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Report from Olympia | July 13, 2021

## To avoid long-term care tax, Washington residents must opt out now

*Washington residents must enroll in private insurance by Nov. 1 to escape new payroll tax*



Dear friends and neighbors,

A new payroll tax for a state long-term care insurance program will soon go into effect, the result of

legislation approved by the Legislature's majority party. I strongly opposed this new state mandate, and I want to make sure Washington residents know they can avoid the tax -- by obtaining private insurance before the state deadline.

Beginning Jan. 1, 2022, nearly all Washington workers will face this new payroll tax on all wages. For example, if you earn \$50,000 per year, you will be forced to pay \$290 a year until you stop working or leave the state. This is just the beginning, as legislation is expected in the 2022 session to increase the payroll tax from 58 cents per \$100.00 earned to 66 to 68 cents per \$100.00 earned.

This new program, known as the WA Cares Fund, has some serious problems. Even if you spend a lifetime paying into this program, if you move out of Washington, you will receive no benefit, and all the money you paid will be lost. You must pay in to the program for a minimum of 10 years to be eligible for the benefits.

To avoid paying this tax, you must act now. **If you would like to be exempted from paying this tax, you must purchase a private long-term care plan before November 1 of this year.** Then you will need to apply to the state Employment Security Department for an exemption between Oct. 1 and Dec. 31. If your exemption is approved, ESD will provide you a letter you can present to your current employer and to future employers, to stop the payroll deduction.

A list of private companies selling long-term care insurance in Washington state can be found [here](#).

You will find an official description of the new WA Cares Fund program [here](#). I urge you to look past the rhetoric as you review the requirements. Among other things, you must apply for benefits within three years of leaving employment -- even though many who enter nursing homes do so long after retirement.

Washington state government already has enough trouble with fundamental duties such as protection of public safety and responsible administration of public funds. You will see stories about some of these issues below. The problems with this new mandate should be apparent from the start, and it appears to be another measure aimed at creating greater government control over our lives.

If you have a question about the process for opting out, or any of the issues in this e-newsletter, please don't hesitate to contact our office. We are here to help.

Best Regards,



Senator Mike Padden

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## ***More about the state's new long-term care tax***

# **New state payroll tax? You're 'in' unless you opt out**

**Rep. Peter Abbarno, in The Reflector (Battle Ground, Wash.), July 6:**

Beginning in January 2022, all Washington workers will pay 58 cents per \$100 of their earnings to fund the Long-Term Care Trust Act (LTCTA). There is no limit to how much you will contribute to the LTCTA throughout your life; however, there is a limit to the benefits.

You must opt-out and secure a comparable long-term care plan before Nov. 1, 2021.

For your contribution, you will receive up to \$100 per day for a maximum lifetime benefit of \$36,500 (adjusted annually). This benefit is available only for care provided in the state of Washington for Washington residents and is not transferable.

If you plan to retire in sunny Arizona or Florida, you will lose your entire contribution into the system.

If you plan to retire within the next 10 years, you will not receive a benefit for your contribution because you must work 500 hours per year for 10 years to be vested. Therefore, if you retire in 9-and-a-half years, you will lose your entire contribution into the system.

[To continue reading article, click here.](#)

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## ***Video Update:***

# **Report: Washington saw increase in murders, fraud in 2020**

***Sen. Padden on KOMO-TV on LOW police officer numbers and HIGH crime numbers***



To listen to this discussion on Washington's rising crime rate, click [here](#) or on the video above.

From KOMO-TV, July 7:

In a report just released, Washington saw a dramatic increase in the number of murders in 2020. Not only that, but the state ranks last in the country in the number of police officers in the community.

No doubt about it, 2020 was a year like no other with the pandemic, protests and personal tragedies. There was a dramatic increase in murders in 2020.

“To overuse a word that’s used too much it’s an ‘unprecedented’ year,” said Steve Strachan, executive director of the Washington Association of Sheriffs and Police Chiefs. “Lockdowns, economic stress, behavioral health issues, other demands on law enforcement and first responders.”

WASPC just published crime statistics report shows 302 murders in 2020, up 46% from the previous year. Another pandemic related crime is fraud, mostly unemployment claims fraud, which was up 131%. Hate crimes were actually down 13% and assaults on police officers were up 6%...

“It’s very alarming to me and I only feel it’s going to get worse after the last legislative session when we took some vital tools away from law enforcement,” said Sen. Mike Padden (R-4th Dist.)

[Click here to read the full story.](#)

# The time for property tax relief has come

***Washington projects tax revenues to rise by \$2.6 billion through 2023***



Bolstered by a post-Covid recovery and a rebound in consumer spending, Washington continues to rake in revenue from taxpayers. Projections of state tax collections have been increased \$838 million for the current two-year state operating budget, in the forecast released late last month by the Washington State Economic Revenue and Forecast Council.

On top of that, the ERFC also increased its projections for the 2021-23 budget cycle by \$1.8 billion, independent of the new taxes passed this year by the majority party.

These fast-growing tax collections show we were right this year when we argued there was no need for new taxes, particularly the unconstitutional income tax on capital gains our colleagues passed this year. Now the big question is -- with billions more flooding state coffers, will we finally see property tax relief?

I recently received a letter from a senior citizen who lives in our district, which summarized the need for property relief this way:

*My wife and I purchased our home in Spokane Valley, WA, in August 2014. The price of the property was \$167,000.00. The taxes were not cheap, but affordable on our fixed incomes. In 2018 our taxable value, as determined by the County Assessor's Office, was \$123,300.00; and our taxes for the year were \$2594.84. Advance to 2022 and our new assessed value is \$258,100.00; and our taxes are \$4387.70 for the year. The trend is on an upward climb; but our income is not.*

Left unchecked, the state will continue to take more and more. It is truly government greed at its worst. Our property owners deserve better, especially seniors on fixed incomes. Should we be called back for a special session, real property tax relief will be among my priorities.

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## Inslee spikes the football in unending emergency



At an event celebrating the state's reopening, Gov. Jay Inslee told reporters he's not ready to end the state of emergency around COVID. "I'm not sure I want to reform a system that won the Super Bowl," he said.

Gov. Inslee's self-congratulatory remarks to [Q-13 reporter Brandi Kruse](#) may not come as a surprise, but a victory dance in the end zone may seem heartless to the many Washingtonians whose lives have been destroyed by the pandemic and the state economic shutdown. Far from the joy of winning a Super Bowl, many feel lucky merely to have survived, while others lament their continuing losses.

Here are just a few facts Inslee would be wise to remember:

1. **There are 175,000 fewer people employed today than pre-pandemic** (Source: Employment Security Department, May 2021 Employment Seasonally Adjusted – 3.341 M in May 2021 vs. 3.515 M in Feb 2020; <https://esd.wa.gov/labormarketinfo/employment-estimates>)
2. **Washington, per YELP, had the 5<sup>th</sup> highest business closures in the country**, thousands of which permanently closed (See YELP presentation to Select Committee on Economic Recovery, Sept. 2020; <https://app.leg.wa.gov/committeeschedules/Home/Document/223610#toolbar=0&navpanes=0>)
3. **Our state is the 4<sup>th</sup> worst in country in in-person instruction during the last school year** (Source: Burbio, <https://cai.burbio.com/school-opening-tracker/>) A Department of Health-led COVID-19 survey of students just released found that 68% of high schoolers felt they learned less this year than the prior academic year (13% said more, 19% said same).
4. **Students' mental health has suffered tremendously, with nearly 60% of high schoolers feeling sad/depressed most days, and nearly 1 in 5 contemplating suicide in last 12 months** (Source: COVID-19 Student Survey, released June, 28, 2021 <https://csswashington.org/documents/Washington-Statewide-High-School-Report.pdf>)
5. **UI Fiasco – State paid out hundreds of millions in fraudulent payments, and suffered a security breach that exposed many individuals to ID theft.**
6. **Drug Overdose Deaths Up Substantially** – For most recent DOH reported data (through 3<sup>rd</sup> quarter 2020), drug overdose deaths in Washington were up by over 30% from the same time frame in the prior year. The total drug overdose deaths (1,216) were several times more than the COVID deaths for people under age 60 during the same time frame (251). (Source: [https://www.doh.wa.gov/Portals/1/Documents/8300/wa\\_lhj\\_quarterly\\_report\\_18\\_1\\_2\\_pub.html](https://www.doh.wa.gov/Portals/1/Documents/8300/wa_lhj_quarterly_report_18_1_2_pub.html))

Finally, as was highlighted in my KOMO interview above, the annual “2020 Crime in Washington” report demonstrates that violent crime and fraud are at an all-time high.

Governor Inslee may want to ask the Atlanta Falcons about this, but it is never wise to celebrate a Super Bowl victory at halftime. There is still much work to be done in this state before we spike the ball or hoist the Lombardi trophy.

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## In the news

### *Condo construction:*

## Harbor Custom Development sees opportunity in South Sound condos



**From Puget Sound Business Journal, July 2:**

Harbor Custom Development Inc. is a “product agnostic” company that follows opportunity. And right now, the path of opportunity is guiding the company straight into condominium development... In the last few months, Gig Harbor-based developer has purchased property in Tacoma, Burien, Lacey and Belfair — and is looking at land in Port Orchard — on which to develop condominiums. The units are geared to first-time homeowners.

Condominium development slowed significantly over the last several years due to warranty exposure concerns. The issue bogged down condominium development, but law changes may improve that situation, said Joseph McCarthy, attorney and chair of law firm Stoel Rives’ real estate branch.

Legislation recently signed by Gov. Jay Inslee is designed to reduce the barriers to condominium construction. Senate Bill 5024 brings condominium requirements more in line with those of stick-built frame buildings. The legislation, sponsored by **Sen. Mike Padden, R-Spokane Valley**, will reduce the cost of the projects by allowing any qualified architect or engineer to perform inspections.

[Click here to read the full article.](#)

## ***Education:***

# **NEA's Open Contempt For CRT Opponents Marks A New Low**

**From Jeff Rhodes, Freedom Foundation, July 5:**

The National Education Association has aligned itself with the movement to teach Critical Race Theory (CRT) in every one of the nation's schools, regardless of what state legislatures require — and parental desires.

In early July, more than 5,000 teachers across the country signed a pledge to continue teaching the intentionally divisive curriculum to their students even if they work in one of the 21 states currently developing legislation to ban it.

[Click here to read the full story.](#)

***Income tax:***

## **WA Dems went too far. Their pursuit of another income tax took a wrong turn.**

***From the Tri-City Herald Editorial Board:***

It is bad enough Democrats pushed a capital gains tax through at the same time revenue is predicted to soar in Washington state. But what's especially galling is that they also devised a way to stop voters from repealing the new tax through the referendum process.

The majority party managed this by twisting the intent of the legislative emergency clause that should be used only in true emergencies. Deep down, Democrats and Gov. Jay Inslee must know their desire to pass a capital gains tax does not meet the definition of a crisis. But those lawmakers who approved it want what they want — and they don't want to risk losing it through a ballot measure.

So, the capital gains tax bill includes a provision designating the tax as “necessary for the support of the state government and its existing public institutions.” The language was added specifically to thwart a referendum attempt this year.

The fact that Democrats felt such protection was needed indicates they know a capital gains tax isn't popular with Washington state voters, but most went ahead and approved it anyway.

[Click here to read more.](#)

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# Contact us!

If you have a question or concern about state government, please do not hesitate to contact our office. We are here to serve you!

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Postal address: PO Box 40404, Olympia, WA 98504

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**PLEASE NOTE:** Any email or documents you provide to this office may be subject to disclosure under RCW 42.56. If you would prefer to communicate by phone, please contact Sen. Padden's Olympia office, which will be open starting Jan. 6, at (360) 786-7606.

To request public records from Sen. Padden, please contact [Randi Stratton](#) who is the designated public records officer for the Secretary of the Senate and Senate members.

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This news comes to you from [Sen. Mike Padden](#).