

2017 Washington State Second Special Session Update

Escrow Association of Washington

June 13, 2017

# Second Special Legislative Session- Not So Special

**The Budget Battles Continue…..**The Legislature must agree on the final details of the two-year state operating budget by June 30th, or state agencies will go into partial shutdown.  The odds of needing a third special session when this second special session expires on June 21 seem highly likely, mirroring the same actions that occurred in 2015…

If the Legislature should drag on into July…the state will have to stop spending money because without an operating budget. Under state constitution, when the end of the fiscal year is near and a budget deal has not been cut, state agencies must develop contingency plans for a partial shutdown. The state doesn’t have the legal authority to spend money for certain things such as: salaries for 26,000 state employees; keeping state parks, boating access sites, or wildlife areas open; issuing hunting/fishing licenses; and many state-run, state-funded health and human services programs.

So, not certain whether lawmakers can make a deal by the end of June or not. If not, can you say “Train-wreck”?

**Funding the McCleary Ruling**

The primary reason the Legislature is deadlocked over the operating budget is due to the state Supreme Court’s ruling to adequately fund K-12 education system back in 2014. After a year of the Legislature failing to take action to fund the public school system, the Supreme Court imposed a $100,000 penalty for each day the Legislature fails to come up with a school-funding plan. Monday (6/12) marked 670 days since the court ordered the fines.

Taxpayers…to date, the Legislature has racked up $67 million in daily fines over lawmakers' failure to fully fund basic education, and the tab is still open!

It’s time for both political powers at the helm to come together and reach an agreement that will resolve, and fund the one-time, basic education equation staring at them in the face. Budget writers claim that some “paper” has gone back and forth, but both leaders of both parties, from both chambers, aren’t sitting down at a table and negotiating a budget. House Democrats say that negotiations are not happening because Senate Republicans still demand the House Democrats vote on their tax packages, which they are disinclined to do without a budget. So, there you have it! A third special session seem inevitable.

**DFI Interim Rulemaking – Adjudicative Procedures** On May 23, 2017, DFI filed their CR-102 in order to commence agency rulemaking to modify WAC 208-08 their adjudicative procedures act which applies to all licensees that are regulated by DFI. The rules are proposed to streamline the adjudicative process by providing clearer guidance for all participants while preserving due process.

DFI’s reasons for supporting the proposal are: The rules have not been amended since adopted in 1996 and may not address amendments to the Washington Administrative Procedures Act and the Mode Administrative Rules occurring after 1996. Additionally, DFI has observed over the year several areas of concern with the adjudicative process that can be addressed by amending the rules.

Please click on the hyperlink below to review the proposed WAC changes. Please note that these changes are very technical & judicial changes to the WAC. I have reviewed the proposal and do not see anything that I believe EAW should have industry concerns with. I am very interested in receiving your input, comments or questions you may have regarding proposed changes prior to the **July 13th public hearing.**

[**CR-102 Version of the Rules**](http://dfi.wa.gov/documents/rulemaking/adjudicative-procedures/cr-102-proposed-rule-amendments.pdf)

**DFI is currently taking comments about the proposed changes to WAC 208-08 from its regulated licensees until 5:00 PM on July 13th. Cindy Fazio is the primary contact person at DFI on this rule proposal. Should you have technical questions, please feel free to contact her at: 360-902-8800 or** [**cindy.fazio@dfi.wa.gov**](mailto:cindy.fazio@dfi.wa.gov)

Please submit any written comments to:

Sara Rietcheck

P.O. Box 41200 Olympia, WA. 98504-1200

E-mail: sara.rietcheck@dfi.wa.gov

Fax (360) 586-5068 by July 13, 2017 by 5:00 p.m.

In closing, thank you for the opportunity to represent you and your industry before the Legislature and before state regulatory entities. It is an honor and a privilege that I value and take very seriously. I look forward to working with you throughout the interim on issues of importance to EAW.

Please feel free to contact me anytime!

My Best to You,

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