



DATE: April 24, 2023
TO: Mayor Robinson and City Councilmembers
FROM: Genesee Adkins, Chief of External Affairs
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SUBJECT: State Legislative Update

April State Legislative Summary

Overview

The Washington State 2023 Legislative Session is scheduled to conclude on April 23. This memo was prepared the week of April 17, prior to the finalization of bills and budgets.

Once a bill passes the Legislature, it is delivered to the governor for him to sign it into law, veto, or partially veto (he has the authority to remove entire sections of a bill, but not specific sentences). After the Legislature approves a bill, the governor has five days, excluding Sundays, to act on it, unless the Legislature is within five days of adjournment when it approves the bill. In that case the governor has 20 days, excluding Sundays, to take action. After that time, all bills the governor has not acted upon automatically become law. The final day for the governor to take action on bills this year is May 16.

Highest Priority Issues

Budget Snapshot of Bellevue Priority Requests

As of the writing of this memo, the House of Representatives and Senate are negotiating final versions of the 23-25 state operating, capital, and transportation budgets. Below is a chart outlining the status of the City's funding requests leading into these final negotiations. The City's intergovernmental relations team has worked with the City's legislative delegation to advocate that these funding allocations be included in the final budgets.

Project	House Proposal	Senate Proposal
Mini City Hall (Community Services Center)	--	\$500,000
Sewer Pump Station #12	--	\$1,030,000
Phasing of Mountains to Sound Greenway	23-25: \$300,000 25-27: --	23-25: \$300,000 25-27: \$6.6 million



Affordable Housing and Land Use

Funding/Resources for Affordable Housing: As of this report, it is unlikely that Governor Inslee's proposal to authorize \$4 billion in bonds for affordable housing will garner enough support to pass this session.

However, in the final week of the legislative session, the Legislature is giving strong consideration to a proposal by Representative Frank Chopp (D- 43rd LD), [House Bill 1628](#), that would increase the state real estate excise tax (REET) on certain properties and authorize cities to impose a 0.25 percent REET to fund affordable housing. As initially drafted, the bill would have increased real estate excise taxes on properties over \$5 million. The House Finance Committee amended the bill to change the provisions related to the state-imposed REET. Under the amended bill, properties valued between \$525,000 - \$750,000 would be subject to a 1.1%, rather than 1.28% REET. Properties over \$3,025,000 would be subject to a 3.5%, rather than a 3% REET; this would go into effect on January 1, 2025 for non-commercial properties and on January 1, 2027 for commercial properties. As of this writing, it is unclear whether this proposal has the support to pass this session.

Regardless of whether new revenue is generated, the Legislature is likely to allocate significant resources as part of the 23-25 state capital budget. Below are the allocations each chamber has included within their respective budget proposals leading into budget negotiations.

	House	Senate
Housing Trust Fund	\$400 million	\$400 million
Supply and affordability of transit-oriented housing development	\$50 million	\$50 million
Housing Finance Commission Land Acquisition Program	\$40 million	\$67 million
Connecting Housing to Infrastructure Program (CHIP)	\$75 million	\$20 million

Creating the covenant homeownership account: The Senate approved [House Bill 1474](#) sponsored by Representative Jamila Taylor (D- 30th LD), which establishes and funds the Covenant Homeownership Program to provide down payment and closing cost assistance to economically disadvantaged households. The House approved a version of the bill earlier this session on a party-line vote that funded the Covenant Homeownership Program with a \$100 document recording fee. In the Senate, the Senate Ways & Means Committee proposed amending the bill to lower the document recording fee to \$50. However, progressive members of the Senate Democrat Caucus garnered the support to overrule the recommendation from the Ways & Means Committee, and the Senate approved a version of the bill with a \$100 document recording fee. The House needs to concur in the relatively minor amendments that were made in the version of the bill approved by the Senate during the final week of the legislative session.



Incentives for Affordable Housing: [Senate Bill 5045](#), sponsored by Senator Patty Kuderer (D-48th LD), authorizes King County to offer a property tax exemption for accessory dwelling units (ADUs) that are rented to households whose adjusted income is at or below 60 percent of median household income for the county. 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. The bill passed in the Senate 43-5. On April 7, the House passed the bill 59-38 on a mostly party-line vote with one excused. An amendment was adopted on the House floor to require the county providing the property tax exemption to establish policies to assist tenants upon expiration of an exemption. On April 13, the Senate concurred in those amendments. The bill has been delivered to the governor to be signed into law.

Flexibility on affordable housing and mental health funding: [Senate Bill 5604](#) sponsored by Senator June Robinson (D- 38th LD) allows all jurisdictions rather than only smaller jurisdictions to use affordable and supportive housing sales tax credit revenues, commonly referred to as "1406 funds," for rental assistance. The bill also allows counties to use chemical dependency and mental health services sales tax revenue for modifications to existing facilities to address health and safety needs. The Senate passed the bill unanimously. On April 5, the House passed the bill unanimously with no amendments. The bill has been delivered to the governor to be signed into law.

Landlord/Tenant Policies: As previously reported, the three proposals concerning rent increases that were introduced this session did not advance. Only one bill concerning landlord/tenant policy was approved. [House Bill 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. The bill has been delivered to the governor to be signed into law.

Middle housing types: [House Bill 1110](#) sponsored by Representative Jessica Bateman (D-22nd LD) was approved by the Senate 35-14, with Republicans and two Democrats voting in opposition. As passed by the Senate, the bill addresses many of the elements highlighted by the City of Bellevue: 1) it provides an alternative compliance pathway allowing cities to implement the middle housing zoning density requirements in 75 percent of lots zoned for single-family residences, as long as those lots meet certain criteria; 2) provisions of the bill requiring cities to allow six units per lot near parks and schools were removed; 3) cities are required to allow four units per lot on all lots, and six units per lot within one-half mile of major transit stops; 4) the bill permits cities to allow accessory dwelling units to count toward the density required in the bill. The Senate Ways & Means Committee limited the impact of the bill on communities with a population of less than 75,000. The House voted to concur in the Senate's amendments on April 18, and it will soon be delivered to the governor to be signed into law.



Transit-oriented development: [Senate Bill 5466](#) sponsored by Senator Marko Liias (D- 21st LD) would have required cities to adopt “transit-oriented” densities near light rail stations and bus rapid transit stops. The transit-oriented densities were defined in the original version of the bill as a floor area ratio of 4 and 6, depending on distances to stations and stops. The Senate passed the bill 40-8. In the House, the bill faced significant challenges. Legislators and the Washington Low Income Housing Alliance argued that density mandates should be accompanied by required affordability. The House prime sponsor, Representative Julia Reed (D- 36th) held a series of stakeholder meetings where many implementation concerns raised by cities were addressed. The outcome of the stakeholder meetings was a new version of the bill with reduced distances, floor area ratios, provisions pertaining to displacement, required affordability, and more. Unfortunately, these changes were not sufficient to garner the necessary support for the bill in the House of Representatives, and the bill died with the opposite chamber cutoff deadline.

Use of existing buildings for residential purposes: [House Bill 1042](#) sponsored by Representative Amy Walen (D- 48th LD) requires cities to allow the addition of housing units within existing buildings in zones where multi-family housing is permitted. Cities would not be allowed to impose additional parking, design standard, or architectural requirements beyond those requirements applicable to all residential development within the building's zone. The bill provides an exception for buildings listed on a local, state, or national historic register. The House passed the bill unanimously in early February. In the Senate, the bill was amended to allow cities to require the retention of existing parking amenities for non-residential uses and to impose permitting requirements on emergency housing and transitional housing uses. Cities are also allowed to impose restrictions on housing unit density if the addition of housing units is over 50 percent more than what is allowed in the zone if constructed within the existing building envelope. Additionally, the bill was clarified to apply only to existing buildings that are zoned for commercial or mixed use, and cities may continue to prohibit the addition of housing units on the ground floor of a commercial or retail building that is along a major pedestrian corridor. Further, an “existing building” is defined as one that has received a certificate of occupancy at least three years prior to the permit application to add housing units. Local ordinances or regulations necessary to comply with the bill are exempt from the State Environmental Policy Act (SEPA). The Senate passed the bill 45-3. The House concurred with the Senate amendments. The bill has been delivered to the governor to be signed into law.

Accessory Dwelling Units: [House Bill 1337](#) sponsored by Representative Mia Gregerson (D- 33rd LD) requires cities to adopt certain regulations related to accessory dwelling units (ADUs). The bill passed in the House by a vote of 81-15, with a bipartisan mix of votes on both sides of the tally. In the Senate, the bill was amended significantly. In its final form, the bill requires cities to allow two ADUs per lot, removes the authority for cities to require owner-occupancy, limits impact fees that can be charged on ADUs, and regulates height, setbacks, gross floor area requirements, and other regulations. The Senate passed the bill by a vote of 39-7. The Senate amended the bill on the floor to prohibit cities and counties from requiring off-street parking for



ADUs unless the local government submits an empirical study to Commerce demonstrating that a lack of off-street parking would be significantly less safe for vehicle drivers or passengers, pedestrians, or bicyclists. The House concurred with the Senate amendments. The bill has been delivered to the governor to be signed into law.

A similar proposal concerning accessory dwelling unit regulations, [Senate Bill 5235](#), sponsored by Senator Sharon Shewmake (D- 42nd LD), did not advance out of the House Rules Committee to receive consideration on the House floor.

Condominium legislation: [Senate Bill 5058](#) sponsored by Senator Mike Padden (R- 4th LD) exempts buildings with 12 or fewer units that are no more than two stories from condominium liability. The Senate passed the bill unanimously in February. In the House, the bill was approved by the policy committee and advanced to the House floor for a vote. On April 12, the House passed the bill unanimously. The bill has been delivered to the governor to be signed into law.

Objective design review: [House Bill 1293](#) sponsored by Representative Mark Klicker (R- 16th LD) requires cities to apply only clear and objective design review standards to the exterior of new development, except for designated landmarks or historical districts. The House passed the bill 94-3, and the bill then moved on to the Senate where it was amended in the committee process. Most notably, the provision in the original bill providing a categorical exemption from the State Environmental Policy Act (SEPA) for residential housing within an urban growth area was removed (in large part because these provisions advanced in a separate bill). The Senate passed the bill unanimously with no further amendments. The House concurred in the Senate amendments. The bill has been delivered to the governor to be signed into law.

SEPA exemption for housing: [Senate Bill 5412](#) sponsored by Senator Jesse Salomon (D- 32nd LD) provides a State Environmental Policy Act (SEPA) exemption for projects that propose to develop residential housing units in an urban growth area or middle housing types within an unincorporated urban growth area that meet specific criteria. Counties and cities planning under the Growth Management Act may only apply objective development regulations governing the exterior design of new development, and they must consult with the Department of Transportation to determine if there are any operational deficiencies in the transportation system in connection with the proposed project. The Senate passed the bill unanimously. In the House, the bill was amended in committee to remove the sections related to design review process and requirements related to additional project review (in large part because these provisions advanced in a separate bill). The House passed the bill 95-2, with one Representative excused and two Democrats voting in opposition. The Senate refused to concur in the House amendments because a drafting error was identified. The House drafted a [new version](#) of the proposed amendments to address the drafting error with the intention of adopting those proposed amendments during the final week of the legislative session.



Increasing supply and affordability of condominiums: [Senate Bill 5258](#) sponsored by Senator Sharon Shewmake (D- 42nd LD) addresses condominium builder liability to boost construction of condominiums and townhomes. The proposal requires that construction defect lawsuits brought by condo owners against builders include a report by construct defect professional describing the nature and extent of the defect and recommendations for repair. The Senate Ways and Means Committee heard, amended, and approved the bill earlier this month. On March 31, the Senate passed the bill unanimously with an amendment to remove the requirement that real estate excise tax revenue from sales of condominiums or townhouses to individuals using down payment assistance from the Housing Finance Commission be deposited into the down payment assistance account. Instead, the amount of REET revenue from those home sales must be transferred from the state general fund to the down payment assistance account. The bill has been referred to the House Appropriations Committee, which is scheduled to act on the bill during the final week of the legislative session.

Housing and land use-related bills that did not meet the key cutoff deadlines include:

- **Accessory dwelling units:** [Senate Bill 5235](#) sponsored by Senator Sharon Shewmake (D- 42nd LD) required cities and counties to allow multiple accessory dwelling units per lot, depending on the size of the lot and the number of units otherwise allowed on the lot within urban growth areas. The bill was passed by the Senate and progressed through the House committee process, but ultimately stalled in the House Rules Committee in favor of House Bill 1337, as noted above.
- **Increasing housing options through lot splitting:** [House Bill 1245](#) sponsored by Representative Andrew Barkis (R- 2nd LD) required cities planning under the Growth Management Act to allow the splitting of a single residential lot into two residential lots. The bill was passed in the House but did not advance out its assigned Senate policy committee.
- **Residential multi-plex housing regulations:** [House Bill 1167](#) sponsored by Representative Davina Duerr (D- 1st LD) prohibited local governments from imposing any development, siting, parking, design review, or other standards for middle housing that are more restrictive than those required for detached single-family residences. The House passed the bill and it progressed in the Senate committee process with amendments, but was not advanced to the Senate floor for a vote.

Permitting

Consolidating local permit review processes: [Senate Bill 5290](#) sponsored by Senator Mark Mullet (D- 5th LD), is the only prominent permitting bill to be passed by both chambers of the Legislature. The bill was introduced at the request of the Governor's Office and establishes a permit review grant program and new project permit review deadlines for certain permit applications by which local governments must comply beginning in 2025. The bill was passed by the Senate in early March. Through the committee process, the House has amended the bill



to make grant funds available for residential permits, and to make technical modifications to the project permit review timelines. The House unanimously passed an amended version of the legislation that allows local governments to modify the default permitting time periods by differentiating between residential and non-residential permits. The House also pushed out the timeline by one year by which local governments must determine the fee structure needed to process residential permit applications.

Transportation

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. [Senate Bill 5272](#), sponsored by Senator Marko Liias (D-21st LD), authorizes the use of speed cameras on state highways when a work zone is present. The bill was heard and approved by the Senate Transportation Committee with an amendment limiting the use of speed cameras to when workers are present in a state highway work zone. The Senate passed the bill 47-2 on February 22, and it was passed by the House on March 24. It has been signed by the governor and takes effect on July 23.

Impact fee use for bicycle and pedestrian facilities: [Senate Bill 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 passed in the Senate by a vote of 34-14. On April 7, the House passed the bill 57-40 on a party-line vote. The bill has been delivered to the governor to be signed into law.

Per-mile charge on vehicle usage of public roadways: [House Bill 1832](#) sponsored by Representative Jake Fey (D- 27th LD) establishes a voluntary road usage charge program that places a per-mile fee of 2.5 cents per mile on motor vehicle usage of public roadways. This proposal is part of an ongoing dialogue on future revenue sources for the state’s transportation needs given that the current fuel tax is a declining revenue source. The bill was heard over the course of two days last month in the House Transportation Committee but there has not been any movement since. Although the bill was likely considered NTIB, momentum on the policy seems to have halted and its chances are slim for passage this session.

Services and Infrastructure for a Growing Community

Each biennium, the Legislature enacts a biennial capital budget that appropriates funding to capital projects throughout the state. The City has requested funding to replace Lake Hills Sewer Pump Station 12 within that budget. Representative Tana Senn and Senator Lisa Wellman are championing this request, with support from the other members of the city’s legislative delegation. Capital budget writers have indicated a preference that the City apply to



the Public Works Assistance Account, rather than seek funding through the capital budget. The Senate Capital budget proposal includes \$1,030,000 for the project, but it was not included in the House Capital budget.

The City is also requesting \$850,000 funding in the 2023-25 Operating Budget to expand the Community Service Center at mini-City Hall in crossroads. Representative Vandana Slatter and Senator Patty Kuderer are championing this request with support from the other members of the city's legislative delegation. The Senate Operating budget proposal includes \$500,000 for the project, but it was not included in the House Operating budget proposal.

Property tax levy growth: [Senate Bill 5770](#) sponsored by Senator Jamie Pedersen (D- 43rd LD) was introduced during the final weeks of the legislative session. The bill removes the current 1% property tax cap growth factor for state and local property taxes and replaces it with a 3% cap. The growth is tied to population change and inflation. The bill provides a 25% exemption on the state's base rate for seniors and veterans earning below a certain income threshold. The bill was referred to the Senate Ways & Means Committee and has received significant discussion amongst members of the Senate Democrat Caucus. It's unclear whether the Legislature will choose to advance the bill alongside final budgets.

Additional Policy Issues

Homelessness and Human Services

Crisis relief centers: [Senate Bill 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. On April 7, the House passed the bill unanimously with one excused and adopted a striking amendment sponsored by Representative Timm Ormsby (D-Spokane) that establishes a pilot program rather than a licensing and certification process through the Department of Health. The pilot program would be limited to no more than five CRCs, located in different geographic areas of the state with varying levels of population density. The pilot program would begin January 1, 2024 and end December 31, 2029. The Senate refused to concur with the House amendments that significantly narrowed the bill. It's unclear whether an agreement between the two chambers will be reached during the final week of the legislative session.

Supports for adults with lived experience of sex trafficking: [Senate Bill 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. It directs the OCVA to issue a request for proposals for service providers by September 1, 2023. The OCVA must prioritize funding for service providers in underserved areas of the state. The Senate passed the bill unanimously in early March. In the



House the bill progressed through the committee process and advanced to the floor for a vote. On April 12, the House passed the bill 94-1.

Climate and the Environment

Climate change in comprehensive planning: [House Bill 1181](#) sponsored by Representative Davina Duerr (D- 1st LD), is Governor-request legislation that amends the Growth Management Act to add a goal of climate change and resiliency, and several other changes to existing elements and sub-elements. The House passed the bill last month by a vote of 57-41, mostly along party lines. The Senate approved the bill on a party-line vote of 29-20 on April 7. An amendment was adopted on the floor reflecting changes requested by local governments. The House concurred with the Senate amendments. The bill has been delivered to the governor.

Plastic pollution: [House Bill 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. The House passed the bill unanimously. In the Senate, the bill received approval from its assigned policy and fiscal committees, and then advanced to the Senate floor for a vote. On April 8, the Senate passed the bill 37-11. The bill has been delivered to the governor to be signed into law.

Fiscal Sustainability, Financing Tools, and General Government

Preventing utility shutoffs for non-payment during extreme heat: [House Bill 1329](#) sponsored by Representative Sharlett Mena (D- 29th LD), by request of the Attorney General's Office, is aimed at preventing utilities from disconnecting customers for nonpayment during extreme heat. The bill has been significantly amended through the legislative process. As it currently stands, the bill 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. In February, the House of Representatives passed an amended version of the bill by a vote of 64-31. In the Senate, the bill was advanced by the Environment, Energy, and Technology Committee. On April 10, the Senate passed the bill on a party-line vote of 29-20.

Public Safety

Vehicular pursuits: [Senate Bill 5352](#), sponsored by Senator John Lovick (D- 44th LD), lowers the evidentiary threshold for engagement in vehicular pursuits from probable cause to



reasonable suspicion for specific crimes: a violent offense, a sex offense, vehicular assault, and domestic violence assault. The Senate passed the legislation by a narrow margin of 26-23 last month. In the House, the legislation was amended in committee to require training on risk assessment analysis for pursuing officers so that they can gauge whether the risk posed by the individual being pursued outweighs the safety risk of engaging in the pursuit. On April 10, the House passed the bill with no further amendments by a vote of 57-40, with a bipartisan mix of votes on both sides of the tally. The Senate concurred with the House amendments. The bill has been delivered to the governor to be signed into law.

In a separate yet related effort on the vehicular pursuits issue, the Senate Operating Budget includes \$164,000 for the Criminal Justice Training Commission to convene a technical advisory committee to develop legislative policy recommendations relating to vehicular pursuits.

State v. Blake decision/controlled substance possession: [Senate Bill 5536](#) sponsored by Senator June Robinson (D- 38th LD) addresses possession of controlled substances. After passing in the Senate 28-21, the bill was amended significantly in the House. In the version approved by the House, possession of controlled substances is a misdemeanor, rather than a gross misdemeanor. The House version also adds the use of a controlled substance in a public place as a misdemeanor. Prosecutors are encouraged to divert cases for assessment, treatment, and other services through the recovery navigator program. The House-approved version of the bill eliminates the Senate-approved mandatory minimum 21-day sentence for individuals refusing a substance use disorder assessment and recommended treatment. The recovery navigator or similar program must prepare a biopsychosocial assessment for the convicted individual.

If treatment or services are not recommended by the biopsychosocial assessment, or, if the individual fails to meaningfully engage with treatment, the court may require community service up to 120 hours as a term of probation. Convictions are vacated if there are no subsequent arrests within a year of sentencing, if the individual meaningfully engages in treatment for at least six months, or if no treatment is recommended and the individual complies with community restitution. Regardless of whether the defendant completes treatment, their conviction must be vacated if there are no additional criminal arrests, charges, or convictions. The bill also preempts local regulation of drug paraphernalia, which is another departure from the Senate version. The House passed the bill 54-41, with a few Democrats joining Republicans in voting in opposition and three Representatives excused. Because the bill was amended by the House, it must go back to the Senate for concurrence. It's likely that this bill will be heavily negotiated in the last week of the session before a final version is approved.