



City of
Bellevue

City Manager's
Office

DATE: August 6, 2024

SUBJECT: State Legislative Update, July 2024

Overview

Much of the focus throughout July continued to be on legislative campaigns. As a reminder, all members of the House of Representatives and approximately half the members of the State Senate are seeking re-election. Regardless of changes in the political climate, approximately one-third of the State Legislature will be new as there are eighteen legislators who chose not to seek re-election to their current seat.

On August 6, voters will narrow the number of candidates vying for each position to the two who garner the most votes in the primary election. Those two candidates will then appear on the November general election ballot. Ballots for the August 6 primary have been mailed to all registered voters.

Aside from the hustle and bustle of campaigns and elections, movement continues on other issues such as the [first-ever contract negotiations](#) between Washington state lawmakers and legislative employees, as well as the [initiative relating to the use of natural gas](#), which received enough signatures to be included on the November ballot.

There are several other topics that will have an impact on the 2025 Legislative Session. Below are highlights from July:

Initiatives: As previously reported, three Initiatives to the Legislature will appear on the November ballot: [Initiative 2109](#), repealing the capital gains tax; [Initiative 2117](#), prohibiting carbon tax credit trading and repealing provisions of the 2021 Washington Climate Commitment Act; and [Initiative 2124](#), allowing all employees to opt out of paying and receiving long-term care insurance.

On a separate but related note, in July of last year, the Public Disclosure Commission (PDC) received a complaint against Let's Go Washington Committee, the organization backing the above three initiatives. The complaint claims they repeatedly failed to disclose details about the flow of money in and out of the committee funds for each initiative. As of today, the PDC has not reached a conclusion on whether any wrongdoing occurred, and groups including SEIU 778, Washington Conservation Action, Planned Parenthood and Civic Venturers have put the pressure on the Commission to hand the case over to the state's Attorney General. They believe the alleged violations by Let's Go Washington have a significant ongoing impact on the public and the upcoming election. On July 25, the PDC denied the request to pass the case to the Attorney General and has committed to reserving time in August for an enforcement hearing if charges are filed. If not, the PDC's intention is to resolve the case before ballots are cast.

In addition, [Initiative 2066](#) has qualified for the November ballot. The initiative is a direct counter to the Legislature approving [House Bill 1589](#) during the 2024 Legislative Session, which requires Puget Sound Energy to engage in a multi-year planning process to reduce its use of natural gas to serve customers and comply with the State's Clean Energy Transformation Act, which mandates that Puget Sound Energy get to zero carbon emissions by 2045.

Comprehensive Plan Briefing with Bellevue Legislators: Bellevue staff members briefed legislators from the 41st and 48th legislative districts, as well as key legislators and legislative staff engaged in housing policy, on the city's forthcoming comprehensive plan. The briefings highlighted the city's process of developing the comprehensive plan and implementing several pieces of legislation alongside the comprehensive plan update that was passed into law during the 2023 and 2024 legislative session.

During the briefings, the city highlighted the significant amount of community outreach that was done as part of the planning process; Bellevue won a VISION 2050 Award from Puget Sound Regional Council for its community engagement during the development of its 2044 Comprehensive Plan. Legislators expressed appreciation for the briefing, indicating that it was helpful information to receive during the legislative interim.

Beginning of State Budget Development: In advance of convening the 2025 Legislative Session in January, Governor Jay Inslee will develop his final budget proposal. The Governor's Office initiates the state budget development process with the release of proposed operating, capital, and transportation budgets in December. The Legislature will then consider these proposals as they begin budget deliberations in January.

As part of the Governor's budget development process, each state agency submits their budgetary needs and priorities to the Office of Financial Management (OFM) for consideration. Most recently, state agencies received [a letter](#) from OFM asking that they focus their funding requests on continuing programs and to refrain from expanding or creating new ones. This letter was sent just days before the most recent [June Economic and Revenue Forecast](#) was released, showing revenue collections for the current 2023-25 biennium have decreased by \$476.7 million. November ballot initiatives have also added uncertainty as each impact funding for state spending (*see Initiatives section below*). All state agency budget requests must be submitted to the Governor's Office by September.

Asylum Seeker Assistance: The Legislature appropriated \$32 million to support services for asylum seekers. In July, the Office of Refugee and Immigrant Assistance awarded \$16.4 million of this funding to 23 different contractors to establish a "hub and spoke" model. The International Rescue Committee was allocated \$4.6 million to operate a "Newcomer Reception and Navigation Hub" that is envisioned to connect new arrivals with emergency housing, legal aid, and case management services. The Association of Washington Cities (AWC) is holding a meeting on August 22 with the Governor's Office to discuss this issue further. Cities have collectively expressed the need for the Governor's Office to include a proposed plan and funding for ongoing assistance to asylum seekers in the next biennial budget.

Public Defense Standards: Previous reports highlighted that the Washington State Bar Association (WSBA) Board of Governors submitted [new guidelines](#) for public defense services to the Washington State Supreme Court for consideration. The new guidelines reduce the maximum yearly workload from 400 misdemeanors to 120, and from 150 felony cases to 47. Additionally, the guidelines add requirements for an increase in support staff and modify qualifications for the type of cases public defenders can take on.

In July, the Washington State Supreme Court issued an order setting the deadline for public comment on the proposed indigent defense standards for October 31, 2024. There will also be two public hearings, with one to occur on September 25 and the other after the public comment deadline. The court will then adopt some or all the recommendations brought by the WSBA.

On July 17, AWC held a listening session for members to share background information, discuss next steps and legislative strategy for 2025, and to answer questions from attendees regarding the proposed indigent defense standards. Participants in the listening session shared their concerns and how the changes create new fiscal and staffing challenges for cities.

The AWC shared discussion that the standards would take effect in July 2025 and encouraged cities to prepare for that being the case.

2023 Crime Report: The Washington Association of Sheriffs and Police Chiefs (WASPC) released a [2023 Crime Report in early July](#). The report was compiled from data submitted to the Washington State Uniform Crime Reporting Program of the WASPC by Washington State law enforcement agencies. This information will be forwarded to the Federal Bureau of Investigation for their annual report on U.S. crime to be released in the fall. Crime has been declining overall but is nowhere near pre COVID-19 pandemic levels. For example, there were 399 murders in 2022 and 376 in 2023, which is 5.8 percent less than 2022, but 87 percent higher than 2019. WASPC Executive Director Steve Strachan presented the report's findings and took questions from the media, at a [briefing in Lacey, WA](#).

Model Business License Threshold: A work group of cities is revisiting a 2024 review of business license minimum thresholds for out-of-city businesses that cities with business licenses were required to adopt by January 1, 2019.

By way of background, the last threshold was created in 2018 in a model ordinance process required by legislation ([RCW 35.90.080](#)), in part to respond to concerns of businesses regarding licensing requirements for out-of-city businesses delivering goods on an infrequent basis using their own vehicles. The final 2019 business license threshold for out-of-city businesses was set at \$2,000 per year, with an option for cities to require no-fee registration only for out-of-city businesses below the threshold. Cities also had the option to create a higher threshold if they chose to do so. The model minimum threshold cannot be updated more than every four years, so cities made a commitment to review the level every four years to check in on whether the 2019 levels were still working for cities and their out-of-city businesses.

The AWC recently met with the business community to discuss potential updates to the model license threshold for out-of-city businesses. The city work group is considering a proposal and is looking for [feedback on proposed changes](#).

City Transportation Funding: Historically, cities and counties have received a distribution of state gas tax revenues to support the preservation and maintenance of city and county roadways. During the 2022 Move Ahead Washington transportation package, this tradition was not honored and, aside from funding allocated to specific projects, none of the revenue generated in the package was shared with cities and counties. With transportation revenues continuing to decline, members of the Legislature are deliberating the best revenue source to replace the fuel tax.

AWC and the Washington State Association of Counties (WSAC) are continuing to encourage state lawmakers to directly distribute a portion of any newly identified revenue source to cities and counties for local transportation needs. Some notable lawmakers, however, are indicating that it is unlikely that the state will share revenue with cities and counties, especially if cities and counties are not actively supporting potential replacement revenue sources.

One potential revenue source being explored is the use of a delivery fee which is a \$0.28-\$0.30 cent fee placed on the delivery of online purchases. The Joint Transportation Committee recently received a study with recommendations on such a fee. Currently, only Colorado and Minnesota have similar fees. Another option is a road usage charge (RUC), which has been piloted by the Transportation Commission. Conversationally, other concepts have been mentioned such as a tire tax and revisiting the motor vehicle excise tax. As is typically the case with new tax proposals, there is organized opposition to all the potential revenue replacement concepts. AWC is actively engaging cities to get feedback on this topic.

Regulation of Electric Security Alarm Fences: During the last two sessions, the Legislature has considered but not adopted [House Bill 1304](#), preempting cities' authority to regulate electric security alarm fences. Rather than approving the bill, \$50,000 was allocated in the 2024 Supplemental Operating Budget for the Department of Labor and Industries (L&I) to identify appropriate pathways to streamline the permitting processes for electric security alarm fences.

In July, L&I convened the first stakeholder meeting associated with this work. Electric security alarm fence industry representatives shared that local businesses request their product to be installed to prevent theft and protect assets, but it often takes months to advance code changes through planning commission and council approval to allow such installs. Those attending the first stakeholder meeting toured a location with an electric security alarm system to view how it was being used.

One concept discussed at the meeting was the potential for a statewide regulation to be put in place, but that cities could at any time adopt a local ordinance that overrides the statewide regulation regardless of whether that regulation is more stringent than the statewide regulation.

The reasoning behind this structure is that it would expedite the installation of electric security alarm systems while still allowing communities to have a local conversation if desired. L&I will convene subsequent meetings and make recommendations to the Legislature in mid-December.

Association of Washington Cities (AWC) Legislative Agenda Development: The AWC held their third Legislative Priorities Committee meeting on July 25. The AWC staff developed a recommended list of priorities based on the last discussion, which includes Law Enforcement Recruitment and Retention, Housing Affordability and Stability, Fiscal Sustainability, Transportation and Basic Infrastructure.

The AWC also collected additional feedback from individual cities, as well as the Small and Large Advisory Committees. After reviewing the feedback, staff recommendations and the potential legislative issues chart included in the [meeting packet](#), many committee members shared their desire to elevate issues like concerns on regressive taxes or add support for such issues as the Washington Recycling and Packaging Act, gun violence prevention, childcare, Community Housing Infrastructure Program, mental health needs in schools, condo reform, and an option to impose a public safety sales tax. The AWC will be distributing a survey to committee members to comment on the various issues discussed and will continue to refine their legislative priorities over the coming months. The Committee meets next on September 5.