



## *Invest in Safeguarding Our Future Capital Budget*

The capital budget presents a unique opportunity for both economic stimulus and solutions to meet the needs of local communities across Washington. As with the operating budget, it is crucial to apply a racial justice lens to the capital budget to prioritize investments in communities facing the highest impacts from environmental degradation and significant health disparities. Since 2013, the natural resources section of the capital budget has ranged between 27%-40% of the capital budget because environmental projects provide a high return on investment: job creation, public health benefits, and supporting a higher quality of life.

Every biennium, the Environmental Priorities Coalition works hard to develop a smart, effective, and ambitious package of investments for the capital budget. In light of the economic impacts of the pandemic, we have focused on items that create jobs, support economic vitality, and work to address our biggest environmental challenges, including salmon and orca extinction, and climate change.

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## Fair and Equitable Revenue

Washington has the most regressive tax code in the country—we can and must do better for struggling Washingtonians. The budget shortfall provides an important opportunity to orient reform toward progressive and equitable taxes. Currently, Washingtonians in lower income brackets pay six times as much of their income in taxes as the wealthiest. A fairer tax code and an adequate revenue stream also helps ensure environmental programs are funded, implemented, and enforced, which benefits communities across the state. This may include new revenue sources such as a price on carbon.

## Use Dedicated Funding Sources For Their Intended Purposes

Dedicated funding sources like the Model Toxics Control Act (MTCA) provide essential, healthy environmental investments in both the operating and capital budgets. During the last recession and budget shortfall period, the legislature shifted approximately \$275 million in MTCA funding to fill gaps in the General Fund. In addition, close to \$65 million was permanently diverted to environmental agencies to backfill general fund cuts. Unfortunately, the Governor's proposed budget includes diverting MTCA funds to backfill cuts in the operating budget. Fund shifts in the operating budget result in fewer high-impact investments in the capital budget. Therefore, we urge capital budget writers to pushback on fund shifts in the operating budget to ensure balance and the ability to use MTCA funding for capital budget needs.

## Capital Budget Specific Funding Priorities

### CLEAN WATER & GREEN INFRASTRUCTURE

- Puget Sound Nutrient Grants** (Ecology): \$9 million
- Stormwater Financial Assistance Program** (Ecology): \$75 million<sup>1</sup>
- Floodplains by Design** (Ecology): \$70 million
- Streamflow Restoration** (Ecology): \$40 million
- Product Replacement Program** (Ecology): \$6.5 million
- PFAS Cleanup Pilot Project** (Ecology): \$1.5 million
- Puget Sound Acquisition & Restoration Program** (RCO): \$50 million
- Estuary Salmon & Restoration Program** (RCO): \$20 million
- Salmon Recovery Funding Board** (RCO): \$40 million

### CLIMATE & CLEAN ENERGY

- Energy Retrofits in Public Buildings** (Commerce): \$66 million
- Weatherization Plus Health** (Commerce): \$55 million
- Clean Energy Fund** (Commerce): \$100 million

### RURAL COMMUNITIES

- Rural Rehabilitation Loan Fund** (Commerce): \$20 million
- Forest Health & Wildfire** (DNR): \$25 million
- Forest Health & Wildfire Restoration** (WDFW): \$6 million
- Community Forests Grant Program** (RCO): \$16 million
- WA Coast Resiliency Initiative** (RCO): \$15 million
- Public Works Board Broadband** (Commerce): \$45 million
- Equitable Recreation Grants**: \$400,000

<sup>1</sup> This is a funding item that depends on MTCA funding availability and is an example of why MTCA funding needs to be available for capital project investments.



## *Invest in Safeguarding Our Future*

### *Operating Budget*

Funding for a healthy environment makes up one of the smallest portions of our state operating budget at a mere 2.2% and only 0.9% of the state General Fund. Yet, environmental programs provide benefits to all people in the state in the form of cleaner air and water, salmon recovery, reducing exposure to harmful toxic chemicals, providing recreation opportunities, and safeguarding habitat. Budget cuts to environmental agencies and programs will not solve the budget shortfall, but making cuts to essential environmental programs shifts costs of environmental protection to the public, allow more polluters to get away with degradation, and make it harder and more expensive to tackle our biggest challenges, such as climate change.

This budget process must also center meaningful racial equity analysis. For example, the state has an obligation to tribal treaty rights and tribes should not bear the brunt of budget cuts. The state also has clear data and information on health disparities among communities of color correlated to decades of austerity and lack of public investment. We support the changes and budget demands of Black-led organizations to overhaul the prison system and redirect those dollars to invest in Black and Brown communities. Farmworkers should also have protections as they have face discrimination and hardship—exacerbated by COVID—having been forced to work in unsafe conditions.

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**With this context in mind, the Environmental Priorities Coalition has the following priorities for the 2021-23 operating budget:**

### **Fair and Equitable Revenue**

Washington has the most regressive tax code in the country—we can and must do better for struggling Washingtonians. The budget shortfall provides an important opportunity to reform toward more progressive and equitable taxes. Currently, people in lower income brackets pay six times as much of their income in taxes as the wealthiest. A fairer tax code and an adequate revenue stream also helps

### **Use Dedicated Funding Sources For Their Intended Purposes**

Dedicated funding sources like the Model Toxics Control Act (MTCA) provide essential, healthy environmental investments in both the operating and capital budgets. During the last recession and budget shortfall period, the legislature shifted approximately \$275 million in MTCA funding to fill gaps in the General Fund. In addition, close to \$65 million was permanently diverted to environmental agencies to backfill general fund cuts. Unfortunately, the Governor's proposed budget includes a \$12 million fund shift to backfill General Fund cuts to the Department of Ecology and \$4.8 million to support DNR's Adaptive Management Program for Forest Practices. The legislature should not follow this approach and ensure that essential environmental programs are funded and operational via general fund and/or an appropriate dedicated funding source.

### **Protect Natural Resource Agencies To Keep Work On Track**

Since 2008, natural resource agencies and programs have withstood General Fund reductions that are steeper than any other area of state government. Moreover, natural resource agencies are a mere 0.9% of state General Fund support and an incredibly small portion of the overall budget (2.2%). It is essential that the legislature protect funding for natural resource agencies. Cutting the natural resources portion of the operating budget will not provide significant help to addressing the broader budget shortfall and the costs of funding reductions will be manifested in public health problems and reducing our ability to tackle major issues like climate change, sustainable forest management, reducing toxic pollution, and salmon recovery.

## **Operating Budget Specific Funding Priorities**

### **1. Priorities in Governor's Proposed Budget**

#### **Department of Ecology**

Water Adjudication: \$1 million

Flood Control Assistance Account: \$4 million

Environmental Justice and Title VI Compliance:  
\$328,000

Safer for Products for WA \$1.5 million (implementation) and product testing \$398,000

#### **Puget Sound Partnership Work on Environmental Justice: \$576,000**

#### **Washington Department of Fish and Wildlife**

HPA Compliance: \$1.8 million

Wolf Deterrence: \$954,000

#### **Department of Agriculture**

Wolf Deterrence: \$752,000

### **2. Funding to implement essential policies and legislation such as the Clean Fuels Standard, HEAL Act, GMA reform, Clean Buildings, etc.**

### **3. Reinstate funding from 2019-21 to move forward on essential environmental work including:**

#### **Washington Department of Fish and Wildlife**

Work to develop an action plan on net ecological gain integration into key laws for salmon recovery (\$200,000)

#### **Washington State University**

Developing a least-conflict siting process for the Columbia River basin (\$500,00)