



DATE: November 20, 2023

SUBJECT: October State Legislative Update

2024 Legislative Session on the Horizon:

During the legislative interim months, legislators conduct work sessions and hold meetings in their districts in preparation for the upcoming legislative session. Three major themes emerging for consideration during the 2024 session include 1) behavioral health; 2) modifications to the Climate Commitment Act; and 3) addressing rising transportation project costs. Additionally, the Washington State Legislature will be focused on developing mid-biennial supplemental operating, capital, and transportation budgets.

Economic Revenue Forecast

Four times each year, the state economic and revenue forecast is released, providing legislators with valuable information on available revenue for budget development. On September 26, the latest revenue forecast was released. Since the June forecast, anticipated revenue for the current 2023-25 biennium increased by \$663 million. When the Legislature convenes in 2024, this additional estimated revenue will influence spending in the development of the mid-biennial supplemental budgets. Legislators have indicated that they plan to be cautious with spending, but that the budget is not likely to include significant cuts. The forecast reported that Washington employment increased by 16,500 jobs and the state's unemployment rate remained at an all-time low of 3.6 percent. Total state revenues are expected to grow 3 percent between the 2021-23 and the 2023-25 biennia, and 6.3 percent between the 2023-25 and 2025-27 biennia.

Governor's Proposed 2024 Supplemental Budget Under Development

State agencies have submitted budget requests or "decision packages" to the governor's budget office, the Office of Financial Management, for potential inclusion in Governor Inslee's proposed 2024 supplemental budgets. The Governor's Office is evaluating those requests and will be developing his proposed 2024 Supplemental Operating, Capital, and Transportation budgets for release in mid-December. Director of the Office of Financial Management, David Schumacher, has cautioned agencies against advancing any non-emergent proposals.

Legislative Committee Updates

House Environment & Energy Committee – September 26

The House Environment & Energy Committee held a work session on net metering, community solar, 6-PPD, and nutrient and point-source waste dischargers. The Committee heard from several presenters offering comments on House Bill 1509, sponsored by Rep. David Hackney (D-Tukwila), which was considered during the 2023 legislative session and will remain under consideration during the 2024 session. House Bill 1509 proposes expanding community solar, allowing several participants to pay for a solar farm and to get a credit for their share of the generated electricity from the farm to offset monthly electric utility bills.



The Committee also heard several presentations on 6-PPD Quinone, a toxic chemical to salmon that is used to manufacture tires and is prone to leaching into stormwater. Since 2021, the Legislature has directed the Department of Ecology to conduct research and produce several reports on how to mitigate the impacts of 6-PPD on the environment. Currently, the Department is identifying effective best practices that can be incorporated into stormwater management manuals, exploring how best to establish a program to monitor 6PPD in water and sediment, conducting an assessment on safer alternatives to 6PPD, developing of a 6PPD action plan, and providing a progress report to the Legislature by December 31, 2024.

On nutrient and point-source waste dischargers, the Committee heard presentations from the Department of Ecology and the Association of Washington Cities regarding the Puget Sound Nutrient General Permit that Ecology has issued to wastewater treatment plants, requiring the plants to reduce nutrient effluents. To fund the improvements necessary to comply with the new permit, significant funding would need to be identified, either through grants or through significant increases in utility rates. The Puget Sound Nutrient General Permit is being legally challenged through the Pollution Control Hearings Board and the Court of Appeals, Division II.

House Finance Committee – September 28

The House Finance Committee held a work session on tax increment financing. The Committee heard presentations from the Department of Revenue on how local tax increment financing (LTIF) is being utilized throughout the state. Clark-Cowlitz Fire Rescue provided a presentation advocating for changes to LTIF requiring increased mitigation measures for fire districts. Committee members expressed a strong desire to better understand the impact of LTIF on special purpose districts. It is likely that legislation will be introduced during the 2024 session proposing changes to LTIF.

Senate Law & Justice Committee – October 2

The Senate Law & Justice Committee held a work session featuring presentations from the Office of Independent Investigations (OII), the Office of Firearm Safety and Violence Prevention, the Criminal Justice Training commission, and the Department of Social and Health Services. The Office of Independent Investigations (OII) was created in 2020 to conduct criminal investigations of law enforcement use of deadly force. The agency is currently creating policies and protocols, recruiting, training, and conducting public outreach. Once operational, OII's priority will be to investigate fatal cases and investigate prior investigations with new evidence. The agency will provide an investigation summary and case file to the prosecutorial authority and will not make charging recommendations. OII plans to request legislation in 2024 making technical changes, allowing the agency to provide limited information to the involved agency, and authorizing OII to obtain reports and other information from 911 communication centers and other agencies.

The Office of Firearm Safety and Violence Prevention shared that one of the most important reduction measures for firearm violence is the utilization of court orders that prohibit firearm possession by individuals who present heightened risk of harm. Washington was awarded \$5.2



million to improve implementation of protection order laws. The Office will issue a report in December 2023, outlining policy recommendations around this law.

The Committee also heard an update regarding the state's involuntary civil commitment law (commonly referred to as Ricky's Law). The Washington State Institute for Public Policy was charged with evaluating the effectiveness of the law and has published reports each year for the past three years. Under current law, an individual can be committed to an evaluation and treatment facility or community hospital for mental health treatment or a Secure Withdrawal Management and Stabilization (SWMS) facility if, due to a behavioral health disorder (mental health disorder, substance use disorder, or co-occurring disorder), the person evaluated presents a likelihood of serious harm or is gravely disabled.

Senate Environment, Energy & Technology Committee – October 9

The Senate Environment, Energy & Technology Committee held a work session on the Climate Commitment Act. The Department of Ecology indicated that three auctions for emission allowances had occurred, and that the allowance price at each auction has steadily increased. To remain in compliance, emitters must submit allowances equal to 30 percent of their allotted emission allowances annually. At the end of the four-year period, emitters must submit allowances equal to 70 percent of their allotted emission allowances.

The Department emphasized the importance of linking Washington's program with California and Quebec's similar programs. Linking the programs would allow for increased market liquidity which would assist entities in complying with the program in a cost-effective manner. Whether linkage is pursued is a decision that the Director of the Department of Ecology will make in late this fall. If the Director seeks linkage, it will take until at least 2025 to negotiate and sign an agreement with Quebec and California. Quebec and California are also currently reviewing their programs and making changes which could complicate linkage efforts.

The Committee also heard presentations on how revenue from the Climate Commitment Act is being invested. Statutorily, 45 percent of the revenue generated must be invested in the transportation sector, 34 percent in capital and 21 percent in operating. Additionally, 35 percent of the investments must benefit vulnerable populations in overburdened communities.

Joint Transportation Committee – October 9

The Joint Transportation Committee held a work session on medium- and heavy-duty zero emission vehicles, public-private partnerships, the Washington State Ferry procurement process for hybrid ferries, and road usage charges. The Legislature is considering the development of an incentive program for zero-emission medium- and heavy-duty trucks. Medium- and heavy-duty trucks represent 10 percent of the vehicles on the road but are responsible for 30 percent of the state's greenhouse gas emissions. The Legislature directed a report to the Legislature due on January 2, 2024 regarding the design of an incentive program that helps build a medium- and heavy-duty zero-emission vehicle market in Washington.



The Legislature tasked the Transportation Commission with completing a report, including draft legislation, to update the state's authorization of public private partnerships by July 1, 2024.

Additionally, the Transportation Commission has been conducting a federally funded pilot program on the road usage charge and will provide a report to the Legislature in January 2024 on the pilot program. Key findings from the pilot program include: 1) pilot participants supported a transition to a road usage charge; 2) participants wanted to self-report mileage; 3) most participants did not want flexible payments, but those who did had lower household incomes; 4) most participants wanted to exempt out-of-state and off-road miles, but very few did. It was also shared that Hawaii and Vermont instituted a road usage charge for electric vehicles in 2023, increasing the total number of states that have adopted a road usage charge policy to six.

Senate Transportation Committee – October 9

The Senate Transportation Committee held a work session on traffic safety and rising project costs. The Washington Traffic Safety Commission shared that 2023 traffic fatalities are likely to meet or exceed 2022 traffic fatalities, which was the highest annual number of fatalities since 1990. The Washington State Department of Transportation and Washington State Patrol shared that they are in the process of implementing automated speed safety cameras in work zones on state highways, with a proposed timeline to have cameras operational by July 2024. The Committee also received presentations on impaired driving and how other jurisdictions are utilizing roadside oral fluid testing to identify impaired drivers.

The Washington State Department of Transportation (WSDOT) provided a presentation on how transportation project costs are rising due to material cost volatility, market conditions, inflation, and workforce shortages. The Department has received an average of 3.5 bidders per project in 2023 for design-build contracts; the number of bidders on larger, complex, longer projects is down, while bid prices compared to engineer's estimates are up.

WSDOT provided an update on the I-405/SR 167 Corridor, noting that two of the recently awarded projects (Brickyard to SR 527 improvements, and SR 167 Corridor Improvements Project) cost \$275 million above the amount of funding currently appropriated to the projects. The Department outlined four different options for the governor and Legislature to consider addressing this: 1) adjust project timing; 2) increase toll rates; 3) provide additional funding; or 4) consider other revenue enhancements. With feedback from the Executive Advisory Group, the Department plans to submit an updated financial report to Legislators in 2024.

Upcoming Legislative Meetings

November:

- 11/3 -- Joint Legislative Committee on Water Supply During Drought work session on cloud seeding and drought.
- 11/13 – Joint Committee on Employment Relations work on employee collective bargaining and on tentative master agreements.



- 11/14 – Select Committee on Pension Policy work session featuring an update from the WA State Insurance Board and to discuss WA State Patrol retention issues.
- 11/16 – Joint Transportation Committee work session on county transportation issues, the workgroup on local government and WSDOT partnership to deliver state project, and statewide household travel survey results.
- 11/30-12/1 – Senate Committee Assembly Days
- 12/4-12/5 – House Committee Assembly Days

Interim Visits and Meetings with Legislators

In anticipation of the coming short session, Bellevue intergovernmental staff have been working with the 41st and 48th District legislators to thank them for their recent actions as well as to discuss the City's priorities in the upcoming session. Recent visits include site visits along the Bellevue portion of the Mountains-to-Sound Greenway Trail and a tour with community partners of the current and soon-to-be-future home of Mini City Hall in Crossroads Mall.