of Title-Only bills (blank bills) and the lack of consistent remote testimony, makes it clear that the only voices some in the legislature wanted to hear were from people living within easy driving distance of Olympia.

As mentioned, a one-year property tax cut was enacted but to facilitate the tax relief the majority Democrats adopted SB 6614 to divert money that should have gone to the constitutionally protected budget reserve account. This means that using these funds didn't require a 3/5 vote as mandated by the state constitution. Everyone agreed there should be some type of property tax relief, but the minority Republicans objected to the precedent set by SB 6614 to keep funds from ever being deposited as required.

The State Treasurer summed it up best when he said "As the State's Chief Financial Officer I have a duty to speak out if we can avoid a self-inflicted wound . . . I urge the Legislature to not start a terrible precedent of diverting Rainy Day funding. Fund our Rainy Day Fund, adjourn and then go home."

The Outrageous

As bad as those ideas are, they don't approach the truly outrageous developments we saw with SB 6199 and SB 6617. First's let look at the effort to circumvent rights – recognized by the U.S. Supreme Court in 2014 – of homecare workers to not be forced to join a union .

In 2014, the U.S. Supreme Court ruled in the landmark case *Harris v Quinn* that the forced unionization of individual home care providers who are designated

state employees "solely for the purposes of collective bargaining" is unconstitutional. This means the caregivers who provide in-home health care services to the disabled, sick and elderly, cannot be forced to pay a union. The court said they have the right to choose whether or not to hand over money to the union every month.

What's a union to do? One strategy would be to persuade workers to join voluntarily. Another would be to ask the governor and Legislature to try to work around the U.S. Supreme Court via SB 6199.

According to the Governor's Office of Financial Management (OFM), SB 6199 would cost taxpayers an extra $11 million to $13 million every year. As a result of SB 6199's adoption, the 4,000 home caregivers in Washington state who exercised their right under *Harris v Quinn* to not pay SEIU 775 would again be forced to pay the union, adding more than $2.8 million to SEIU 775's bank accounts every year.

The appearance of insider dealing is hard to deny. SEIU 775 executives have refused to respond to media questions about SB 6199's connections to union campaign giving. Thanks to public records, however, we know SB 6199 came about as a direct result of a request from SEIU 775 to the governor. A confidential June 2014 memo to the governor outlines ways to get around a U.S. Supreme Court ruling. That insider plan ended up as the text of SB 6199.

When Republicans in the House attempted to expose these facts, they were ruled out of order by Democratic floor leaders. After several hours of obstruction of debate, the Republicans said they had finally had enough and walked off the House floor, protesting what they called censorship of open debate. When the vote was finally taken in the House the tally read 50-0, because all 48 Republicans refused take part in what they considered a sham process.

The extent of the outrageous legislative action in 2018 did not end there. The adoption of 6617 resulted in unprecedented public outcry. The state's open meetings law declares:

"The people, in delegating authority, do not give their public servants the right to decide what is good for the people to know and what is not good for them to know. The people insist on remaining informed so that they may maintain control...."

Over the years, however, the Legislature has tried to exempt some of its records from public disclosure. This came to a boil last year when media groups requested details about sexual harassment complaints against lawmakers. When that records request was rejected, a media coalition filed a lawsuit saying the Legislature was breaking the public records law. In January of this year the Attorney General and a Thurston County Superior Court Judge agreed that state lawmakers are in fact subject to public records (the ruling is currently under appeal).

Several bills were introduced to address how the legislature would handle public records (HB 2255, HB 2886 and SB 6139) but no action was taken. On February 21, SB 6617, a brand-new bill that had never been publicly discussed was introduced and then quickly adopted on February 23 by the legislature.

This blitzkrieg adoption of SB 6617 happened by waiving the normal process of public hearings and committee debate. As a result of that and the questionable content of SB 6617, all the major daily newspapers in the state ran front-page editorials calling on the governor to veto the bill. More than 19,000 Washingtonians contacted the governor either by email or phone to demand a veto. After first saying he wouldn't veto the bill, on March 1 the governor vetoed SB 6617.

Washington Policy Center has consistently called for the legislature to live by the same public records and open government rules expected of local officials. With the veto of SB 6617, we're hopeful we can now have a real public process to discuss legislative public records reform.

Conclusion

The 2018 session was full of twists and turns, good, bad and truly outrageous. Now we await the encore in November, as ballot measures ranging from carbon taxes to collective bargaining transparency start gathering signatures. But that is a conversation for another day.

WPC's Erin Shannon and Rebecca Freidrichs outside the U.S. Supreme Court in support of worker's rights

Pillar Society members fund WPC's most important efforts. In 2018, our plans include:

- Keeping Washington state Income Tax Free
- Open collective bargaining talks to the public for local governments
- Reengage the states in meaningful healthcare reform with a new free-market, patient-centered project
- Continue to grow our Young Professionals Program
- Launch our new Center for Worker's Rights with the goal to make Washington a right to work state
- Continue to defend charter schools and expand the benefits of school choice in our state

The Pillar Society:
Founded in 2012
120 Members
$5.5 million raised

Pillar Society memberships are a three-year pledge at a minimum of $15,000 which is paid out $5,000 a year for three years.
Benefits of membership include:

- Joining an exclusive group of 120 liberty lovers
- Four VIP tickets or a premier table (depending on level) at WPC's Annual Dinner
- Premium recognition as a Pillar Society member at WPC events
- Invitation to private, member only events with key public officials, business and thought leaders
- Table to fill at WPC's Solutions Summit and Farm to Free Market Ag dinner
- Complimentary tickets to all WPC events

As the past eight-year Chairman of WPC's Board, I am extremely proud to now serve as President of our Pillar Society. WPC's Pillar Society is an integral part of our organization, and the support we receive from our valued members is what makes our work and impact possible.

Many Pillar Society members tell us that the biggest benefit to them is the pride and peace of mind that comes from knowing they are supporting our mission year over year. Together, with the strong support of our Pillar Society members, we are making a difference in our state!

As a CPA, I can promise that we are good stewards of money donated to WPC

I invite you to join with us and become a valued member of our Pillar Society.

I have been a member since its inception in 2012 and increased my support with a renewed pledge in 2015. I believe strongly in WPC's mission and I know that supporting this organization through the Pillar Society is the best way to ensure WPC remains a strong voice for years to come.

Thank you for your support of Washington Policy Center. I hope to welcome you as a member.

Sincerely,

Greg Porter
Co-Founder of Berntson Porter & Company, PLLC
and President of Washington Policy Center's Pillar Society

Saving Running Start, now and in the future

By LIV FINNE, Director, Center for Education

On February 14th, some members of the state Senate sent a rather strange valentine to Washington's high school kids. They voted to cut the Running Start program.

Running Start is the successful educational program created in 1990 under the Learning by Choice law. Then-Governor Booth Gardner, a Democrat, saw the need to allow juniors and seniors in high school to enroll part-time or full-time in community and technical college.

The popular program provides an alternative for advanced students who don't feel challenged in high school, giving them a head start on college.

It is also a boon to foster kids and high-risk youth in danger of dropping out. Running Start gives them a second chance. They can earn the equivalent to a high school diploma and get a start on college, potentially saving them from lifetime of low earnings and stunted opportunities.

In February, however, Senator Lisa Wellman (D-Mercer Island), Chair of the Senate Education Committee, who was elected with strong union support, proposed an amendment to cut $30 million from Running Start. Her amendment passed narrowly, 25 to 22, with all Democrats supporting it and all Republicans, joined by Sen. Tim Sheldon (D-Shelton) opposed.

Executives at the powerful WEA teachers union sought the cut because they see Running Start as competing with their own programs for state education funding. Once again, in a political fight among adults, school kids got caught in the middle.

Union executives in our state take some $37 million a year in mandatory dues from Washington's teacher paychecks. High school teachers are required to make the monthly payments as a condition for holding their jobs, but college and university professors are not. Union executives see Running Start funding as a direct loss to their bottom line.

Running Start has worked well for 27 years. It has helped thousands of young people get a strong start on higher education, and saved thousands from dropping out. Parents like the program because it challenges bright kids beyond what public school can offer. Counselors and social workers like the program because it provides a path to success for troubled youth when traditional high school isn't working for them. No wonder it's popular.

The effort by some Senators to cut the program did not go unnoticed. The Board of Community and Technical Colleges briefed lawmakers on the benefits of the program. Legislative offices received hundreds of contacts from families about how Running Start had helped their children succeed in school and in life.

Lawmakers responded, and the Wellman amendment was defeated in the House.

Running Start funding was saved...this time. Union executives are unlikely to give up. They seldom do. We can expect further attempts to cut Running Start in the future.

The only real solution is to give Running Start money directly to eligible public school students, in the form of a voucher or a personal education account. High school students could then use the funding to attend the public community or technical college of their choice, just as they do now. The difference is their funding would no longer be subject to the whims of special interest politics.

Expanding family choice in public education would protect students by putting decisions about where education money goes in the hands of parents, not elected politicians. Then on Valentine's Day students can think more about heart-shaped greeting cards, and less about efforts to cut their education funding.

Why are lawmakers supporting an end-run around a U.S. Supreme Court ruling?

By ERIN SHANNON, Director, Center for Worker Rights

On February 26th, the U.S. Supreme Court heard oral arguments in a landmark case that could improve the lives of millions of workers."

In Janus v. American Federation of State, County and Municipal Employees, the court will decide whether the nation's more than 7 million unionized public employees can be forced to pay a labor union for representation they do not want.

Mark Janus, a state child-support specialist in Illinois, says the AFSCME union is violating his constitutional right to freedom of association by making him pay a fee to keep his job.

Even though the Court hasn't decided the case, union executives are not taking any chances. They have tapped the lawmakers in our state that they helped elect to pass legislation that would circumvent any court ruling that favors worker rights.

To be clear — a ruling in favor of Janus would not end union membership for public employees. It would not make it illegal for those workers to unionize voluntarily, nor would it in any way prevent unions from collectively bargaining on their behalf.

A ruling in favor of Janus would simply give public employees a choice they do not currently have — whether or not they want to give part of their hard-earned wages to the union. Workers would no longer be forced to choose between paying the union or being fired. Every public employee in the nation would be free to choose whether he or she wants to voluntarily pay a union for its services.

It is a hotly debated issue about worker rights and freedom of association, and proponents on both sides feel strongly.

Some people believe every worker should be forced to pay a union, even if some workers do not want that union to represent them.

Others believe the concept is so fundamentally un-American as to be almost unbelievable — that someone could be forced to pay an organization they want no part of, and often with which they fundamentally disagree, as a condition for holding a job. After all, the idea is at odds with all the basic rights America's founding fathers designed our Constitution to protect.

Regardless how you feel about forced unionization, however, everyone should be outraged that many of our state's lawmakers believe a decision by the nation's highest court is nothing more than an inconvenience to be worked around.

Various bills have already moved through our state Legislature designed to provide an end-run around a ruling by the high court that might render the forced unionization of public employees unconstitutional.

The lawmakers who have sponsored the union-backed bills readily acknowledge their legislation is an attempt to circumvent a ruling in the Janus Supreme Court case.

They are unapologetic in their use of the legislative process to preemptively protect their organized labor allies, a powerful political force and generous campaign donor, from a ruling that would simply force unions to prove their value to public employees.

It isn't surprising that powerful union executives don't want to let a pesky thing like a U.S. Supreme Court decision stand in the way of their forced dues gravy train.

When unions took their first hit from the Court in the 2014 Harris v. Quinn decision, which ruled unconstitutional the forced unionization of home health care providers who were made state employees "solely for the purposes of collective bargaining," the president of SEIU International declared "no court case is going to stop us."

SEIU executives kept their word and have fought tooth and nail to prevent home care providers, and other so-called "partial public employees," from exercising their right to reject paying the union for representation they do not want. Now they are adopting the same arrogant mentality in response to a potential Supreme Court ruling in favor of Mark Janus this summer.

What is surprising is that so many lawmakers in our state Legislature are willing to do the unions' dirty work and game the legislative process, all to preserve their political power and to deny public employees the right to freely choose whether to pay money to a union.

Memo reveals SEIU was behind-the-scenes player in hatching income tax scheme

By ERIN SHANNON, Director, Center for Worker Rights

It is no secret that SEIU supports an income tax in Washington state—the union "bankrolled" Initiative 1098 in 2010, which would have created a state income tax.

After the abysmal failure of I-1098 in 2010 (it was rejected by 64% of voters and passed in only one county in the state), SEIU 775 president David Rolf indicated he and his union had gotten the message that voters aren't interested in an income tax, telling *The Seattle Times* in 2016 his union had no secret plan to push another income tax effort.

But a memo obtained via a public records request shows that is exactly what SEIU executives did—the union hatched a secret plan to try to push a city income tax, in the guise of an excise tax, hoping it would create a legal path to implement a statewide income tax.

According to the memo from Pacifica Law Group, SEIU 775 was working closely with the Economic Opportunity Institute (EOI), and Washington Education Association on the scheme to pass an income tax in Seattle or Olympia. The goal was to "set up a legal challenge to current law in Washington that hold graduated income taxes are unconstitutional," and "provides a launching point for a potential future statewide initiative," and/or "establishes a progressive tax that generates revenue for the public benefit."

Knowing an income tax has little support in this state, the memo reveals SEIU and the income tax cabal were thinking creatively about how to "frame" it as something other than an income tax. Ostensibly hoping to trick voters, it was suggested an income tax should be "framed as a privilege tax or capital gains tax." They settled on trying to sell it in Seattle as what the *News Tribune* characterized as an "excise tax on wealthy people privileged enough to call Seattle home."

Of course, an income tax by any other name...is still an income tax.

A judge rejected the argument that Seattle's income tax is actually an excise tax, explaining that you can't redefine an income tax as an excise tax to get around legal restrictions, and ruled the Seattle income tax illegal.

Although EOI was the public face behind the effort, the memo makes it clear SEIU 775 was behind the scenes actively pursuing the same sneaky income tax agenda scheme.

It is one thing for SEIU to support a ballot measure establishing a state income tax. At least then voters are given the opportunity to have the final say in the matter. They've done so numerous times so far, overwhelmingly rejecting ten income tax ballot measures. It is another thing entirely to negotiate a back room deal to circumvent the will of those voters with a flimsy work around.

SEIU 775 pays a lot of lip service to representing the workers in the state. The reality is SEIU does not bother to represent anyone other than its own agenda when it comes to income taxes.

Proposed carbon tax defeated

By TODD MYERS, Director, Center for the Environment

Editor's Note: The following are key findings from Center for the Environment Director Todd Myers' two-part analysis of Senate Bill 6203, the governor's 2018 proposal to implement a carbon tax. Todd's work exposed the financial and environmental flaws of the bill, which later died in committee.

Exaggerated environmental threats are out of balance with bill's high costs

1. Unlike the revenue-neutral carbon tax proposed two years ago, Governor Inslee's new proposal (SB 6203) would significantly increase taxes, promising to use the money to cut emissions.
2. The bill makes basic scientific errors, claiming snowpack is "dwindling" when snowpack levels are consistently above average, and makes claims about ocean acidification that are contradicted by the state Department of Ecology.
3. The carbon tax would add $210 to average household costs in 2019, increasing to $525 a year in 2029.
4. This would represent a 20 percent increase in gas taxes in 2019, and a 60 percent increase by 2029.
5. Families under 200% of the Federal Poverty Level would see some of their vehicle license costs waived, reducing their total carbon tax bill by 65 percent in the first year, but only 18 percent by 2029.
6. With most industries exempted from the legislation, the burden of these taxes falls primarily on families and commercial business.

Despite high cost, proposed carbon tax would have delivered little environmental benefit

1. Despite claims it focuses on CO_2 reduction, SB 6203 would spend half of the money on projects that do nothing to reduce emissions.
2. The effectiveness standards set by the bill are so weak, it is unlikely the bill would meet the CO_2 reduction targets.
3. Although the legislation includes effectiveness standards, the bill would make them secondary to other priorities like "environmental justice" and union requirements.

To read the complete text of Todd's Legislative Memos on the governor's carbon tax proposal, see the Center for the Environment page at WashingtonPolicy.org.

Carbon Tax: $530 a year to cut 0.001 degree

By TODD MYERS, Director, Center for the Environment

During the legislative session, we noted the carbon tax being proposed in the legislature would have cost the average household about $175 in 2019, increasing to about $530 per houshold in 2029. Since the justification was to fight climate change, the question was, "what do we get for that cost?" We asked Benjamin Zycher of the American Enterprise Institute what climate models say about how much temperature would be reduced if the proposed carbon tax met its emissions reduction goals. Here is his response:

> The governor proposes that by 2050 Washington state greenhouse gas emissions (GHG) be reduced by half below 1990 levels. Any such policy can be attempted only by making energy more expensive, whether explicitly or implicitly, and those increased costs would be very substantial. (No amount of rhetoric can change the central reality that if wind and solar power were competitive, they would not require massive subsidies and guaranteed market shares, and the intermittent and unconcentrated energy content of wind flows and sunlight, together with their high transmission costs, are likely to prevent an improvement in that competitiveness over the foreseeable future.)
>
> But that is a question for another day. Whatever the costs of the governor's proposal, the central question is: What would the environmental effect be in terms of reduced future temperatures? That issue can be addressed by using the same climate model that federal policymakers use to estimate the effects of changes in GHG emissions engendered by various regulations and international agreements; the model was developed with funding from the Environmental Protection Agency. Under a set of assumptions that exaggerate the effects of reductions in GHG emissions, the governor's proposal would yield a temperature reduction by 2100 of one one-thousandth of a degree. Given the natural year-to-year variability in global temperatures, that effect would not be measurable.
>
> Different assumptions would yield slightly different answers, but at a qualitative level the differences would not matter: the governor's proposal would have effects on global temperatures effectively equal to zero. There is no dispute about this; even the Obama administration never claimed that the temperature effects of its climate policies would be substantial. Instead, the argument was that America had to lead the world, a stance not very different from Inslee's argument that the state of Washington should "mark the way." In the face of reduced investment, employment, consumer wellbeing, and all of the other adverse effects of energy more- rather than less expensive: How much is such virtue-signaling worth?

Sound Transit officials will provide tax relief...for a price.

BY MARIYA FROST, Director, Coles Center for Transportation

During the legislative session, House Bill 2201 passed out of the state House of Representatives with a 60-37 vote and was referred to the Senate. The bill could have given a small amount of relief to people in the Sound Transit taxing district who are being severely overcharged on car tab renewals. It didn't pass the Senate. No car-tab tax relief managed to pass both chambers of the Legislature this year.

In response to legislative proposals that would have provided car tab tax relief to the public, Sound Transit officials argued, "Any reduction of [car tab] revenues should be accompanied by offsetting measures to ensure that our transit expansion program remains whole."

Some lawmakers echoed Sound Transit officials' desire to be "paid back" money that was never the agency's to begin with.

One lawmaker suggested a "capital gains tax, new real estate excise taxes, or other progressive taxes to replace the lost money for Sound Transit."

Another lawmaker suggested "giving the agency more favorable terms when it needs to lease state land for rail-line rights of way, legislation to streamline permitting, or even looking at a $500 million fund through which Sound Transit contributes to education funding."

Rewarding Sound Transit for overcharging taxpayers, rather than holding the agency accountable to stop dishonest taxing practices, is poor public policy and erodes public trust.

For example, giving Sound Transit "more favorable terms" to lease state land for rail-line rights of way for far less than its real value, diminishes trust in public officials and the way they manage taxpayer dollars. When taxpayers pay full price for land intended for roads, as they did with Interstate 90, this land should not be given away by the Washington State Department of Transportation (WSDOT) to a transit agency for a small percentage of what the public paid. Yet this is the agreement that WSDOT has had with Sound Transit since 2015. This is an indirect diversion of fuel tax dollars for non-highway purposes.

It is equally erosive to take $500 million in public money from an account designated for education and use it to fund transit. This money would come from the Puget Sound Taxpayer Accountability Account, which was created in 2015 to fund:

> *"...educational services to improve educational outcomes in early learning, K-12, and higher education including, but not limited to, for youths that are low-income, homeless, or in foster care, or other vulnerable populations."*

Although funds go to counties in the Sound Transit taxing district, King County receives more than half of the money. Taking public money designated for vulnerable students and giving it to Sound Transit would be an inappropriate and dishonest use of taxpayer money. This is especially true as we often hear lawmakers say that budgets should not be balanced on the backs of our most vulnerable citizens.

In general, the idea that Sound Transit should be paid back with more taxpayer dollars for any tax relief lawmakers may eventually provide is almost too ironic to bear. It is akin to Sound Transit officials saying, "Fine, here's your $100 that we snuck out of your right pocket, but now we need the money in your left pocket." Finding new ways to take more money from people is not relief.

This government logic is especially insulting to families in the Puget Sound who are struggling to put food on the table, and now have to make the choice between paying rent or renewing their car tabs. If Sound Transit officials want to restore the public trust they have lost, they should return the tax overcharges and be better stewards of the billions they already have.

High speed rail to Spokane is a terrible idea

BY MARIYA FROST, Director, Coles Center for Transportation

Figure 4-4. East-West Corridor

Source: Washington State Department of Transportation (WSDOT)

The Washington State Department of Transportation recently completed a $300,000 feasibility study on high speed rail – including a 310-mile line between the Puget Sound and Spokane. The Spokesman Review wrote an article about the study, noting that naysayers should consider examples of trains in China, Japan and France.

However, unlike the 200-mph bullet trains in Japan or the 270-mph Shanghai Maglev Train in China, a train between Tukwila and Spokane "would travel less than 90-mph and would share right of way and tracks with freight trains." At best, it would take three and a half hours to get from Tukwila to Spokane. So, the author concludes, "the technology and route are there, but the viability is iffy," and the cost of capital and maintenance is extremely high.

The corridor is estimated to require $24 to $42 billion dollars on construction alone, depending on which system is used (high speed rail or magnetic levitation) and how many stations would be placed along the route. The cost of the East-West Corridor is not estimated, but according to the study, it would require additional initial subsidies to be viable.

This does not take into account potential cost overruns, which are more common (but obviously negative) with rail. There was a report just recently in California that "the cost of building 119 miles of bullet train track in the Central Valley has jumped to $10.6 billion, an increase of $2.8 billion from the current budget and up from about $6 billion originally." This represents a 77% cost overrun. We've seen large cost overruns in Washington state with Sound Transit light rail projects as well.

The study also assumes that while train fares will be less than operating costs in 2035, they may surpass operating costs by 2055. This assumption does not take into account the current development and expansion of autonomous, shared, connected and electric vehicles, as well as other innovative ideas that are already changing the transportation landscape.

I asked Cato Institute's transportation expert, Randal O'Toole, for his take:

> *First of all, the kind of train service WSDOT is talking about has as much in common with the high-speed French and Japanese trains mentioned in the story as a Model A Ford does with a Maserati. The only way to run a 200-mph train from Seattle to Spokane would be to dig an 80-mile-long tunnel.*
>
> *Second, 90-mph through the Cascade Mountains? Not likely. Even after spending a few billion restoring track that hasn't seen a passenger train in decades, they couldn't get trains west of Ellensburg to go faster than 60-mph and probably not that. The average speed of Seattle-Spokane passenger trains in the past was less than 50-mph, and given the grades and curvature, there are few opportunities to speed them up. East of Ellensburg they could go 90-mph, but overall, it still wouldn't be competitive with driving.*
>
> *Alaska and Delta airlines offer more than 20 flights a day. Want to make them more convenient? Open Boeing Field to local commercial flights - say to Portland, Spokane, and Vancouver - which would cost a lot less than running a train. Alternatively, Greyhound has buses that are two and a half hours faster than the fastest trains that have ever served that corridor, and one-way bus fares are about $20 less than Amtrak.*
>
> *What is going on here is that the 2009 economic recovery act provided billions of dollars for "shovel-ready" projects regardless of their value. Shovel-ready meant having an environmental impact statement (EIS). So now WSDOT and many other state transportation agencies are writing EISs for projects that they can put on the shelf until Democrats take over Congress and start spending hundreds of billions on "infrastructure."*

Governor Inslee would like to continue studying high speed rail and has requested $3.6 million in his supplemental budget to do so.

Baby ducks are cute. Income taxes are not.

If it looks like a duck and quacks like a duck, it's a duck.

Many activists and politicians have tried to sneak an income tax into Washington state by calling it something else - like a capital gains tax.

A capital gains tax IS an income tax.

How do we know? Every other state has told us so… literally.

- **California Franchise Tax Board:** "California taxes capital gains as an income tax and they are taxed at the same rate as ordinary income."
- **Oregon Dept. of Revenue:** "If it's a capital gain for your personal income tax then it would be taxed under your Oregon personal income tax."
- **New York Dept. of Taxation and Finance:** "New York taxes capital gains as an income tax."
- **Ohio Department of Taxation:** "Capital gains are taxed as an income tax."
- **Michigan Department of Treasury:** "Michigan taxes capital gains through an income tax."

For the complete list of states and more information on tax policy, go to **washingtonpolicy.org**

WASHINGTON POLICY CENTER

Should health insurance really be all that different from other types of Insurance?

Not really.

Clearly, the human body is different from a car or house. However, from an insurance standpoint, which involves assessing and mitigating risk, health insurance is not fundamentally different.

Currently, 85 percent of Americans are in health insurance plans that involve a third-party (someone else) as the payer. When someone else is paying for something, it's very likely the recipient will use more of it than they would if they paid with their own money—and they won't shop for the best deal—even if 15 minutes or less could save them 15 percent.

The best solutions to our health care system woes involve reforms that introduce more free market ideas in all the various types of health insurance, both private and government-run.

Free market solutions benefit you.
Learn more at WashingtonPolicy.org.

WASHINGTON POLICY CENTER
Improving lives through market solutions

Washington Policy Center

2018

Mark your calendars for these WPC events!

2018 APRIL

SUN	MON	TUE	WED	THU	FRI	SAT
1	2	3	4	5	6	7
8	9	10	11	12	13	14
15	16	17	18	19	20	21
22	23	24	25	26	27	28
29	30					

2018 MAY

SUN	MON	TUE	WED	THU	FRI	SAT
		1	2	3	4	5
6	7	8	9	10	11	12
13	14	15	16	17	18	19
20	21	22	23	24	25	26
27	28	29	30	31		

2018 JUNE

SUN	MON	TUE	WED	THU	FRI	SAT
					1	2
3	4	5	6	7	8	9
10	11	12	13	14	15	16
17	18	19	20	21	22	23
24	25	26	27	28	29	30

4/17 WPC Member Policy Update Reception
- Bellingham

4/19 Eastside Breakfast
– Bellevue

4/23 WPC Gonzaga University Young Professionals Debate
- Gonzaga University

4/24 – Solutions at Sunrise breakfast
– Spokane

5/17 Eastside Breakfast
-Bellevue

5/22 Western Washington Solutions Summit
- Bellevue – Bellevue Hyatt,

5/23 Eastern Washington Solutions Summit
-Spokane – Davenport Grand

6/08 WPC Small Business Forum
- Tacoma

6/12 Regional Reception
-Gig Harbor

6/21 Eastside Breakfast
-Bellevue

Young Professionals Happy Hour
- Tri Cities

6/26 Solutions at Sunrise
- Kennewick

Evening Reception
- Yakima

For more details and to register, go to **washingtonpolicy.org/events**

Eastern Washington Keynote Speaker:

General (Ret.) David H. Petraeus

WASHINGTON POLICY CENTER

ANNUAL DINNER

SAVE THE DATE

BELLEVUE: 10.12.18 | SPOKANE: 10.24.18