



City of Bellevue

City Manager's Office

**DATE:** November 12, 2024

**SUBJECT:** State Legislative Update, October 2024

## **October State Legislative Summary**

### **Overview**

For the 2024 General Election, all statewide offices, the entire House of Representatives and half of the Senate are up for election.

Election results are not considered final until certified by the states counties on November 26 with the Secretary of State completing certification by December 5. The initial results are released around 8 p.m., on November 5 and will likely provide a clear picture of which candidates are ahead. However, close races could take several days to be called, or a recount could be ordered.

Meanwhile, the state House of Representatives and the Senate are holding committee work sessions on various topics, while also preparing for the 2025 Legislative Session which begins Monday, January 13.

Below are highlights from October:

**State Budget Development Continues:** According to the [Washington Research Council](#) (WRC), the state operating budget will have a \$5.1 billion shortfall for the upcoming 2025-27 biennium driven by flattening revenue collections and rising costs to meet existing state obligations. However, the Office of Financial Management (OFM), the agency tasked with writing outgoing Governor Inslee's proposed budget, says the final figure could be different depending on changes in the forthcoming November revenue forecasts. As a result of the budget shortfall concerns, state agencies have been asked to make cuts ranging from 10 - 25 percent of their 2025-27 biennium [proposed budget requests](#).

As a reminder, each state agency submits their budgetary needs and priorities to OFM as part of the Governor's budget development process. The Governor's Office then initiates the state budget development process with the release of proposed operating, capital, and transportation budgets in December. The Legislature consider these proposals when they begin budget deliberations in January.

**A New Governor Results in Transitions:** Come January 2025, a transition of power will occur for the first time in more than a decade at the Washington state Governor's Office. This will result in staffing and leadership changes within the governor's office, as well as impact state

agency leadership. For example, on October 17, the head of Washington's Department of Children, Youth, and Families Ross Hunter, [announced his plans to step down](#) when the next governor takes office.

### **Legislative Committee Work Sessions:**

House Environment & Energy Committee held a work session on October 8 to discuss the electrical transmission needs of the state, end-of-life waste management, and Extended Producer Responsibility (EPR) for packaging and paper products.

Increasing transmission capacity and identifying ways to speed up building permits were of primary concern for committee members. The presenters provided the committee with information on the strain that the current system is under due to the increased amount of power needed for data centers, and the increasing number of electric vehicles. Several committee members expressed interest in utilizing underground transmission lines, but the presenters pushed back on the idea, highlighting that the high cost may make it impractical to implement in the short term. Presenters indicated the importance of a diverse energy and transmission grid.

Regarding end-of-life waste management and EPR, the Washington Refuse and Recycling Association (WRRRA) presented their perspective on the recycling industry in the state and perspectives on other jurisdictions as they adopt new policies. Since the enactment of [Senate Bill 5022](#), which created recycled content requirements, large corporations such as Coca-Cola, Tide, Windex, and others have shifted to using recycled packaging for new products, demonstrating the market is responding to regulations made at the state-level. While there's always room for improvement, the WRRRA highlighted the state's recycling rate is 49 percent, which is significantly higher than the national average of 32 percent.

WRRRA stressed the complexity of developing an EPR system. There are five states that have passed legislation on EPR, but there are no states that have implemented it. As states have attempted implementation, a lack of complete information on needs and costs has slowed down the process. So far, every state in the process of implementation has built a program before conducting a state specific needs assessment. WRRRA stressed the need to pass legislation for a comprehensive needs assessment this session to better understand the costs associated with an EPR program and how it will affect the state, producers, ratepayers and taxpayers. Watch the [work session](#) on TVW, and access [meeting materials](#) from the legislature.

Senate Ways & Means Committee held a work session on October 15, presenting a 10-year history of salmon recovery funding in the Operating and Capital Budgets and how it's distributed to various state agencies that handle aspects of salmon recovery. Access the [presentation](#) from the legislature and watch the [salmon funding recovery portion of the meeting](#) on TVW.

Joint Transportation Committee (JTC) is made up of legislators serving on the House of Representatives and Senate Transportation Committees. The JTC met on October 17 and covered several topics of importance, including an update on the I-5 bridge tolling over the Columbia River near Vancouver, Washington. In 2023, the state authorized tolling to fund the

construction, maintenance, and operation of the I-5 bridge replacement project. This month, the Washington and Oregon Transportation Commissions approved the recommendations of four different toll scenarios for level three analysis, with three out of the four meeting the \$1.24 billion funding target. The commissioners are scheduled to adopt toll rates and policies in mid-2025.

The JTC also received an update on the Washington State Department of Transportation's (WSDOT) project delivery and innovative practices study-project overview. The goal of which is to provide recommendations for changes to current practices and statutory requirements related to WSDOT's project delivery practices. This includes a better understanding of the causes of cost and schedule variances as there are several issues affecting the delivery of projects nationwide, including:

- fewer and higher bids, particularly for large, complex multi-season fixed price projects
- post-pandemic volatility in construction labor, commodities and equipment costs
- attraction and retention of a trained workforce
- saturated market with different owners competing for the same pool of contractors
- large complex projects with significant risks
- pushback against contract terms and conditions with excessive risk transfer
- compensation that relies on estimated quantities at 30 percent design under a lump sum agreement.

The study is underway, and a final report will be provided in June 2025. Click [here](#) to watch the meeting on TVW and [here](#) to view the meeting materials.

Senate Local Government, Land Use & Tribal Affairs Committee met on October 24 to hold a work session on topics including the short plat and subdivision process, background and information on impact fees, and rural housing ideas. The presenters represented local jurisdictions, state agencies, and business groups.

During the discussion on the short plat and subdivision process, many presenters and committee members shared the importance of finding ways to streamline the review process for new housing developments. The Legislature is likely to consider a proposal related to subdivisions and/or lot splitting during the 2025 Legislative Session.

Presenters commented on aligning impact fees with the Comprehensive Plan, which would help with planning predictability. Regarding rural housing ideas, the Washington State Association of Counties (WSAC) presented issues they hope will be addressed next session, including opportunities to authorize detached accessory dwelling units (ADUs) on rural lots, a pilot program for pre-approved housing plans, expanded housing and density options for middle housing, the expansion of Multi-Family Tax Exemption (MFTE) program eligibility, and creating a housing infrastructure grant program. [Futurewise](#) also shared rural housing ideas and highlighted the importance of water availability. Click [here](#) to watch the work session on TVW and [here](#) to view the meeting materials.

**Recent Guidance from the Department of Commerce:** At the Legislature’s direction, the Department of Commerce released updated guidance for cities on middle housing and Emergency Shelters, Transitional Housing, Emergency Housing, and Permanent Supportive Housing (STEP).

The Department of Commerce has published final updates to model ordinances and guidance for cities required to allow middle housing under [RCW 36.70A.635](#). Middle housing is defined as “buildings that are compatible in scale, form, and character with single-family houses and contain two or more attached, stacked, or clustered homes.” These updates reflect 2024 amendments ([House Bill 2321](#)) to the middle housing legislation that passed in 2023 ([House Bill 1110](#)), along with cities’ experiences in implementation since the model ordinances and user guide were originally published in January.

The model ordinances aim to assist cities in addressing specific legislative requirements, and the user guide provides direction on common development standards to facilitate middle housing development. Jurisdictions can make adjustments based on local preferences and considerations for how their codes may accommodate middle housing. View the [user guide](#) and [model ordinance](#) for cities with a population of 25,000 and over.

The Department of Commerce has developed a [STEP model ordinance, user guide, and best practices](#) to assist local governments in integrating effective STEP planning into local regulations. Additionally, using funds set aside during the 2024 legislative session, Commerce hired a dispute resolution contractor to mediate STEP siting and permitting disputes as part of [Housing Dispute Resolution Program](#).

Legislators are expected to discuss further legislative direction related to STEP during the 2025 Legislative Session.

**Washington Traffic Safety Commission (WTSC):** The WTSC met on October 17 to discuss several topics, including the 51 percent increase in annual traffic fatalities since 2019. Speculations as to why traffic fatalities have increased varied from lack of law enforcement and basic driving education and increased substance use. The Commission’s data shows that all crash factors are increasing, including accidents involving speeding, walkers and bicyclists, impairment, and more. On a national level, Washington State has the largest increase in fatality rates based on vehicle miles traveled when comparing the 2017-19 average rates with 2023. Click [here](#) to watch the meeting on TVW.

**Wildland-Urban Interface (WUI) Codes:** The State Building Code Council (SBCC) is asking the Legislature to change a law passed during the 2024 session that limits the Council’s ability to change wildfire-related codes.

In 2023, SBCC approved [new codes](#) for homes in the WUI which includes areas between cities and rural lands that are becoming more susceptible to large wildfires. The new codes caused mutual concern amongst builders, cities, and environmentalists who shared that the rules are

confusing, will drive up housing costs and are based on faulty maps. The Legislature then [passed a bill](#) during the 2024 Legislative Session to delay the implementation of the codes until new wildfire risk maps were drawn. The bill also put specific code language in state law that can only be changed by the Legislature. On October 18, the SBCC [finalized a letter](#) to lawmakers, asking that they restore the SBCC's ability to change the codes for homes in the WUI. Current law allows the SBCC to adopt parts of the International WUI Code as is, or nothing at all. According to the SBCC, there's no ability for the Council to amend those codes to meet Washington-specific needs. The SBCC also highlighted that their public process for new codes, which includes input from local governments and residents, is lost under the new law.

It is unknown if a bill will be introduced during the 2025 session to address SBCC's concerns.

### **November Look Ahead:**

Looking ahead, the General Elections took place November 5. The next state revenue forecasts are scheduled to be released on November 20. Legislative Committees continue to meet during the month of November with the following scheduled:

- [House Agriculture & Natural Resources](#) - November 14
- [House Community Safety, Justice, & Reentry Committee](#) – November 18
- [Joint Transportation Committee](#) – November 21