



May 21, 2019

To the Honorable Speaker and Members,  
The House of Representatives of the State of Washington

Ladies and Gentlemen:

I am returning herewith, without my approval as to Sections 1029(5), 1043(3), 1082(2), 1083(2), 1091(2), 3102, and 7019, Substitute House Bill No. 1102 entitled:

“AN ACT Relating to the capital budget.”

**Section 1029(5), page 17, Department of Commerce, 2019-21 Housing Trust Fund Program (4000036)**

I commend the Legislature for the capital budget appropriation of \$175 million for the Housing Trust Fund program. This vital funding will help preserve and build affordable units to address our state’s housing crisis. I share the concern that some projects serving those most in need lack sufficient funding streams to support long-term operations and services. However, Section 1029(5) directs Commerce to prioritize loan deferment for nearly all projects funded by the Housing Trust Fund. This proviso does not recognize that most of these projects serve a mix of households, including many that pay rent. Loan repayments from developers who receive rental income are reinvested in future Housing Trust Fund projects. I am directing the department to work with stakeholders and legislators to develop a fair and transparent policy for loan repayments, with the goal of ensuring the long-term viability of the state’s affordable housing investments. For these reasons, I have vetoed Section 1029(5).

**Section 1043(3), page 45, Department of Commerce, Washington Broadband Program (40000117)**

I appreciate the bipartisan effort to pass the Washington state broadband service bill (Second Substitute Senate Bill 5511) to expand affordable, resilient broadband service. The bill lays out the roles and responsibilities of the agencies involved, including the Governor’s statewide broadband office, Public Works Board (PWB), Community Economic Revitalization Board (CERB), Department of Commerce, and Utilities and Transportation Commission (UTC). However, Section 1043(3) contains language requiring the PWB to collaborate with CERB to implement the funding provided in the Universal Communications Services Account. This account funds the state universal communications services program administered by the UTC, and by statute only the UTC may authorize expenditures from the account. For this reason, I have vetoed Section 1043(3).

**Section 1082(2), page 63, Department of Enterprise Services, Roof Replacement – Cherberg and Insurance Buildings (40000032)**

This appropriation is for the replacement and construction of the Insurance and Cherberg Building roofs. This amount assumes cost savings by completing both roofs at the same time. Section 1082(2) limits the ability to complete this project by requiring the completion of the Cherberg Building roof before beginning work on the Insurance Building. For this reason, I have vetoed Section 1082(2).

**Section 1083(2), pages 63-64, Department of Enterprise Services, Legislative Building Exterior Preservation Cleaning (40000033)**

This reappropriation is for cleaning the exterior of the Legislative Building and to make various repairs. Section 1083(2) sets unrealistic expectations for what the department will be able to complete within the amount appropriated. For this reason, I have vetoed Section 1083(2). However, the department will continue the cleaning and repair work with the funding provided.

**Section 1091(2), pages 66-67, Department of Enterprise Services, Legislative Building Cleaning (92000028)**

This appropriation is for cleaning the exterior of Capitol Campus buildings, beginning with the Insurance Building. Section 1091(2) sets unrealistic expectations for what the department will be able to complete within the amount appropriated. For this reason, I have vetoed Section 1091(2). However, the department will continue the cleaning and repair work with the funding provided.

**Section 3102, page 140, Department of Ecology, Port of Port Angeles Stormwater (91000358)**

The appropriation in Section 3102 is duplicative of Section 129 of the 2019-21 operating budget (Engrossed Substitute House Bill 1109). For this reason, I have vetoed Section 3102.

**Section 7019, pages 315-316, Review of Hazardous Substance Tax**

This section directs the Department of Ecology, in consultation with the Department of Revenue and the Department of Transportation, to review the enforcement of the application of the hazardous substance tax to aviation fuels and submit recommendations to the appropriate legislative committees for the application of all state and local taxes to these fuels. The budget did not include funding for this effort and the cost of this work cannot be absorbed. However, I am directing the Office of Financial Management to collaborate with these agencies to examine revenue and expenditure data in light of any relevant federal regulations. For these reasons, I have vetoed Section 7019.

For these reasons I have vetoed Sections 1029(5), 1043(3), 1082(2), 1083(2), 1091(2), 3102, and 7019 of Substitute House Bill No. 1102.

With the exception of Sections 1029(5), 1043(3), 1082(2), 1083(2), 1091(2), 3102, and 7019, Substitute House Bill No. 1102 is approved.

Respectfully submitted,

A handwritten signature in blue ink, appearing to read "Jay Inslee", is written over a light blue rectangular background.

Jay Inslee  
Governor