

CITY COUNCIL STUDY SESSION

State Legislative Interim Update

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DIRECTION NEEDED FROM COUNCIL**INFORMATION
ONLY**

No action is required; this is an informational briefing. The State Legislature addresses a range of policy issues of interest to the City. Council may wish to provide direction to staff regarding legislative proposals.

RECOMMENDATION

N/A

BACKGROUND & ANALYSIS

In advance of the convening of the 2023 Washington State Legislative Session next January, a wide range of policy, fiscal, and other issues are being evaluated and vetted throughout the state. We generally refer to this period between the legislative sessions as “the interim,” and it is where new issues get fleshed out, unresolved items from the prior year get resurrected or revisited, and parties look ahead to the development of the state’s next biennial budget for 2023-2025.

This presentation will provide updates on a handful of interim conversations happening that are of interest to Bellevue at the state level. Our objective is to develop and adopt a state legislative agenda this fall, and this snapshot in time gives you a mid-point sense of areas of high priority for cities.

Interim Workgroups and Ongoing Developments

Throughout the legislative interim, there are dozens of interim committees and workgroups that meet and develop policy recommendations for the Legislature’s consideration. Below are some highlighted issues or workgroups to be aware of that we are tracking and participating in:

- Tax Structure Workgroup: The [Washington State Tax Structure Workgroup](#) has been meeting since 2017 to identify options to make the Washington State tax code more fair, adequate, stable, and transparent. The work group is tasked with recommending legislation for the 2023 legislative session. To date, workgroup members have indicated a willingness to further discuss as potential ideas: (1) replacing the state business and occupation tax with a margins tax; (2) establishing a working families tax credit; (3) creating a primary residence property tax exemption; (4) imposing a wealth tax, and (5) adjusting the property tax limit factor. At the most recent meeting on May 25th the work group discussed specific issues related to each of the proposed new taxes and provided guidance to the Department of

Revenue (DOR) to help inform modeling and drafting of proposals. DOR will work with the Technical Advisory Group over the summer and the Workgroup will reconvene in September to review the policy proposals. To view the slides from the most recent meeting, click [here](#). Tangentially related to tax reform discussions, in 2021 the Legislature enacted a 7% capital gains tax on capital gains exceeding \$250,000. In March of 2022, the Douglas County Superior Court ruled that the capital gains excise tax does not meet state constitutional requirements and, therefore, is unconstitutional and invalid. The State has appealed the ruling to the Washington State Supreme Court.

- Police Reform and Vehicle Pursuits: The Legislature enacted several bills reforming policing during the 2021 session. In the 2022 session, the Legislature approved three bills to clarify the 2021 reforms. [House Bill 1719](#) clarified that law enforcement agencies can acquire and use .50 caliber shotguns and devices used to shoot bean bags, rubber bullets, and other non-penetrative munitions. [House Bill 1735](#) clarified that an officer may use physical force to carry out specific community caretaking tasks and authorized deadly use of force when there is an immediate threat of serious physical injury or death to the officer or another person. [House Bill 2037](#) defined several terms including “physical force” and states when physical force can be used during temporary investigative detentions. Governor Jay Inslee signed all three bills into law, and they took effect immediately. The Legislature considered but did not pass several other police reform related bills, most notably [Senate Bill 5919](#), which would have changed when and how law enforcement officers engage in vehicular pursuits. It is anticipated that there will be ongoing police reform discussions in future legislative sessions.
- Blake Response: Last year, the Washington State Supreme Court ruled that the state’s simple drug possession law was unconstitutional in a case called *State v. Blake*. The *Blake* decision impacts convictions from 1971-2021. In the 2022 session, the legislature approved a supplemental budget with \$21.5 million for cities to address resentencing, vacation, and refunds of legal and financial obligations related to convictions or sentences impacted by the *Blake* decision. The Administrative Office of the Courts recently released information regarding the amount of reimbursement cities may receive for their actions between July 1, 2022, and June 30, 2023. The state legislature also enacted a temporary policy making possession of controlled substances a misdemeanor, with requirements to divert offenders to treatment at least twice prior to arrest and prior to prosecution. This temporary policy sunsets in 2023. The Legislature tasked the Health Care Authority to establish the Substance Abuse Recovery Services Advisory Committee to establish a statewide substance abuse recovery services plan and final report for the Legislature’s consideration during the 2023 session. The American Civil Liberties Union and other stakeholders had launched a campaign in May to decriminalize the possession of controlled substances, and to direct cannabis revenues to fund treatment and recovery services, law enforcement training, and public outreach. However, proponents announced in June that the initiative failed to gather the approximately 325,000 signatures required to place the measure on the November ballot.

- Land Use and Housing: In the 2023 legislative session, there were several proposals related to land use, zoning, and affordable housing, though none of them passed into law. Some of the proposals that received heated discussion included [House Bill 1660](#), regarding local regulations on accessory dwelling units, and [House Bill 1782](#), regarding local zoning of middle housing types. The Association of Washington Cities (AWC) recent member survey reflects that zoning and housing remains among the top areas of interest for cities, who support policies that help cities provide more equitable access to housing in our cities while not inviting pre-emption of local authority. AWC is hiring a neutral facilitator to lead a discussion on how to increase middle housing types throughout the state. The work is scheduled to start in late July and be completed in October. Meanwhile, legislators and stakeholders have floated a variety of concepts for consideration.
- Growth Management Act Reform: Several reforms to the Growth Management Act have passed into law over the last legislative biennium ([House Bill 1220](#), [House Bill 1241](#), [Senate Bill 5042](#)). More often than not, these reforms create additional cost burdens for cities, requiring the Association to continuously push for state funding to assist in the planning and implementation of these changes. Discussions around adding climate change mitigation ([House Bill 1099](#)) and salmon recovery efforts as a goal of the GMA ([House Bill 1117](#)), and other potential new responsibilities are likely to be considered during the 2023 session.
- Broadband Deployment Best Practices Workgroup: The Legislature considered but did not approve legislation that would have required cities to allow telecommunications providers to use microtrenching (small trenches in pavement) to deploy fiberoptic lines. Stemming from that legislation, local governments agreed to participate in an informal work group with telecommunication providers to explore best practices in deploying broadband. That informal workgroup held an initial meeting on June 17. The City of Bellevue has been asked to present at the next workgroup meeting on its right-of-way franchise agreement and permit processes.

2023-25 Budget Development

Governor Inslee will release proposed 2023-25 operating, capital, and transportation budget proposals in December. State agencies are beginning to develop recommendations to submit to the governor's office for potential inclusion within his proposed budgets. The 2023 Legislature will evaluate the governor's proposals, make modifications, and approve final 2023-25 budgets to submit to the governor to be signed into law. The state's fiscal year runs July 1, 2023, through June 30, 2025.

Lawmakers are anticipated to have robust revenues available within the operating budget. The Washington State Economic and Revenue Forecast Council has indicated that revenue collections came in 6.4 percent higher than forecasted, totaling \$589.9 million. The capital budget is funded through bonds that are paid back by a percentage of the operating budget; if the operating budget increases, the capital budget sees a corresponding increase in size. Budget development for the transportation budget will focus on implementing the Move Ahead WA transportation package enacted during the 2022 legislative session. The Move Ahead WA transportation package outlined investments that the state plans to make over the next sixteen years; however, it did not identify which projects

would receive funding which years. WSDOT is currently working on project phasing now, and the 2023 Legislature will be focusing on developing that timeline.

State Elections

Ballots will be mailed out on July 15 for the August 2 primary election. The top two candidates in each race will advance to the November 2022 ballot. As a reminder, each position in the State House of Representatives and half the positions State Senate are up for election. Candidates will be seeking election to [new district boundaries](#).

There are several races where the August 2 primary will be pivotal in determining who advances to the November 2022 ballot. Below are a few races to call to your attention:

- Two of the most contentious races for seats in the Senate will be significantly shaped by the outcome of the August primary. In the 42nd Legislative District in Whatcom County, the August primary will determine which Republican candidate, appointed Senator Simon Sefzik or Ben Elenbaas, will advance to face Democrat Sharon Shewmake in November. Similarly, in the 47th Legislative District in south King County, the August primary will determine which Democratic candidate, Satwinder Kaur or Claudia Kauffman, advances to be the primary challenger against Republican Bill Boyce in November.
- There are a number of open seats in the House of Representatives that have several candidates of both parties vying for the position, including the seats in the 17th, 22nd, 35th, 36th, 37th, 38th, 42nd, 46th, and 47th legislative districts. The August primary will serve its intended purpose of narrowing the number of candidates to only two in each of these positions.

The current political party breakdown for each chamber is as follows:

House of Representatives: 57 Democrats and 41 Republicans

State Senate: 28 Democrats, 20 Republicans, 1 Democrat who aligns with Republicans

At this early stage of the election process, it is unclear whether Democrats will maintain the majority in both chambers or whether Republicans will gain the majority in one or both chambers.

Secretary of State Election

There will only be one statewide race on the November 2022 election ballot: Washington's Secretary of the State. Former Secretary of State Kim Wyman left the position to take a federal appointment. Governor Jay Inslee appointed Steve Hobbs, then Chair of the Senate Transportation Committee, to the position. Steve Hobbs will now run for the position and faces Independent opponent Julie Anderson who serves as Pierce County's current auditor, Republican opponent Keith Wagoner, current senator in the 39th Legislative District, and Republican opponent Mark Miloscia, former senator in the 31st Legislative District who previously switched parties, as well as four lesser known candidates.

Next Steps for Bellevue this Summer and Fall

Over the next few months Bellevue staff will continue to work with AWC, with state lawmakers, and with other local stakeholders in refining these and other areas of interest through formal and informal channels. Staff will coordinate with City department directors over the late summer and early fall to develop a wholistic picture for the legislative session ahead, with a goal of having the City Council

provide input on a draft agenda which can be adopted in its final form in the fall. That timeline would provide us with additional time in advance of session to build support with partners and explore solutions and opportunities with lawmakers to address Bellevue's key interests.

POLICY & FISCAL IMPACTS

The State Legislature addresses a range of policy issues of interest to the City.

OPTIONS

N/A

ATTACHMENTS & AVAILABLE DOCUMENTS

N/A

AVAILABLE IN COUNCIL LIBRARY

N/A