



Capitol Update

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State Revenue Forecast Balloons Again

In what is becoming a quarterly habit in Olympia, the state's Economic and Revenue Forecast Council met on Wednesday, September 20 to update general fund revenue projections and found themselves with yet another tax windfall on their hands. Dr. Chang Mook Sohn, chief state revenue forecaster projects that the state will take in another \$412 million over the next three fiscal years, increasing the state's current budget surplus to more than \$1.8 billion.

Most of the new revenue is expected between now and the remainder of the current biennium which ends June 30, 2007. Because of continued strong growth in the real estate market, another \$350 million in general fund tax collections are forecast for the 2005-07 biennium. For the next biennium (2007-09) which begins next July 1, an additional \$62 million in revenues are projected above the most recent revenue forecast which was adopted by the council this past June.

The state revenue forecast will be updated again in mid-November.

September 19th Primary Election Highlights

The state's 2006 primary election was held on Tuesday, September 19 and a number of races were being closely watched. In a hotly contested race for Supreme Court, Chief Justice Gerry Alexander easily bested a well-financed challenge from John Groen in what many observers felt was one of the bitterest Supreme Court races in memory. In other court races, incumbent Tom Chambers won over Jeannette Burrage (a former King County Superior Court judge), but Justice Susan Owens is likely to not receive the 50 percent she would have needed to advance unopposed to the general election. She will likely face State Senator Steve Johnson in November.

In legislative races, incumbent state Senator Tim Sheldon (D-Potlatch) beat back a strong challenge from newcomer Kyle Taylor Lucas to win the Democratic nomination in the 35th legislative district (Mason, Kitsap and Thurston counties). Sheldon, a conservative Democrat who sometimes votes with Senate Republicans, was opposed by the State Democratic Party which spent a significant amount of money supporting Taylor Lucas in the primary.

In Seattle's hotly contested 43rd legislative district (Capitol Hill, University District, Madison Park), attorney and gay rights activist Jamie Pedersen was running slightly ahead of former Seattle city councilman Jim Street in a race that is still too close to call. Longtime House incumbent Ed Murray easily won the Democratic nomination for the Senate seat being vacated by the retiring Pat Thibaudeau.

In the 26th legislative district (Gig Harbor, Port Orchard) where incumbent Senator Bob Oke (R-Port Orchard) is retiring, Representative Derek Kilmer easily won the Democratic primary and Gig Harbor salesman Jim Hines beat out former State Representative Lois McMahan for the GOP nomination. Kilmer and Hines will face off in the November general election.

Olympia News and Notes

Initiative 937 which would require the state's 17 largest electric utilities to have 15 percent of their power supply generated by renewable energy resources by the year 2020 has qualified for a spot on the November ballot. A summary of the program and fiscal impacts of all three November ballot measures is available on the OFM website at:

<http://www.ofm.wa.gov/initiatives/>

Gary Weeks, director of the Department of Labor and Industries who has won praise from business leaders and state worker unions for his handling of the workers' compensation program recently announced he will resign to become executive director of Washington Health Care Association, an organization focused on issues related to nursing homes and long term care. Holly Armstrong, the Governor's communications director has indicated that the Governor will start a search and look for someone with the same level of expertise and ease in working with the business community and labor community.

Debbie Driver is the new higher education fiscal analyst for the House Appropriations committee, replacing Brian Enslow who left this summer for a position with the Governor's Office of Financial Management. Debbie, who is a graduate of the UW Graduate School of Public Affairs, joins the House staff from a transportation consulting firm in Colorado.

Fans of the **Spar Restaurant** in Olympia which has struggled financially since voter passage of the statewide smoking ban have reason to celebrate. The longtime breakfast and lunch hangout for legislators, lobbyists and staffers which opened in 1935 has been sold to the Portland, Oregon based **McMenamins** Company which operates 50 businesses (pubs, restaurants, movie theaters and hotels) in Washington and Oregon. The company has a reputation for modernizing aging facilities like the Spar while retaining their historic character and charm. The sale should be completed by December.