The Legislature convened on August 10, 1987 to address four issues. Three were fiscal issues, while the Boeing legislation was not.

Minimum Wages for Nursing Home Employees

The 1987-89 budget was amended by House Bill 1260 to provide an additional $3.0 million, of which $1.4 million is from the general fund-state to enhance wages of experienced nursing aides. These employees have several years experience and without the increases provided in HB 1260 would be paid the same as newly hired employees. Language was added to the original budget to ensure that all nursing home employees would be paid a minimum of $4.76 per hour effective January 1, 1988 and $5.15 per hour effective January 1, 1989. These additional funds will raise the wages of employees who were making around $4.76 per hour prior to January 1, 1988 and will maintain a similar wage relationship between experienced and new employees effective January 1, 1989. This supplemental funding should eliminate the "wage compression" inequity in nursing homes.

Chore Services Funding

House Bill 1261 added $3.0 million in general fund-state and $1.5 million general fund-federal for a total of $4.5 million to increase services in the Chore and Community Options Entry Program (COPES). The Department of Social and Health Services is required to divert as many eligible clients to the COPES program as possible to maximize the use of federal funding. It is anticipated that a greater number of elderly clients can be served by maximizing all available resources.

National Can v. Department of Revenue, and SB 6078 B&O Tax Modified

In June 19, 1987, the U. S. Supreme Court in Tyler Pipe (a.k.a. National Can) ruled unconstitutional Washington's system of taxing manufacturing. The Court concluded that the multiple activities exemption results in unconstitutional discrimination against interstate commerce. The case was remanded to the Washington Supreme Court for determination of remedies and refunds. The Legislature in response enacted SB 6078. The Washington Supreme Court will hear the case in December, 1987 and will rule on the question of refunds and the constitutionality of SB 6078.

This lawsuit commenced in 1984. The 1985 Legislature enacted legislation contingent on the court ruling the multiple activities exemption invalid. This legislation allowed a credit against Washington's manufacturing tax for selling Business and Occupation (B&O) type taxes paid to other states. No credits were provided for out-of-state manufacturers selling in Washington. Part of the U.S. Supreme Court opinion suggests the credit may not be a sufficient remedy.

SB 6078 expands the 1985 credit to also provide a credit to out-of-state manufacturers selling in Washington for B&O type taxes paid to other states. This same credit is extended to Washington manufacturers selling in Washington by allowing them to credit the manufacturing tax against the wholesaling or retailing tax. This eliminated the need for the multiple activities exemption and it was repealed. The estimated cost of the credits in the 1987-89 biennium is $42 million.

The Legislature convened on October 10, 1987 to address two issues, K-12 teacher salaries and hazardous waste cleanup and regulation.

Teachers' Salaries (HB 1264)

The September 1987 salary increase raised salaries for certificated instructional staff to at least the level of the 1987-88 statewide salary allocation schedule contained in the appropriations bill. However, districts which were already close to or above this level received a minimum 2.1 percent increase in the district's average instructional salary. For approximately 66 school districts, employing 43 percent of the state's teachers, the 2.1 percent increase provided more salary dollars than what would have been received from the statewide salary allocation schedule.

However, unlike the districts funded by the statewide salary allocation schedule, these higher-paying districts received no funding adjustment for changes in the district's average salary due to increased staff education and experience. These adjustments had to be absorbed within the district's 2.1 percent overall increase. Also, because the districts had previously had full flexibility in designing their own salary schedules, they had to grant some teachers more than 2.1 percent increases in order to meet the new mandated minimum salaries. These larger increases also were included in determining the 2.1 percent average salary increase in the 66 districts.

In the Special Session, the 1987-88 salary increase language was changed to provide a funding adjustment for increases in staff education and experience (or "staff mix") in these districts, retroactive to September. The adjustment is calculated using essentially the same "staff mix" or increments schedule used in funding the other 230 districts, and it may not precisely match the increment costs calculated using the district's own schedule. A similar adjustment was included for districts receiving the minimum 2.1 percent increase in 1988-89, in this case recognizing either positive or negative "staff mix" adjustments.

Appropriations were increased by $9 million to cover the costs of the salary adjustments for staff education and experience. An additional $1 million was also added to help districts pay for the mandated minimum salaries, so that the larger increases do not have to be absorbed within a district's average increase.

Hazardous Waste Cleanup and Regulation ("State Superfund" SB 6085)

In Washington, the Department of Ecology (Ecology) has identified 158 sites with known hazardous waste contamination. About 25 are listed as eligible for federal "Superfund" monies. The rest must be addressed by state government (Ecology). In the past, funds needed for state sites and for matching funds on federal Superfund sites have come from the general fund. Ecology estimates more than $28 million will be needed in the next two years in order to address the state sites and match federal dollars. Local governments estimate several hundred million dollars are needed to meet state hazardous and solid waste requirements and to clean up contaminated landfills.

In addition to hazardous waste cleanup, Ecology is also responsible for regulating the day-to-day production, transportation, storage, treatment and disposal of hazardous wastes.
The hazardous waste fees, authorized in 1983, have been inadequate to run the hazardous waste regulatory program.

Ecology also administers state and federal water quality laws. Ecology has been unable to issue water quality permits on a timely basis. Further, the Puget Sound Water Quality plan calls for increased permit monitoring, especially regarding toxics, to provide better protection of Puget Sound and other areas around the state.

The Special Session provided Ecology the statutory authority and the funding to prevent as well as cleanup hazardous wastes sites. Specifically under SB 6085, Ecology will: 1) cleanup hazardous waste sites when a responsible party can not be found or is unable or unwilling to perform the clean up themselves; 2) seek triple damages to recover the cost of certain cleanups; 3) increase inspection and permit writing capabilities in the Solid and Hazardous Waste program; 4) offer more technical assistance to business and local government; 5) increase wastewater discharge inspections and permit writing ability; and 6) provide financial assistance to local government for hazardous waste site cleanup, hazardous and solid waste programs, and solid waste management facilities.

Funding for the state hazardous waste program will be provided by a tax of 0.8 percent on the first sale of hazardous substances in Washington. The 1983 hazardous waste fees are repealed. Ecology is authorized to charge fees to recover the cost of administering the wastewater discharge permit system.

The act (SB 6085), as passed by the Special Session, will be an alternative to Initiative 97, if the initiative is certified.