



DATE: May 22, 2023
TO: Mayor Robinson and City Councilmembers
FROM: Genesee Adkins, Chief of External Affairs
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SUBJECT: State Legislative Update

May State Legislative Summary—End-of-Session Report

Overview

The 2023 Legislature convened for a 105-day session that was conducted in person for the first time since the onset of the COVID-19 pandemic. This year's session was the first of the two-year legislative cycle, and legislators were keen to resume their policymaking work at the Capitol campus.

The 2022 November elections resulted in strong Democrat majorities, and 25 new “freshman” legislators. The House of Representatives had 58 democrats, and 40 republicans, while the State Senate had 29 democrats and 20 republicans. Being the majority party, Democrats set the agenda, calling the 2023 session “the year of affordable housing.” Democrats also noted priorities of continuing efforts to address climate change, public safety, behavioral health workforce, special education funding,

As the first year of the legislative biennium, the Legislature established new committee structures, committee chairs, and selected new leadership. Notably, the House of Representatives adjusted which legislation would be considered by the Housing and Local Government Committees, directing land use policy that impacts housing construction to the Housing Committee, rather than the Local Government Committee. Several other committee adjustments were made, all of which contributed to the advancement of issues through the legislative process.

A total of 2,156 pieces of legislation were introduced this session, and the Legislature approved 485 bills. The Legislature also enacted the Capital, Operating, and Transportation budgets for the 2023-25 biennium.

One of the most debated issues of the legislative session was a statewide policy on the possession of controlled substances. The issue remained unresolved through the regular 105-day session. On the final evening of the legislative session, the House of Representatives debated a compromise version of [SB 5536](#) sponsored by Senator June Robinson (D- 38th LD), concerning possession of controlled substances. The bill did not pass, and Washington's current law on drug possession is set to expire at the end of June. Governor Inslee called for a special session of the Legislature, which convened on May 16th to give lawmakers another



opportunity to set forth a statewide policy before the current statute expires. The Legislature met in a one-day session and adopted a final version of the bill making possession of controlled substances a gross misdemeanor, subject to a sentence of up to 180 days, with strong encouragement for pre-trial diversion. A full summary of the agreement is in the *Public Safety* section of the report.

The Association of Washington Cities has provided a summary of legislative action related to the AWC priorities, available on the [AWC website](#).

Budget Highlights

One of the Legislature's most significant actions is approving Washington State's three biennial budgets: the operating budget, capital budget, and transportation budget. The Governor recommends and the Legislature modifies and adopts final versions of the biennial budgets. The adopted budgets are effective July 1, 2023-June 30, 2025. The budgets will be modified mid-biennium when the Legislature convenes for a short 60-day session in 2024. Below is a summary of the final 2023-25 operating, capital, and transportation budgets adopted by the Legislature.

2023-25 Biennial Operating Budget. The state's Operating budget funds all state agency operations, including K-12 education, higher education, human service programs, and more. For cities, this budget also funds state-shared revenues, such as the liquor revolving account, the city-county assistance account, etc. that directly distribute revenue to the city budget.

The 2023-25 biennial Operating budget appropriates \$69.8 billion, a net increase of \$2.4 billion from the 2021-23 budget. An ending fund balance of \$1.4 billion in general funds is projected for the 2023-25 biennium, and total reserves are projected at \$3.6 billion.

The Legislature considered the changing fiscal environment in developing the biennial Operating budget. Federal funding streams that were temporarily enhanced due to the COVID-19 pandemic are beginning to phase out as the declaration of federal public health emergency expires on May 11th. Inflation and forecasts indicating slower than average revenue growth over the next two biennia also factored into the budget considerations.

The Operating budget makes significant investment in the K-12 education system, higher education, behavioral health, health care, long-term care, child welfare, carbon reduction, public safety, and housing and homelessness supports. All state-shared revenue accounts with cities are fully funded. Highlights of investments related to local governments include:

Public Safety

- \$3.4 million for six additional Basic Law Enforcement Training Academy (BLEA) classes, for a total of 23 classes in both 2024 and 2025



- \$11.3 million for six additional BLEA classes beginning in 2024 at three new regional training academies (Pasco, Skagit County, and Clark County)
- \$3 million for grants to local law enforcement for vehicle pursuit management technology
- \$5.3 million for cities and counties to assist with alternative response team programs
- \$115.8 million to assist with vacating and resentencing under the *State v. Blake* decision and refunding legal financial obligations
- \$29.6 million for therapeutic courts

Behavioral Health

- \$108.7 million for forensic mental health and continued implementation of the *Trueblood* settlement
- \$21.5 million for crisis triage, relief, or stabilization centers
- \$44 million for the recovery navigator program
- \$44.4 million for behavioral health mobile crisis response teams
- \$69.3 million for 988 crisis response

Housing and Homelessness

- \$150 million for the new Covenant Homeownership Program
- \$150 million to transition individuals living in encampments to housing
- \$130 million for the Housing and Essential Needs program
- \$111 million for emergency housing and rental assistance

Climate and Energy

- \$138 million for community electric vehicle charging infrastructure
- \$10 million to support municipalities in siting and permitting clean energy projects
- \$6 million to increase capacity for urban forestry programs
- \$35 million for utility assistance through the existing low-income home energy assistance program (LIHEAP) network

2023-25 Biennial Capital Budget. The Capital budget funds brick-and-mortar construction, excluding transportation. The 2023-25 biennial Capital Budget authorizes total expenditures of \$9 billion. Of this amount, \$4.7 billion is financed with general obligation bonds. Additionally, \$95.4 million in bond capacity is reserved for a supplemental capital budget. The Capital budget reappropriates \$7.6 billion for projects that were previously authorized but not yet completed.

Housing

- \$400 million for the Housing Trust Fund
- \$60 million for Connecting Homes to Infrastructure program (CHIP) grants to local governments
- \$50 million to match private investment for grants to support transit-oriented development



Behavioral health

- \$211 million for behavioral health capacity grants, including \$133 million for 18 projects across the state that will provide regional behavioral health and substance use services.

Infrastructure and Built Environment

- \$400 million for the Public Works Assistance Account
- \$68 million for the Stormwater Financial Assistance program
- \$115 million for Remedial Action Grants
- \$670 million for the Water Pollution Control Revolving Loan program
- \$25 million for the Community Economic Revitalization Board
- \$200 million for broadband grants and loans
- \$95 million for Salmon Recovery Funding Board grants and \$25 million for riparian area grants
- \$120 million for the Washington Wildlife and Recreation program
- \$48.4 million for the Fish Barrier Removal Board
- \$150 million for various clean energy and energy efficiency efforts

2023-25 Biennial Transportation Budget: The Transportation budget funds capital facilities investments as well as operating programs for the transportation system in the state. The budget includes total appropriations of approximately \$13.5 billion.

Highlights of importance for local governments include:

- \$1 billion for fish passage
- \$287 million for the Transportation Improvement Board, including \$14.6 million for Complete Streets grants and \$9 million in preservation funding for cities
- \$70.8 million for Safe Routes to Schools grants
- \$72.2 million for Pedestrian and Bicycle Safety programs
- \$45.7 million for the Freight Mobility Strategic Investment Board
- \$11.5 million to address homeless encampments within state-owned rights-of-way in coordination with local governments

The 2023-25 Transportation budget also modified the phasing for many projects included in the 16-year Move Ahead Washington transportation package passed by the Legislature in 2022. The updated project list can be viewed [here](#).

For additional detail on aspects of the three biennial budgets relevant to local governments, refer to the Association of Washington Cities [budget matrix](#).



Top Priority Issues

Bellevue's Priority Budget Requests

As of the last monthly report, two of the city's budget requests—Community Service Center and Lake Hills Sewer Pump Station 12—were only included in the Senate budget proposals. Fortunately, both of these projects received funding in the final enacted budgets.

- **Mini City Hall** (Community Services Center): The city requested \$850,000 to expand the service center. The final Operating budget appropriated \$500,000 for the project.
- **Lake Hills Sewer Pump Station 12**: The city requested \$1.5 million in state funding to leverage the city's investment of over \$10 million. The final Capital budget appropriated \$1,030,000 for the project.
- **Phasing of Mountains to Sound Greenway**: The Move Ahead Washington project list in the final Transportation budget allocates \$300,000 for final design and easement acquisition in 2023-25 and \$6.6 million in future biennia (post 2027-29) to the Mountains to Sound Greenway Trail. Next session, the city will request that the \$6.6 million be advanced to an earlier biennium.

Affordable Housing and Land Use:

Legislators began the 2023 legislative session declaring it as the “year of housing” – expressing a strong commitment to advance funding and policies to address homelessness and housing affordability. This commitment to address housing was bipartisan, however the approaches and methods preferred by each party differed. Early in the legislative session, the Department of Commerce released a report stating that Washington State needs approximately one million additional homes by 2044 to adequately accommodate projected population growth. Of those one million homes, approximately 525,000 need to be affordable to households at or below 50 percent of area median income. Legislators cited these data points in committee hearings throughout the legislative process to underscore the urgent need for housing policy solutions.

The Legislature considered several policy approaches aimed at bringing more housing to market and to keep vulnerable individuals housed. Additionally, the Legislature considered several ways to increase funding for housing. Governor Inslee introduced a proposal to ask Washington State voters to approve a bond measure to generate \$4 billion for affordable housing and other types of housing to address homelessness over a six-year period ([SB 5202](#) and [HB 1149](#)). The Washington State Treasurer, Mike Pellicciotti criticized the proposal as potentially have a negative impact on the state's credit rating. Other legislators expressed concerns that voters may not approve a bond measure.

The Legislature also considered [HB 1628](#), which would have increased state real estate excise tax revenues and would have authorized local jurisdictions to impose a .25% real estate excise tax to fund affordable housing. The Washington State Realtors and other stakeholders strongly opposed this proposal and lobbied heavily against it.



Both revenue concepts were given serious consideration, but the Legislature inevitably chose not to advance either proposal. Instead, legislators chose to increase its support for housing through \$1 billion in budget appropriations in the 2023-25 operating and capital budgets and passed several policy bills to respond to the housing shortage.

\$1 Billion for Housing Broken Down

The 2023-25 Operating and Capital Budgets included over \$1 billion for housing through a variety of accounts. Here is where the \$1 billion is allocated:

2023-25 Capital Budget:

- The competitive Housing Trust Fund included \$354,663,000 million in six categories, including:
 - \$163,663,000 in fully competitive funding.
 - \$ 95,000,000 for permanent supportive housing under the Apple Health and Home program.
 - \$40,000,000 for homeownership projects serving first-time low-income homebuyers.
 - \$25,000,000 for housing persons with intellectual and developmental disabilities.
 - \$25,000,000 for preservation of existing affordable housing, to continue to serve low-income households.
 - \$6,000,000 for acquisition and preservation of mobile homes.
- An additional \$45,337,000 was appropriated for specific named Housing Trust Fund projects.
- Through the Building Communities Fund Grant Program and Local & Communities Projects Program, an additional \$ 8,619,000 in specific housing project allocations were appropriated.
- For shelter and housing for homeless youth and young adults, \$ 14,520,000 was appropriated for several specific projects.
- \$40,000,000 was appropriated for the Washington State Housing Finance Commission's Land Acquisition Program, to assist developers purchase land for affordable housing, of which \$17 million is intended as a match for \$50 million in private funding from Microsoft for use in King County.
- \$60,000,000 was appropriated for the Connecting Housing to Infrastructure Program (CHIP), which provides grants to local governments and public utility districts to assist in the cost of utility improvements or connections to new affordable housing projects.
- \$50,000,000 was appropriated for housing developers and public entities to complete projects designed to increase the supply and affordability of transit-oriented housing development. \$25 million of these funds are through private donations from Amazon, with no income restrictions.
- \$5,000,000 was appropriated to the Landlord Mitigation Account, to reimburse both non-profit and for-profit landlords for damages to units rented under state programs.



- \$124,000,000 was appropriated for various forms of home upgrades, including:
- \$83,200,000 million in federal authority from the Inflation Reduction Act (IRA) to implement the Home Efficiency Rebates program to provide rebates for whole-house energy savings.
- \$35,000,000 million for weatherization and home health improvements to homes occupied by low-income households.
- \$6,000,000 million for the Low-Income Rural Rehabilitation Grant Program to provide home rehabilitation services to low-income households in rural areas.

2023-25 Operating Budget

- \$111,000,000 is provided for grants to support emergency housing, shelter capacity, and associated support services. Grantees must maintain or increase their emergency housing capacity compared to levels funded through previous temporary state and federal programs, including Emergency Solutions Grant funds provided under the Coronavirus Aid, Relief, and Economic Security (CARES) Act and the state Shelter Capacity grant program.
- \$48,000,000 was transferred from other housing program reserves, to partially backfill the loss of funding for state homeless services and to prevent cuts due to decreases in real estate transaction volume, which caused a substantial decrease in document recording fee revenues that fund these programs. If revenues decline more than what is assumed by this budget, additional funding will need to be appropriated in future years to avoid cuts to state and local homeless services statewide.
- \$18,000,000 is also provided to help cover a portion of the local document recording fee revenue shortfall that cities and counties are experiencing for locally-funded homeless services.
- \$25,000,000 for operating and maintenance support for Permanent Supportive Housing through the Apple Health & Homes program.
- \$13,000,000 in additional expenditure authority is provided for the Office of Apple Health & Homes to provide services for individuals in Permanent Supportive Housing.
- \$150,000,000 in one-time funding for grants to local governments and non-profits to provide housing and other wraparound services for individuals who reside in encampments on state rights-of-way and other encampments on state land.
- \$6,000,000 million in the Supplemental Operating Budget from unspent Right of Way funding was appropriated to the King County Regional Homeless Authority, to prevent individuals and families from being evicted from hotels in King County during the remainder of fiscal year 2023.
- \$26,520,000 for the Housing and Essential Needs (HEN) program to increase the number of individuals who can access HEN benefits. Funding is also provided for Department of Commerce to conduct an analysis of the HEN program, including potential program improvements and the amount of funding needed to provide benefits to all eligible individuals.



- \$41,979,000 in funding to increase the Aged, Blind and Disabled (ABD) cash grant by 8%, starting in 2024.
- \$53,700,000 to implement House Bill 1260, eliminating DSHS garnishment of a portion of the SSI lump-sum payment received by ABD participants, effective October 1, 2025.
- \$150,000,000 for implementation of House Bill 1474 to create the Covenant Investment Act, to provide homeownership opportunities for people harmed by racist real estate practices like racially restrictive covenants and redlining. The revenue for this funding is generated by a new \$100 document recording fee.
- \$500,000 is provided for one-time funding for the Department of Commerce to contract with the WSHFC to conduct a Covenant Homeownership Program Study pursuant to Second Substitute House Bill 1474.
- \$45,605,000 is provided to increase current homeless service grantee contracts. The Department of Commerce must distribute funding in a manner that will prioritize both maintaining current levels of homeless subsidies and services and stabilizing the homeless service provider workforce, reflecting a 6.5% increase from last biennium.
- \$5,000,000 for eviction prevention and increased funding for tenants' right to counsel.
- \$1,000,000 in one-time funding is provided for a grant to a nonprofit operating a refugee housing center in Spokane.
- \$250,000 in one-time funding is provided for a nonprofit to provide wraparound services for homeless families with children in Pierce County.
- \$2,000,000 for the Homeless Student Stability Program.
- \$1,000,000 for the Washington Youth & Families Fund.
- \$200,000 in one-time funding for a grant to a nonprofit that promotes affordable housing solutions to identify strategies and tools to assist cities in Whatcom County in improving access to affordable housing.
- \$400,000 in one-time funding is provided to conduct a predevelopment study of the use of surplus public land near North Seattle College and Highline Community College for affordable workforce housing.
- \$4,000,000 in one-time funding is provided for the Homeless Prevention and Diversion Fund, which serves youth and young adults experiencing or at risk of experiencing homelessness.
- \$200,000 in one-time funding is provided for a housing supply and affordability task force of state and local elected officials and stakeholders.
- \$3,000,000 is provided for grants to provide housing assistance to survivors of human trafficking.
- \$1,700,000 in one-time funding is provided to continue existing contracts with a nonprofit organization to advance affordable housing developments that are co-located with community services on underutilized or tax-exempt land.



- \$900,000 in one-time funding is provided for planning, lease payments, and other expenses to develop community-based residential housing and services for youth at the Pacific Hospital Preservation & Development Authority Quarters Buildings #3-10.
- \$560,000 in one-time funding is provided to produce a report to the Legislature detailing the scope of work, cost estimates, and implementation timeline to create or procure an online registry of rental units in Washington.
- \$540,000 in one-time funding is provided for a grant to a low-barrier shelter located in Skagit County.
- \$400,000 in one-time funding is provided for a grant to an organization in Whatcom County to expand services to unhoused and low-income residents of Ferndale and north Whatcom County, and to provide a safe parking program.
- \$200,000 in one-time funding is provided for a grant to the City of Seattle for start-up costs of the Social Housing Developer and to meet the requirements of the City of Seattle Initiative 135, which concerns developing and maintaining affordable social housing in the city.

Housing Policies

In addition to allocating significant funding to housing, several dozen housing bills passed into law – many intersecting with land use planning and permitting processes. Below is a summary of bills that passed into law. Additionally, there are several bills that were considered that did not advance in 2023 that will likely be revisited in 2024:

- [SB 5466](#) sponsored by Senator Marko Liias (D- 21st LD), which would have required cities planning under the Growth Management Act to allow multi-family housing projects within transit station areas to be developed at transit-oriented density maximum floor area ratios. The bill was introduced at the request of the Governor's Office and the Seattle-area business community was the primary proponent. Local governments held mixed perspectives on the bill. Some were supportive of its policy goals while others expressed concern about the floor area ratios and potentially broad application based on the many types and frequencies of public transit service as outlined in the original draft. The Puget Sound Regional Council created a map illustrating the areas where such development would be allowed according to the availability of transit service as defined in the bill that indicated almost the entire Central Puget Sound region would be subject to its provisions, raising alarm among many stakeholders. The bill was amended late in the process to include an affordability requirement for housing development that did not receive broad support from the construction and real estate industries, which had been supportive of the legislation. A compromise to address stakeholder's diverging perspectives on the bill could not be reached by the time the Legislature adjourned.
- [HB 1245](#) sponsored by Representative Andrew Barkis (R- 2nd LD), would have required cities planning under the Growth Management Act to allow the splitting of a single



residential lot into two residential lots. While there was momentum behind this legislation as a viable tool to foster more infill residential development, it was unclear how the policy would interact with the middle housing and accessory dwelling unit bills.

- Three proposals concerning residential rent practices were considered, but not passed, this session. [HB 1388](#) sponsored by Representative Nicole Macri (D- 43rd LD) would have prohibited landlords from charging excessive rent or higher rent based on the terms of payment or whether the lease was month-to-month or longer term. [HB 1389](#) sponsored by Representative Alex Ramel (D- 40th LD) would have prohibited landlords from increasing rent in an amount greater than the rate of inflation or three percent, up to a maximum of seven percent above the existing rent. [HB 1124](#) sponsored by Representative Strom Peterson (D- 21st LD) would have required landlords to provide at least 180 days' notice for rent increases of more than five percent. The bills were supported by low-income housing advocates, but strongly opposed by landlords.

Bills that the Legislature Approved:

Creating the covenant homeownership account: [2SHB 1474](#) sponsored by Representative Jamila Taylor (D- 30th LD) establishes and funds the Covenant Homeownership Program to provide down payment and closing cost assistance to economically disadvantaged households. The Covenant Homeownership Program is funded through a \$100 document recording fee collected by county auditors. The Department of Commerce must contract with the Washington State Housing Finance Commission to create a Special Purpose Credit Program to provide down payment and closing cost assistance to economically disadvantaged homebuyers. An oversight committee is established in the bill and the Housing Finance Commission must complete an initial study of the new program by March 2024 and every five years after. The bill passed on party lines in both the House and Senate. Support from the real estate community for the underlying policy despite the imposition of the document recording fee was important for the bill's momentum.

Reducing Barriers to Condominium Construction: For several sessions, legislators have desired to enact policies to reduce barriers to condominium construction. Condominiums are seen as being an entry to homeownership, and a way for seniors to move to smaller living environments. In 2019, the Legislature adopted SB 5334 making changes to the Washington State Condominium Act; however, since then, Washington State has not experienced a significant increase in the construction of condominiums. In 2023, the Legislature passed two bills that build on the previous work in a subsequent effort to spur condominium construction. [SB 5058](#) sponsored by Senator Mike Padden (R- 4th LD), exempts buildings with 12 or fewer units that are no more than two stories from several requirements specific to building enclosure regulations, and [E2SSB 5258](#) sponsored by Senator Sharon Shewmake (D- 42nd LD) contains several provisions aimed at boosting construction and homeownership of condominiums and townhomes including changes to construction defect claims, deposits for purchase, warranty insurance, real estate excise taxes/downpayment assistance, impact fees, and approval of short



plats and short subdivisions. Notably, it requires impact fee schedules to reflect the proportionate impact of new housing units, including multifamily and condominium units, based on the square footage, number of bedrooms, or trips generated, in the housing unit and to produce a proportionally lower impact fee for small housing units.

Middle housing types: [E2SHB 1110](#) sponsored by Representative Jessica Bateman (D- 22nd LD) requires cities to authorize minimum housing development densities in residential zones depending on their population size. The bill provides an alternative to the density requirements by allowing cities to implement the requirements in at least 75 percent of lots zoned single-family if the remaining portion of lots meet certain criteria. Under the alternative density option, any areas at high risk of displacement may be excluded from the 75 percent of lots subject to minimum density requirements. Cities may apply objective development regulations currently applied to single-family residences in accordance with existing ordinances intended to protect critical areas and public health.

While the bill had bipartisan backing that carried it to the finish line, local governments took varying and nuanced positions on the legislation. The prime sponsor held stakeholder discussions with the Association of Washington Cities and individual cities which resulted in key changes, including allowing the Department of Commerce to approve comprehensive plans from cities with land use regulations that are substantially similar to the bill's provisions and providing for an alternative compliance pathway. The Association of Washington Cities arrived at a supportive position in the waning weeks of the legislative session. The 2025 Operating budget appropriates \$2 million for grants to implement the bill.

Accessory Dwelling Unit: [EHB 1337](#) sponsored by Representative Mia Gregerson (D- 33rd LD) requires cities and counties planning under the Growth Management Act to allow the construction of at least two accessory dwelling units (ADUs) per lot within urban growth areas. Local governments are prohibited from imposing certain regulations or restrictions on ADU construction, including gross floor area requirements and roof height limits. The bill prohibits owner-occupancy requirements as well as off-street parking requirements within one-half mile walking distance a major transit stop. Local governments may restrict the use of ADUs for short-term rentals and prohibit the construction of ADUs on lots not served by public sewers. Of the two proposals mandating the allowance of ADU construction, local government stakeholders generally preferred the other bill, [SB 5235](#), because it was less prescriptive, but the Legislature ultimately chose this bill as the vehicle for enacting ADU policy.

Use of existing buildings for residential purposes: [ESHB 1042](#) sponsored by Representative Amy Walen (D- 48th LD) prohibits cities from imposing certain restrictions on converting existing commercial or mixed use buildings to residential buildings. Cities must allow commercial and mixed use buildings located in areas zoned to allow residential to add housing units at a density up to 50 percent more than what is allowed in the underlying zone if built entirely within the building's envelope. Cities may not prohibit the addition of housing units in



any specific part of a building except ground floor commercial retail spaces along a major pedestrian corridor. The bill advanced quickly in its house of origin despite concerns raised by local governments regarding provisions contained in the original draft. The Senate amended the bill to address many of the concerns raised.

SEPA exemption for housing: [2SSB 5412](#) sponsored by Senator Jesse Salomon (D- 32nd LD) expands the infill development categorical exemption from the State Environmental Policy Act (SEPA) to include housing development. All project actions that propose to develop residential housing units within the incorporated portions of urban growth areas or middle housing within the unincorporated areas of urban growth areas are categorically exempt from SEPA. Before adopting the categorical exemptions, jurisdictions must satisfy certain criteria, including that the development is consistent with development regulations under the comprehensive plan and that the city or county has prepared an environmental analysis that considers the proposed use or intensity of use in the area and that analysis has been conducted regarding multi-modal transportation impacts. The Association of Washington Cities was a strong proponent of the legislation as it reflected a policy recommendation of the AWC Housing Solutions Work Group.

Consolidating local permit review processes: [2SSB 5290](#) sponsored by Sen. Mark Mullet (D- 5th LD), requested by the Governor's Office, establishes a consolidated permit review program for local governments to issue final decisions for residential permit applications within specified time frames. Local governments are required to exempt project permits for interior alterations from site plan review under certain conditions. The bill requires local governments to refund a proportion of the permit fees if they have not issued a final decision by the established time period. The requirements take effect after January 1, 2025. A grant program is established in the legislation to support local governments' transition from paper to digital permit filing systems. The Operating budget provides \$3 million for grants to assist local governments with implementation of the bill.

Streamlining development regulations: [ESHB 1293](#) sponsored by Representative Mark Klicker (R- 16th LD) requires cities and counties planning under the Growth Management Act (GMA) to apply only clear and objective design review standards to the exterior of new development, except for designated landmarks or historical districts. The bill clarifies project review provisions and adds expedited review of project permit applications that include affordable housing.

Incentives for Accessory Dwelling Units Rented to Low-Income Households: [E2SSB 5045](#) sponsored by Senator Patty Kuderer (D-48th LD), authorizes cities within King County to offer a property tax exemption for accessory dwelling units that are rented to households whose adjusted income is at or below 60 percent of median household income. Rent charged to the tenant must not exceed 30 percent of the tenant's monthly income, and the ADU must not be occupied by a person under the age of 60 who is an immediate family member of the taxpayer.



Surplus public property for affordable housing: [HB 1695](#) sponsored by Representative Emily Alvarado (D- 34th LD) updates the definition of affordable housing for a public benefit purpose in the context of local governments' authority to dispose of surplus public property for public benefit. As outlined in the legislation, affordable housing refers to rental housing, including rent and utilities, whose cost does not exceed 30 percent of the household's monthly income. For permanently affordable homeownership, the total cost of mortgage principal and interest, property taxes, homeowner's insurance, homeowner's association fees, and land lease fees must not exceed 38 percent of the household's monthly income.

Waiving municipal utility connection charges for affordable housing: [SHB 1326](#) sponsored by Representative Julio Cortes (D- 38th LD) authorizes municipal utilities to establish a program to waive connection charges for properties used by a non-profit organization, housing authority, local agency, or other organization that provides emergency shelter, transitional housing, permanent supportive housing, or affordable housing. Any waived connection charges must be funded through general funds, grant dollars, or another identified revenue stream.

Flexibility on affordable housing and mental health funding: [SSB 5604](#) sponsored by Senator June Robinson (D- 38th LD) allows all jurisdictions to use revenue from the affordable and supportive housing sales tax for rental assistance, and allows counties to use chemical dependency and mental health services tax revenue for modifications to existing facilities to address health and safety needs. Local governments may retain up to 10 percent of the affordable and supportive housing tax for administrative costs.

Foreclosure protections: [HB 1349](#) sponsored by Representative Tina Orwall (D- 33rd LD) modifies the timeline for referral to pre-foreclosure mediation to provide that a borrower may be referred to mediation no later than 90 days before the date of sale is listed in the Notice of Trustee Sale, instead of no later than 20 days from the date the Notice is recorded. The bill makes it unlawful to seek or receive financial compensation for locating or purporting to purchase surplus funds held by a court or county resulting from a foreclosure where the fee is in excess of five percent of the value reasonably expected to be recovered.

Tenant Protections: Two bills concerning tenant protections were approved. [HB 1074](#) sponsored by Representative My-Linh Thai (D- 41st LD), requires landlords to provide documentation substantiating the cost of any damages withheld from a tenant's deposit. The bill was passed in both chambers on party-line votes. [ESSB 5197](#) sponsored by Senator Patty Kuderer (D- 48th LD) modifies several aspects of the eviction process, including allowing remote participation by any party in forcible and unlawful detainer actions, and allowing tenants who provide a pledge of financial assistance letter to satisfy an unlawful detainer judgment and have their tenancy restored.

Transportation



Transportation system funding: The Legislature passed a Transportation budget that provides significant investments in both transportation programs and projects through the Move Ahead Washington package. Notable appropriations include:

- \$1 billion for fish passage
- \$287 million for the Transportation Improvement Board, including \$14.6 million for Complete Streets grants and \$9 million in preservation funding for cities
- \$70.8 million for Safe Routes to Schools grants
- \$72.2 million for Pedestrian and Bicycle Safety programs
- \$138 million for development of community electric vehicle charging infrastructure

Reducing Traffic Injuries and Fatalities: The Legislature considered several proposals designed to improve traffic safety due to the historic high rate of traffic fatalities in the state in the past year. However, only one of those proposals was enacted. [SB 5272](#), sponsored by Sen. Marko Liias (D-21st LD), authorizes the use of speed cameras on state highways when workers are present in a state highway work zone. It has been signed by the Governor and takes effect on July 23rd.

Impact fee use for bicycle and pedestrian facilities: [SB 5452](#) sponsored by Senator Sharon Shewmake (D- 42nd LD), adds bicycle and pedestrian facilities that were designed with multi-modal commuting as an intended use to the definition of “public facilities” for which impact fee revenue may be spent to support new growth and development. The bill faced opposition from the building industry, citing concern that local governments would increase impact fees to fund multi-modal facilities. However, the bill was strongly supported by its chief proponent, the City of Redmond, and received support from the Association of Washington Cities and other local governments.

Services and Infrastructure for a Growing Community

Each biennium, the Legislature enacts a Capital budget that appropriates funding to capital projects throughout the state. The City requested funding to replace Lake Hills Sewer Pump Station 12 within that budget. As noted above, the final Capital budget includes \$1,030,000 for the project, thanks to Representative Tana Senn and Senator Lisa Wellman, who championed the request with support from the other members of the city's legislative delegation.

Additionally, the City requested \$850,000 in the 2023-25 Operating Budget to expand the Community Service Center at mini-City Hall in the Crossroads area. Representative Vandana Slatter and Senator Patty Kuderer were the primary champions on this request with support from the other members of the city's legislative delegation. The final Operating budget includes \$500,000 for the project.

Property tax levy growth: Three proposals were introduced this session that would have lifted the one percent limit factor on property tax for local governments, but none were passed. [SB 5618](#) sponsored by Senator Patty Kuderer (D- 48th LD), revised the property tax cap for local governments to account for inflation and population growth up to three percent. The bill was heard, but not advanced out of committee. [HB 1670](#) sponsored by Representative Timm Ormsby (D-3rd LD), would have revised the property tax cap for local governments from one



percent to three percent, but did not contain provisions related to inflation or population growth. The bill did not advance out of the House Rules Committee. [SB 5770](#) sponsored by Senator Jamie Pedersen (D- 43rd LD) was introduced late in the session and took a similar approach to Senate Bill 5618, adjusting the property tax limit to account for inflation and population growth up to three percent. The bill did not receive any action from its referred fiscal committee.

Additional Policy Issues

Homelessness and Human Services

Human services funding: As outline above, the Legislature made significant appropriations to increase the supply of affordable housing and enhance homelessness supports throughout the state. The Legislature also made targeted investments in building capacity in the behavioral health system and addressing facility needs in the state. Highlights include:

Capital budget:

- \$77.9 million for competitive grants to expand community-based behavioral health services.
- \$133.1 million for community-based projects for behavioral health facilities, such as crisis diversion, secure detox, and adolescent services.
- \$13.4 million for the Rising Strong project, providing family-centered drug treatment and supportive transitional housing for a minimum of 24 households in Western Washington.
- \$613 million for construction of a 350-bed forensic hospital at Western State Hospital.
- \$20.6 million for construction of a 48-bed civil commitment facility in Clark County.
- \$21.1 million to fund the expansion of 136 beds at Maple Lane.
- \$5 million for the Department of Social and Health Services to create community capacity to serve clients in need of behavioral health treatment.

Operating budget:

- *Trueblood* and Forensic Mental Health: \$99.7 million in general funds and \$6.9 million in federal funds. This funding is provided for the Department of Social and Health Services to continue implementation of the *Trueblood* settlement, including forensic navigators, outpatient competency restoration, housing, crisis, diversion, and other community support services.
- Maple Lane Campus: \$65.1 million in general funds and \$10.6 million in federal funds for operation of facilities for civil conversion patients and patients found not guilty by reason of insanity.
- Vancouver Campus: \$47.4 million for operations of the 48-bed Residential Treatment Facility campus in Vancouver serving civil conversion patients.
- Staffing at Western and Eastern State Hospitals: \$13.8 million
- Western State Hospital Civil Ward: \$15.7 million to facilitate increasing the civil capacity at Western State to 287 beds.



- Behavioral Health Provider Rate Increases: \$172 million in general funds and \$212 million in federal funds to increase rates paid through the Medicaid Managed Care Organizations and Behavioral Health Administrative Service Organizations by 15 percent.
- Crisis and Residential Treatment Services: \$33.1 million in general funds and \$84 million in other funds to support crisis and residential treatment services, including new crisis stabilization facilities and expanding the 988 behavioral health crisis response system.
- Community Civil Long-term Involuntary Treatment Beds: \$8.2 million in general funds and \$37.8 million in federal funds
- Opioid Response and Substance Use Disorder Services: \$6.8 million in general funds and \$126.6 million in American Rescue Plan Act (ARPA) and opioid settlement funds to respond to the opioid epidemic and expand substance use disorder treatment and pretrial diversion programs for implementing Senate Bill 5536, concerning possession of controlled substances.
- Expansion of community behavioral health services: \$16.2 million in general funds and \$25.3 million in federal funds
- Intensive Youth Services: \$13.8 million in general funds and \$10.6 million in federal funds

Notable policy bills addressing housing needs and human services include:

Re-benchmarking area median income limits: [HB 1046](#) sponsored by Representative Amy Walen (D- 48th LD) increases the area median income limits on a public housing authority-financed, low-income housing development to 80 percent.

Authorizing standards for temporary emergency shelters for local adoption: [SB 5553](#) sponsored by Senator Liz Lovelett (D- 40th LD) requires the State Building Code Council to adopt standards for temporary emergency shelters to be made available for local adoption by July 1, 2026.

Crisis relief centers: [2SSB 5120](#) sponsored by Senator Manka Dhingra (D- 45th LD) requires the Department of Health to license 23-hour crisis relief centers, facilities that are open 24 hours per day, seven days a week, offering behavioral health to adults for no more than 23 hours and 59 minutes at a time. The centers will accept walk-ins and drop-offs from first responders and individuals referred through the 988 system and have a no-refusal policy for individuals dropped off by law enforcement.

Supports for adults with lived experience of sex trafficking: [SSB 5114](#) sponsored by Senator Claire Wilson (D- 30th LD), directs the Office of Crime Victims Advocacy (OCVA) to administer funds for healing, support, and transition services for adults who have been forced to perform certain commercial sex acts. At least one of the service providers must be in eastern



Washington and one in western Washington. The bill further requires the OCVA to prioritize funding for service providers in underserved areas of the state and collect data on a quarterly basis.

Climate and the Environment

During the 2023 legislative session, climate advocacy focused on implementation of the Climate Commitment Act, the Clean Fuel Standard, and the Clean Energy Transformation Act – all enacted within the last three years.

The Legislature largely continued this climate work through significant investments in the 2023-25 Operating and Capital Budgets. Highlights include:

- \$60 million for the Clean Energy Fund Program for clean energy research, development, demonstration, and deployment projects.
- \$120 million incentive program to fund zero-emission medium and heavy duty vehicles and associated charging infrastructure for businesses, schools, transit agencies, local governments, independent owner-operators, and others.
- \$163 million, consisting of \$80 million in CCA funding and \$83 million in federal authority from the IRA, to implement the Home Electrification and Appliance Rebates (HEAR) Program to provide scaled rebates to low and moderate-income households, adult family homes, and small commercial businesses to purchase and install high-efficiency electric equipment.
- \$50 million for the Tribal Climate Adaptation Pass-Through Grant program to provide tribes with assistance to mitigate and adapt to the effects of climate change.
- \$20 million for a grant program to reduce carbon emissions in hard-to-decarbonize sectors such as aviation, maritime, and other industries.
- \$50 million for energy retrofits and solar power for public buildings.
- \$20 million for state match for the Pacific Northwest Hydrogen Association's application to the United States Department of Energy for a regional hydrogen hub grant.
- \$16.8 million for local emission reduction projects.
- \$5 million for the Community Energy Efficiency Program administered by the Washington State University Extension Energy Program.
- \$39 million for large scale solar innovation projects.

Integrating Climate Change into the Growth Management Act: The Legislature passed [E2SHB 1181](#) sponsored by Rep. Davina Duerr (D-1st LD), Governor-request legislation that amends the Growth Management Act to add a goal of climate change and resiliency to the list of elements required in comprehensive plans. It requires jurisdictions to identify actions to reduce greenhouse gas emissions and vehicle miles traveled. Jurisdictions required to review their comprehensive plans by June 30, 2025, must implement the bill's requirements. The policy for integrating climate change into the Growth Management Act has been introduced in previous legislative sessions but did not make it to the finish line. The bill's provisions were refined over time through stakeholder engagement until it reached its final form. Although the building



industry still had reservations about the bill, it was able to build enough support to finally pass this session. The Operating budget provides \$41 million for grants to assist with implementation.

Updating the state's integrated climate response strategy: [E2SHB 1170](#) sponsored by Representative Chipalo Street (D- 37th LD) directs the Department of Ecology to update the Integrated Climate Change Response Strategy by September 30, 2024, and every four years after. Several new requirements are added for the strategy, including actions to address the highest climate vulnerabilities and risks to the state's communities and ecosystems, among others.

Plastic pollution: [SHB 1085](#) sponsored by Representative Sharlett Mena (D- 29th LD) prohibits the sale, distribution, and installation of certain plastic foam overwater structures, including foam blocks and floats. It further prohibits lodging establishments from providing personal health or beauty products in certain plastic containers or wrappers. It requires any construction in which a drinking fountain is required under the International Building Code to also require the provision of bottle filling stations.

Responsible environmental management of batteries: [E2SSB 5144](#) sponsored by Senator Derek Stanford (D- 1st LD) requires each producer selling or distributing covered batteries in Washington to participate in and fund an approved battery stewardship organization. Each battery stewardship organization must submit a plan for covered portable batteries to the Department of Ecology for approval by July 1, 2026, or within six months of program rules. Battery stewardship programs must provide for the collection of all covered batteries. Local government facilities may collect batteries at their own expense and must process them in a manner that meets the same standards as those implemented by battery stewardship organizations.

Fiscal Sustainability, Financing Tools, and General Government

Washington Voting Rights Act: [ESHB 1048](#) sponsored by Representative Sharlett Mena (D- 29th LD) provides that individuals or organizations who file a notice of intent to challenge an election system under the Act may recover costs up to \$50,000 incurred in conducting the necessary research, if the notice causes the political subdivision to adopt a remedy that is approved by the court. Standing is granted to organizations whose membership includes a voter who resides in the political subdivision and tribes located at least in part of the political subdivision. The legislation was carried by Democratic majorities in both chambers of the Legislature and was largely opposed by Republicans.

Preventing utility shutoffs for non-payment during extreme heat: Preventing Utility Shutoffs for Non-payment During Extreme Heat: [ESHB 1329](#) sponsored by Representative Sharlett Mena (D- 29th LD), by request of the Attorney General's Office, prohibits utilities from involuntarily terminating water or electric service to a residential user during days for which the National Weather Service has issued certain heat-related alerts. Utilities are required to



promptly make a reasonable attempt to reconnect service to a dwelling upon receipt of a reconnection requests for a day in which there are heat-related alerts in effect. Utilities are authorized to require a payment plan prior to reconnecting service. The Attorney General's Office was amenable to amending the bill's provisions as the bill progressed through the legislative process to address concerns from utilities regarding the technical details on temperature readings, repayment plans, and other items. The bill was generally supported by utilities upon final passage.

Employee-union legislation: [ESHB 1187](#) sponsored by Representative David Hackney (D-11th LD) designates any communication between a union representative and union employee as privileged from examination and disclosure. [SHB 1200](#) sponsored by Representative Emily Alvarado (D-34th LD) requires employers subject to the Public Employees' Collective Bargaining Act to provide contact information, date of hire, salary, and job site locations for employees to exclusive bargaining representatives.

Self-Insured Employers: [SHB 1521](#) sponsored by Representative Dan Bronoske (D-28th LD) establishes a duty of good faith and fair dealing for workers concerning all aspects of workers' compensation for self-insured municipal employers and self-insured private sector firefighter employers and their third-party administrators. The bill provides penalties for violations and authorizes the Department of Labor and Industries to enforce the standard of good faith and fair dealing. Self-insured municipal employers' certification as a self-insurer may be revoked if the employer violates the self-insurer's duty of good faith and fair dealing three times within a three-year period. Several local governments opposed the bill due to the establishment of a new standard of good faith and fair dealing, which was not well-defined.

Equity and Social Justice

Cannabis social equity: [E2SSB 5080](#) sponsored by Senator Rebecca Saldaña (D-37th LD) extends the Cannabis Social Equity Program and allows the Liquor and Cannabis Board (LCB) to issue or reissue licenses that were forfeited or revoked under the program until July 2032. The LCB may issue up to 100 cannabis processor licenses immediately, and up to 10 producer licenses beginning January 2025. The LCB may increase the number of retailer and producer licenses based on population data with legislative approval every three years until the program expires in 2032. A retail license may not be awarded if the LCB receives a written objection from a local legislative authority based on a pre-existing ordinance limiting outlet density in a specific geographical area.

Public Safety

The Legislature grappled with controversial policies in the public safety arena that were outstanding from the 2021 legislative session. The primary issues were peace officer vehicular pursuits and new legislation in response to the *State v. Blake* Supreme Court decision, which struck down Washington's law on possession of controlled substances as unconstitutional. The latter issue presented an especially urgent matter for the Legislature, as the 2021 law



classifying possession of controlled substances as a misdemeanor is set to expire at the end of June 2023.

Peace officer vehicular pursuits: In 2021, the Legislature passed legislation requiring probable cause, rather than reasonable suspicion, to believe that a person in the vehicle has committed certain offenses for an officer to engage in a vehicular pursuit. Law enforcement agencies expressed concern about this higher threshold and continued to do so, prompting follow-up legislation in the 2022 session to restore the standard of reasonable suspicion. The policy was not supported by police reform advocates and did not pass during the short session.

Policy dialogue around the vehicular pursuits issue continued to be contentious this session. The Washington Association of Sheriffs and Police Chiefs and many local governments advocated for restoration of the reasonable suspicion standard, citing examples of individuals who had eluded police apprehension since the 2021 law went into effect. Police reform advocates held the position that vehicular pursuits represent a danger to the public and noted that the number of people injured or killed from vehicular pursuits has decreased since 2021. The Chair of the Senate Law and Justice Committee refused to hold a hearing on [ESB 5352](#) sponsored by Senator John Lovick (D- 44th LD), out of concern that reverting back to the reasonable suspicion threshold would result in more dangerous pursuits.

Senate Bill 5352 was ultimately passed by the Legislature, its forward progress aided by a suspension of the rules in the Senate that brought the bill up for floor debate just in time for the house-of-origin cutoff. It lowers the evidentiary threshold for engagement in vehicular pursuits from probable cause to reasonable suspicion for specific crimes: a violent offense, a sex offense, a vehicular assault offense, an escape offense, driving under the influence, or a domestic violence assault offense. The pursuit must be necessary for the purpose of identifying or apprehending the person, and the fleeing person must pose a serious risk of harm to others. Its companion bill, [HB 1363](#) sponsored by Representative Alicia Rule (D- 42nd LD), was advanced by its assigned policy committees but because the Senate version advanced out of its chamber of origin, it became the vehicle for enacting the final policy.

Proposals establishing a work group on the vehicular pursuits issue were also introduced and considered this session but did not pass. [SB 5533](#) sponsored by Senator John Lovick (D- 44th LD), would have directed the Criminal Justice Training Commission (CJTC) to convene a work group to develop a model vehicle pursuit policy and establish a grant program for modern vehicle pursuit technology. [HB 1586](#) sponsored by Representative Roger Goodman (D- 45th LD), would have directed the CJTC to convene a work group to develop legislative policy recommendations on vehicular pursuits and establish a grant program similar to what was proposed in SB 5533. While the Legislature did not approve either of these bills, \$3 million was appropriated in the 2023-25 Operating budget to fund a law enforcement technology grant program for modern vehicle pursuit management technology.



State v. Blake/possession of controlled substances: The Senate took the lead on introducing policy approaches to the possession of controlled substances issue. Four proposals were introduced, and all would have repealed the current statute classifying drug possession as a misdemeanor and requiring law enforcement to make referrals to substance use assessment and treatment on two occasions before charges may be filed. Aside from that common thread, the four bills differed in their perspectives on how the offense should be classified and handled through the justice system.

[SB 5035](#) sponsored by Senator Mike Padden (R- 4th LD) would have classified possession of a controlled substance as a class C felony. [SB 5467](#) sponsored by Senator Jesse Salomon (D- 32nd LD) would have classified drug possession as a gross misdemeanor and focused on directing individuals toward treatment in lieu of jail. [SB 5624](#) sponsored by Senator Manka Dhingra (D- 45th LD) would have enacted the recommendations of the Substance Use and Recovery Services Advisory Committee, decriminalizing possession of a personal amount of controlled substances.

Another bill, [SB 5536](#) sponsored by Senator June Robinson (D- 38th LD), was chosen to advance in the legislative process. As passed by the Senate, the bill classified possession of controlled substances as a gross misdemeanor and contained provisions outlining the procedure for pretrial diversion and vacation of convictions. The bill passed the Senate by a narrow margin of 28-21, with a bipartisan mix of votes on both sides of the tally. In the House, the bill was amended to reduce the crime of possession down to a simple misdemeanor, which carries a sentence of up to 90 days in jail, rather than the gross misdemeanor sentence of up to 364 days. The House version also added the crime of drug use in a public place as a misdemeanor. The House passed the bill 54-41, with a few Democrats joining the Republicans in voting against it. The Senate refused to concur with the House's amendments, so the bill then went to conference.

The conference committee's recommendation went back to classifying possession as a gross misdemeanor as passed by the Senate, with the addition of classifying use in a public place as a gross misdemeanor as passed by the House. The bill was brought up for floor debate in the House on the final evening of the legislative session. The conference committee's recommendation was defeated by a vote of 43-55, with 15 Democrats joining the Republicans in opposing the bill. Governor Inslee called for a special session, which convened on May 16th to make an effort at approving a different version of the bill. The Legislature approved, with bipartisan support, a version of the bill that does the following:

- Possession is a gross misdemeanor. Use in a public place is a gross misdemeanor and use is defined as ingesting, inhaling, injecting, or introducing a substance to the human body by any other means. Both are subject to a sentence up to 180 days, a fine no more than \$1,000, or both. If a defendant has 2 or more prior convictions, they may be sentenced up to 364 days, fined up to \$1,000, or both.



- Diversion by prosecutors and law enforcement is encouraged, not required. The bill is ambivalent on diversion method – law enforcement assisted diversion (LEAD), recovery navigator program (RNP), or an arrest and jail alternative program.
- The Court may only grant motions for diversion if the prosecuting attorney agrees. The prosecuting attorney may divert additional charges related to substance use disorder for nonfelony offenses that are not crimes against people.
- If the prosecutor agrees, the court must approve the defendant's request for diversion if they (1) have no criminal convictions after the effective date of the bill; and (2) are only charged with possession or use, and not charged with other crimes. Unless this criterion is met, the court has discretion as to whether to approve the pre-trial diversion (even if the prosecutor agrees to it).
- Individuals must substantially comply with treatment for 12 months or by completing recommended treatment/services, whichever comes first.
- Local governments are preempted on regulating drug paraphernalia outside of harm reduction programs. This essentially makes possession of drug paraphernalia (syringes, pipes, etc.) legal. Selling and delivery and use of drug paraphernalia remains a misdemeanor under RCW 69.50.412.
- Opioid treatment programs, recovery residences, substance use disorder treatment facilities, and harm reduction programs, including safe injection sites, are added to the list of essential public facilities.
- Grant program for LEAD is established and funded at \$5 million for the biennium.

Public Works and Infrastructure

Infrastructure funding: The Legislature considered legislation that would have created a Public Works Revolving Trust Account in the State Treasury to be used for loans or grants to local governments for financing public works projects through the Public Works Board. If the legislation had been approved, the measure would have gone before the voters to amend the state Constitution. The policy did not receive enough support to advance this session. However, as noted above, the enacted budgets appropriate funding for infrastructure needs. Highlights include:

- \$400 million for the Public Works Assistance Account
- \$68 million for the Stormwater Financial Assistance program
- \$115 million for Remedial Action Grants
- \$670 million for the Water Pollution Control Revolving Loan program
- \$25 million for the Community Economic Revitalization Board
- \$200 million for broadband grants and loans
- \$120 million for the Washington Wildlife and Recreation program
- \$48.4 million for the Fish Barrier Removal Board
- \$287 million for the Transportation Improvement Board
- \$70.8 million for Safe Routes to Schools grants



- \$72.2 million for Pedestrian and Bicycle Safety programs
- \$45.7 million for the Freight Mobility Strategic Investment Board

Small works roster requirements: [2SSB 5268](#) sponsored by Senator Bob Hasegawa (D- 11th LD) requires state agencies or authorized local governments establishing a small works roster to require contractors who desire to be placed on the roster to indicate if they meet the definition of women- and minority-owned business, veteran-owned business, or small business. At least once per year, the state agency or local government must publish a solicitation of contractors for the roster.

Economic Development and Workforce

Higher education funding and student support: The Legislature increased its funding for higher education in the 2023-25 biennial Operating budget. Notable appropriations include:

- \$29.4 million for new bachelor and master programs, including social work, public health, and nursing, as well as expansion of enrollments in computer science, nursing, and teaching programs.
- \$23.8 million for the new funding structure for College in the High School courses, which shall be provided at no cost to students in public high schools.
- \$14.3 million for the Washington College Grant to be provided to students with a median family income up to 65 percent.

Technical corrections to the local tax increment financing (TIF) program: [HB 1527](#) sponsored by Representative Sharon Wylie (D- 49th LD) makes several technical changes to the TIF legislation passed in 2021. It defines “real property” as it relates to local TIF areas and clarifies that an increment area takes effect on June 1st following the adoption of the ordinance designating the increment area. The legislation provides local taxing districts the authority to increase their property tax levy capacity for increases in assessed value in certain situations.

AWC Legislative Priorities

The City supports the legislative priorities of the Association of Washington Cities. A review of legislative action on those priorities is available on the [AWC website](#).