



June 30, 2017

To the Honorable President and Members,  
The Senate of the State of Washington

Ladies and Gentlemen:

I am returning herewith, without my approval as to Sections 103(4); 136(2); 150(8); 207(12); 213(1) (a), page 108, lines 37-39, through page 109, line 2, beginning with "The administration" and ending with "administrative costs."; 217(1); 217(2); 222(4); 302(2); 610(13); 734; 964(3); and 1213(1), page 455, lines 6-9, Substitute Senate Bill No. 5883 entitled:

“AN ACT Relating to fiscal matters.”

**Section 103(4), pages 4-5, Joint Legislative Audit and Review Committee, Evaluation of Market Rate Housing and Subsidized Housing Projects**

This section creates an evaluation and comparison of the cost efficiency of market rate housing in Washington versus publicly subsidized housing projects intended to assist low-income households. The solution to our state’s housing crisis is less a comparison between market rate and subsidized housing than it is a comprehensive set of all available options to meet a serious need. For this reason, I have vetoed Section 103(4).

**Section 136(2), page 37, Department of Revenue, Contract with Sound Transit**

This subsection requires the Department of Revenue to renegotiate its contract with Sound Transit for the collection of sales tax. The department is required to charge Sound Transit an administrative fee of 1 percent, which is more than is charged under the current contract. This will reduce the funding available for Sound Transit to deliver the voter-approved transit package. For these reasons, I have vetoed Section 136(2).

**Section 150(8), page 48, Consolidated Technology Services Agency, Washington Business Onestop Portal**

The operating budget does not provide the Consolidated Technology Services agency with revenue for continuation of this project, and assumes the agency will spend existing fund balance. However, there is not sufficient funding available to spend on this project. For these reasons, I have vetoed Section 150(8).

**Section 207(12), pages 97-99, Department of Social and Health Services, Legislative-Executive WorkFirst Poverty Reduction Oversight Task Force**

Funding is provided for a legislative-executive WorkFirst poverty reduction oversight task force with the primary goal of reducing the overall percentage of families and individuals living in

poverty. However, Section 207(12) provides the task force with oversight of the partner agencies' operations related to the WorkFirst and Temporary Assistance for Needy Families program. While I agree with the primary goal to reduce intergenerational poverty, this oversight is beyond the scope and authority necessary to develop a comprehensive poverty reduction plan. Therefore, I have vetoed Section 207(12), and I am directing the Department of Social and Health Services to form a workgroup that includes members of the Legislature and appropriate state agencies to develop a plan to address this important issue.

**Section 213(1)(a), page 108, lines 37-39, through page 109, line 2, beginning with “The administration” and ending with “administrative costs.”, Health Care Authority, Pharmacy Preferred Drug List and Pharmacy Benefit Manager**

This section requires a substantive change in the administration of the prescription drug benefit by requiring the use of a single pharmacy benefits manager. The remainder of the section is an appropriation that directs the implementation of a preferred drug list and related transparency and reporting requirements. The vetoed language is a distinct, separate subject, constituting a separate section. The constitution prohibits two subjects contained in one bill, and therefore, the budget bill may not contain substantive law. Exercising my constitutional line item veto authority, I am removing this separate pharmacy benefit manager section from the budget bill. For this reason, I have vetoed Section 213(1)(a), page 108, lines 37-39, through page 109, line 2, beginning with “The administration” and ending with “administrative costs.”

**Section 217(1), pages 130-131, Department of Labor and Industries, Subminimum Teen Wage**

This section requires the Department of Labor and Industries to engage in rule making to review the minimum wage for employees under eighteen years of age in light of the enactment of Initiative 1433. In development of the rule, the department must consider several areas of research and have a proposed rule for consideration by December 1, 2017.

I-1433 increased Washington State's minimum wage and provided paid sick leave. Low-wage workers, including teen workers, have not been able to keep up with the cost of living even though workers are producing more. Instead of suppressing wages, I am committed to investing in job creation and job opportunities for all workers, including options that provide incentives for employers to hire teen workers and invest in pre-apprenticeship programs. Finally, the Legislature has for the past three years considered reducing wages for workers under age 18, and every effort has failed. For these reasons, I have vetoed Section 217(1).

**Section 217(2), page 131, Department of Labor and Industries, Occupational Disease Study**

The Department of Labor and Industries is required to conduct a study on occupational disease claims, including where employment is the proximate cause of diseases and conditions that are covered under industrial insurance.

The 2011 Legislature directed the department to contract with a research entity to study the frequency and severity of occupational disease claims. The research found that the evidence suggests little reason for concern over Washington's system. The system has adequate checks and balances which ensure that only work-related conditions are compensated. For these reasons, I have vetoed Section 217(2).

**Section 222(4), page 148, Employment Security Department, Center for Workers - King County**

The Employment Security Department is to contract with a center for workers in King County to provide rapid response services for dislocated workers through state funds from the Administrative Contingency Account. The department has sufficient dedicated federal funds to provide statewide rapid response services, including in King County. This proviso is unnecessary and it limits the department's ability to provide comprehensive statewide services and leverage statewide efficiencies and collaboration. For these reasons, I have vetoed Section 222(4).

**Section 302(2), pages 161-162, Department of Ecology, Burrowing Shrimp Control**

This subsection requires the Department of Ecology to report on the status of its environmental review and possible issuance of a permit to allow use of the pesticide Imidacloprid to control burrowing shrimp. This subsection also requires Ecology to identify the steps it will take to ensure a viable and economically feasible alternative if the pesticide use is not permitted.

Burrowing shrimp is a serious problem for the shellfish industry in Willapa Bay and Grays Harbor. However, the proviso inappropriately presumes the outcome of the environmental review and permitting process.

For these reasons, I have vetoed Section 302(2). While I am vetoing this subsection, I am directing the Department of Ecology to complete the environmental review process as soon as possible and to keep the Legislature informed of its progress.

**Section 610(13), page 250, The Evergreen State College, Local Government Study**

This subsection requires the Washington State Institute for Public Policy (WSIPP) to study comparative constitutional and statutory obligations and revenue capacity of local governments, and provide a report of its research and findings to the Legislature by December 30, 2017. The study is outside the scope of typical research projects performed by WSIPP, and the funding level is insufficient to contract for the work within the short timeline. For these reasons, I have vetoed Section 610(13).

**Section 734, pages 288-289, Transportation, Reductions to Agency Management**

This section reduces funding for management positions in agencies funded in the transportation budget. This is an unnecessary reduction in funding and would impact the ability of agencies to recruit and retain qualified staff as the state embarks on the largest transportation investment package in Washington history. For these reasons, I have vetoed Section 734.

**Section 964(3), page 329, Law Enforcement Officers' and Firefighters' Retirement System, (LEOFF) Distribution**

This language expresses the Legislature's intent that future distributions to the Local Law Enforcement Officers' and Firefighters' Retirement System Benefits Improvement Account may include transfers from the LEOFF 2 pension fund. I have consistently vetoed similar provisions in the past, and I remain concerned about the wisdom of such transfers from a retirement fund. For this reason, I have vetoed Section 964(3).

**Section 1213(1), page 455, lines 6-9, Health Care Authority, General Fund-State and Federal Appropriations**

The Legislature did not provide the Health Care Authority with sufficient funding for Healthier

Washington savings restoration. Without these funds, the Health Care Authority will be unable to close the state fiscal year. For this reason, I have vetoed Section 1213(1), page 455, lines 6 through 9. Because this veto will result in more General Fund-State than is necessary to close the state fiscal year, I am directing the Health Care Authority to place the \$6.0 million GF-State appropriation into reserve.

For these reasons I have vetoed Sections 103(4); 136(2); 150(8); 207(12); 213(1)(a), page 108, lines 37-39, through page 109, line 2, beginning with "The administration" and ending with "administrative costs."; 217(1); 217(2); 222(4); 302(2); 610(13); 734; 964(3); and 1213(1), page 455, lines 6-9 of Substitute Senate Bill No. 5883.

With the exception of Sections 103(4); 136(2); 150(8); 207(12); 213(1)(a), page 108, lines 37-39, through page 109, line 2, beginning with "The administration" and ending with "administrative costs."; 217(1); 217(2); 222(4); 302(2); 610(13); 734; 964(3); and 1213(1), page 455, lines 6-9, Substitute Senate Bill No. 5883 is approved.

Respectfully submitted,



Jay Inslee  
Governor