



## Skagit County

### End-of-Session Report

May 22, 2023

#### Overview of the 2023 Legislative Session

It was our pleasure to advocate for Skagit County during the 2023 legislative session, as the Legislature convened in person for the first time since the onset of the COVID-19 pandemic. This year's session lasted 105 days and kicked off the two-year legislative cycle. Legislators were keen to resume their policymaking work at the Capitol campus. A total of 2,122 pieces of legislation were introduced this session, and 485 bills were approved.

The Legislature also enacted the Capital, Operating, and Transportation budgets for the 2023-25 biennium.

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- 38<sup>th</sup> 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. Due to the urgency of the issue, Governor Inslee called for a special session of the Legislature to begin on May 16<sup>th</sup> to give lawmakers another opportunity to set forth a statewide policy. The House and Senate agreed upon an amended version of the bill and each chamber approved the compromise on the same day. Detail on the policy and the dialogue in both chambers follows later in this report.

The Washington State Association of Counties (WSAC) has provided an end-of-session report on key priorities for counties, available [here](#).

#### Budget Highlights

**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. The 2023-25 biennial Operating budget appropriates \$69.8 billion, a net increase of \$2.4 billion. Approximately \$412 million in Climate Commitment Act revenues are budgeted for policy-level items in the 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 expired on May 11<sup>th</sup>. 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. Included in the budget is \$3.4 million for additional Basic Law Enforcement Training Academy (BLEA) classes at existing training facilities and \$11.3 million for additional BLEA classes at three new regional training academies, including one located in Skagit County. Notable investments are also made in the areas of behavioral health and addressing housing needs and homelessness, including \$69.3 million for implementation of the 988 crisis response system and \$111 million for emergency housing.

**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. Notable investments include \$400 million for the Housing Trust Fund, \$211 million for grants to expand capacity in the behavioral health system, and \$400 million for the Public Works Assistance Account.

**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, including approximately \$970 million in Climate Commitment Act funding. CCA funds are appropriated to support carbon-reducing projects and programs, such as multi-modal facilities, public transit, and transportation electrification efforts. For local governments, highlights include \$14.6 million for Complete Streets grants, \$9 million in preservation funding for the County Road Administration Board (CRAB), \$70.8 million for Safe Routes to Schools grants, and \$72.2 million for Pedestrian and Bicycle Safety programs.

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 counties, refer to the WSAC Budget Comparison Document available [here](#).

## Funding Requests

Here is the final status of our priority projects:

### Skagit County Crisis Stabilization Center (SCCSC) – Capital budget request

Representatives Carolyn Eslick (R- 39<sup>th</sup> LD) and Alex Ramel (D- 40<sup>th</sup> LD) and Senator Keith Wagoner (R- 39<sup>th</sup> LD) sponsored the County’s request for \$12.7 million in the Capital budget to construct the Skagit County Crisis Stabilization Center. The final Capital budget provides full funding - \$12.7 million - for the project.

### Skagit County Culvert Package – Capital budget request

Representative Debra Lekanoff (D- 40<sup>th</sup> LD) sponsored a Capital budget request in the 2022 Legislative Session for \$1 million, matched with \$1 million of County dollars, for the County to complete design of 11 high-priority culverts. Due to inflation, cost estimates significantly increased, resulting in a \$1.8 million funding gap. This session, Representative Lekanoff sponsored a Capital budget request for \$1.8 million to close the funding gap. The final Capital budget provides \$1 million in additional funding for the County’s culvert design project and re-appropriates the \$1 million provided in the 21-23 budget.

### Voluntary Stewardship Program Funding – Capital budget request

Senator Ron Muzzall (R- 10<sup>th</sup> LD) sponsored a request for \$1 million in the Capital budget for Skagit County’s Voluntary Stewardship Program. The final Capital budget provides \$1 million for Skagit County VSP.

## Requests for Support & Funding Initiatives

### Support Salmon Recovery Efforts Utilizing a Collaborative Approach

The final Capital budget makes several significant appropriations to aid salmon recovery and habitat restoration efforts, including:

- \$120 million for the Salmon Recovery Funding Board.
- \$120 million for Washington Wildlife and Recreation Program grants for habitat conservation, outdoor recreation, riparian protection, and other similar projects.
- \$73.5 million for Puget Sound estuary and salmon restoration projects.
- \$48.4 million for the Brian Abbott Fish Barrier Removal Board.
- \$25 million for the State Conservation Commission to develop and implement a voluntary riparian grant program to fund the protection and restoration of critical riparian management zones and \$15 million for technical assistance to applicants.
- \$10 million for the Forest Riparian Easement Program.

The Operating budget also provides \$42.4 million in general funds and \$17.6 million in other funds for recovery of threatened and endangered species, including activities related to salmon recovery.

Additionally, the Legislature passed [HB 1775](#) sponsored by Representative Debra Lekanoff (D- 40<sup>th</sup> LD), which eliminates civil liability for property damage resulting from salmon habitat projects performed by regional fisheries enhancement groups (RFEGs), unless the damage is due to acts or omissions constituting gross negligence or willful or wanton misconduct.

The Legislature considered, but did not pass, several other policy proposals concerning salmon recovery and riparian areas. These include:

**Standing joint committee on salmon recovery:** [HB 1686](#) sponsored by Representative Debra Lekanoff (D- 40<sup>th</sup> LD) would have created a Joint Salmon Recovery and Reform Committee to review and research salmon recovery and reform programs to educate and promote the dissemination of salmon recovery and reform research to state and local government policymakers. The bill advanced out of its referred policy and fiscal committees but stalled in the House Rules Committee.

**Riparian areas:** [SHB 1720](#) sponsored by Representative Mike Chapman (D- 24<sup>th</sup> LD) would have directed the state Conservation Commission to develop and implement a riparian grant program to fund protection and restoration of critical riparian management zones. The program would be voluntary and designed to complement the “no net loss” standard for riparian habitat established in the voluntary stewardship program under the Growth Management Act. The bill advanced out of its referred policy committee but stalled in the fiscal committee.

**Net ecological gain:** [HB 1735](#) sponsored by Representative Debra Lekanoff (D- 40<sup>th</sup> LD) would have established an optional net ecological gain element under the Growth Management Act. The bill created a grant program which would allow for counties and cities that include a net ecological gain element in their comprehensive plans to apply for planning grant assistance of up to \$100,000. The bill did not move out of the House Appropriations Committee before fiscal committee cutoff.

## Additional Legislative Issues

### Support Public Safety and Reduce Court Backlog

The Capital budget appropriates \$2.76 million for the Criminal Justice Training Commission’s regional training facilities, including \$1.4 million to expand the Spokane Academy and \$1 million for the Southwest Regional Training Academy. Additionally, the Operating budget provides \$15.8 million in general funds and \$3.8 million in other funds to provide three additional Basic Law Enforcement Academy classes at the main Burien campus each fiscal year and three new regional training academies (one each in Pasco, Skagit County, and Clark County) to support six additional BLEA classes per year. Another \$20.6 million is appropriated to support new and existing therapeutic courts in courts of limited jurisdiction. Additionally, the Legislature appropriated just over \$147

million in the Operating budget for the Office of Public Defense. Of this amount, \$1.8 million is allocated for the purpose of improving the quality of trial court public defense services.

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 2022 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- 44<sup>th</sup> 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- 42<sup>nd</sup> LD), was advanced by its assigned policy committees but failed to be pulled to the House floor for debate. 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- 44<sup>th</sup> 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- 45<sup>th</sup> 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, like drones.

*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- 4<sup>th</sup> LD) would have classified possession of a controlled substance as a class C felony. [SB 5467](#) sponsored by Senator Jesse Salomon (D- 32<sup>nd</sup> 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- 45<sup>th</sup> 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- 38<sup>th</sup> 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.

Both Governor Inslee and Senate Democrats were signaling a potential special session after the compromise version of Senate Bill 5536 failed to pass in the House. While Legislative negotiators from each caucus continued to discuss the issue, Governor Inslee called for a special session.

The House and Senate convened for the scheduled special session on May 16<sup>th</sup> to debate and vote on a [striking amendment](#) to Senate Bill 5536. In summary:

- The bill establishes knowing possession of a counterfeit or controlled substance as a gross misdemeanor. Use of a counterfeit or controlled substance in a public place is also a gross misdemeanor. Both are subject to a sentence up to 180 days, a fine no more than \$1,000, or both, for the first two offenses. If a defendant has two or more prior convictions after July 1, 2023, the potential confinement increases to up to 364 days in jail and/or a fine of \$1,000.
- Diversion is required if the individual is only charged with possession or public use of an unlawful substance and if the individual does not have any criminal convictions after the effective date of the bill. Otherwise, pre-trial diversion as well as other therapeutic court alternatives are optional. The prosecutor must agree on any diversion option, including pre-trial diversion. If the prosecutor agrees, the court must approve the defendant's request if the individual has no other criminal offenses after the effective date of the bill and are only charged with possession or public use. Unless these criteria are met, the court has discretion to approve the pre-trial diversion even if the prosecutor is supportive. The bill is ambivalent on diversion method – law enforcement assisted diversion (LEAD), recovery navigator program (RNP), or an arrest and jail alternative program.
- 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 legal.
- Opioid treatment programs, recovery residences, substance use disorder treatment facilities, and harm reduction programs are added to the list of essential public facilities. Safe injection sites are specifically excluded from the definition of essential public facility.
- The bill establishes a grant program for LEAD and funds the program at \$5 million for the 2023-25 biennium.

A side-by-side comparison of the House, Senate, conference committee, and special session striker versions of the bill can be viewed [here](#).

The Senate took the floor first and began its proceedings with comments from the bill's prime sponsor, Senator June Robinson (D- 38<sup>th</sup> LD). Senator Robinson thanked her colleagues from the Democratic and Republican caucuses from both the House and Senate for their efforts in refining the legislation, which she said is not perfect, but

makes progress in prioritizing treatment. Senators shared various perspectives on the bill, including stories of having lost family members to addiction. Broadly, those who spoke in favor of the bill emphasized that it is a good step forward and can help individuals get the help that they need. It was also noted that long incarceration sentences do not serve as a deterrent to drug use nor facilitates recovery from substance use disorders. Concerns about the legislation included lack of infrastructure and capacity in the behavioral health system and that the potential incarceration period of 180 days is inadequate. One Republican Senator expressed doubt that the 180-day sentence would be applied in many cases due to the volume faced by the courts, and that sentences are likely be plea bargained down for shorter jail time.

The Senate passed the amended bill 43-6, with three Democrats and three Republicans voting in opposition.

Next, the House convened to debate and vote on the amended bill. Several members shared personal stories from their own families in their remarks. Like the Senate, there was bipartisan support for the amended bill, which many noted was not perfect, but was a positive step forward. Representatives said that it was important to balance accountability with the emphasis on treatment and recovery. A bipartisan mix of Representatives also spoke against the proposal. Perspectives ranged from concern that prosecutorial discretion would lead to disproportionately negative impacts on defendants of color and that criminalization of drug possession is ineffective at solving the problem, to a desire to restore the state's previous classification of drug possession as a class C felony.

The House passed the amended bill 83-13, with nine Democrats and four Republicans voting in opposition, and two Representatives excused.

*Additional public safety-related bills considered, but not approved:*

**Law enforcement accountability:** The Legislature considered two proposals intended to increase accountability and oversight of law enforcement agencies, neither of which were approved. [SB 1025](#) sponsored by Representative My-Linh Thai (D- 41<sup>st</sup> LD) would have created a private right of action for individuals injured due to violation of the state Constitution or state law by a peace officer. This policy concept has been referred to as the “qualified immunity” bill and has been introduced and considered in previous legislative sessions. [SHB 1445](#) sponsored by Representative Drew Hansen (D- 23<sup>rd</sup> LD) would have authorized the Attorney General to investigate and bring an action against a law enforcement agency or local corrections agency for a violation of the Washington State Constitution or state law. The Attorney General would have been authorized to initiate investigations on its own or in response to reports from independent oversight bodies. Both proposals were met with opposition by the Washington Association of Sheriffs and Police Chiefs.

**Drug testing equipment:** Two proposals that would have exempted drug testing equipment from the definition of “drug paraphernalia” were also considered but not enacted. [HB 1006](#) sponsored by Representative Tina Orwall (D- 33<sup>rd</sup> LD) would have



exempted equipment used to analyze the purity of controlled substances and [SB 5022](#) sponsored by Senator Ron Muzzall (R- 10<sup>th</sup> LD) would have exempted fentanyl testing equipment from the definition of “drug paraphernalia.” Both bills were advanced out of their house of origin, but neither was adopted in the opposite chamber. The final Blake bill, discussed above, implements a very similar policy.

**Sales and use tax for employment of law enforcement officers:** [SB 5361](#) sponsored by Senator Jeff Holy (R- 6<sup>th</sup> LD) and [HB 1446](#) sponsored by Representative Drew Stokesbary (R- 31<sup>st</sup> LD) would have allowed county and city legislative authorities to impose a sales and use tax of 0.10 percent to be used solely for employing additional commissioned law enforcement officers. The Senate version advanced out of the policy committee but stalled in the fiscal committee. The House version did not advance out of its assigned policy committee.

## Behavioral Health

**Behavioral health system funding:** The Capital budget invests in behavioral health facility needs throughout the state. Highlights include:

- \$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.

Additionally, there are numerous appropriations contained in the Operating budget to build capacity in the behavioral health system. Notable items include:

- *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.

**Trueblood settlement- Competency evaluations and restoration services to persons suffering from behavioral health disorders:** [E2SSB 5440](#) sponsored by Senator Manka Dhingra (D- 45<sup>th</sup> LD) establishes diversion and behavioral health treatment pathways to attempt to reduce caseload for forensic cases needing restoration in a state-owned behavioral health hospital. The bill requires courts to determine if there is genuine doubt as to competency before ordering a competency evaluation and requires jails to allow access for clinical intervention specialists to provide direct services for defendants waiting for competency restoration services. It requires courts to dismiss non-felony charges and refer the defendant for services recommended in a diversion program recommend by a forensic navigator if the defendant is amenable and can safely receive services in the community. The bill underwent significant amendments during the legislative process. In its original form, the competency restoration services would have been provided in jails although the legislation did not provide resources to carry out these functions, imposing a tremendous burden on counties. The Washington State Association of Counties and many individual counties undertook an advocacy effort to daylight these issues that resulted in the changes reflected in the bill's final form.

**Contracting and procurement requirements for behavioral health services in medical assistance programs:** [E2SHB 1515](#) sponsored by Representative Nicole Macri (D- 43<sup>rd</sup> LD) requires the Health Care Authority (HCA) to adopt network adequacy standards and an annual network adequacy review process for managed care organization (MCO) behavioral health provider networks within the Medicaid program.

The HCA is further directed to seek approval to amend the State Medicaid Plan to support direct payments to agencies to support 24/7 crisis system capacity. This was one of WSAC's four legislative priorities for the 2023 Legislative Session.

## **Housing and Homelessness**

The Legislature ultimately did not enact Governor Inslee's proposal to raise \$4 billion in bond funds (which would have required voter approval) or pass legislation that would have provided additional revenue-generating tools for the state and local governments to fund affordable housing.

However, state lawmakers did make significant investments in affordable housing and sheltering through the Capital and Operating budgets. Notable items include:

- \$400 million for the Housing Trust Fund for the construction and renovation of affordable housing units to serve low-income and special needs populations, including individuals with chronic mental illness, individuals with developmental disabilities, and individuals experiencing homelessness or are in need of permanent supportive housing.
- \$60 million for grants to local governments and public utility districts to assist in the cost of utility improvements or connections to new affordable housing projects.
- \$50 million for housing developers and public entities to support transit-oriented housing.
- \$40 million for the Housing Finance Commission's Land Acquisition Program to help developers purchase land for affordable housing projects.
- \$14.5 million for youth shelter and housing projects.
- \$5 million for the Landlord Mitigation Account.
- \$83.2 million from the Inflation Reduction Act to implement Home Efficiency Rebates.
- \$35 million for weatherization and home health improvements for low-income households.
- \$6 million for the Low-Income Rural Rehabilitation Grant Program.
- Emergency Housing and Shelter: \$55.5 million in general funds and \$55.5 million in CARES Act funds for grants to support emergency housing, shelter capacity, and associated support services.
- Homeless Services Contracts Increase: \$45.6 million.
- Document Recording Fee Support: \$66 million in one-time funding to support state and local housing and homelessness programs in response to lower than anticipated revenues from document recording fees.
- Encampment Response and Outreach: \$60 million in one-time funding for grants to local governments and non-profits to provide housing and other services to individuals residing in state rights-of-way and other encampments on public lands.
- Housing and Essential Needs (HEN): \$26.5 million.
- Permanent Supportive Housing: \$25 million for operations and maintenance of permanent supportive housing projects funded through the Housing Trust Fund.

- Children and Youth Housing Supports: \$22 million.
- Covenant Homeownership Program (HB 1474): \$150 million.

**Flexibility on affordable housing and mental health funding:** [SSB 5604](#) sponsored by Senator June Robinson (D- 38<sup>th</sup> 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.

*Housing bills considered but not approved:*

**Local option REET for affordable housing:** [HB 1628](#) sponsored by Representative Frank Chopp (D- 43<sup>rd</sup> LD) would have modified the state real estate excise tax (REET) and allow a county or city to impose an additional 0.25 percent REET for the construction of affordable housing, but the bill did not pass this session. A significant opposition effort was undertaken by the real estate community to stop the bill and it did not advance out of its assigned fiscal committee.

**Local government approval of proportional housing share:** [SB 5609](#) sponsored by Senator John Braun (R- 20<sup>th</sup> LD) would have required local governments to approve the construction of enough new homes to eliminate their respective shares of the state's total housing shortage through 2033. The Department of Commerce would have been tasked with calculating each local government's share of the total housing shortage and share that information publicly by May 1, 2024. It would have prohibited distribution of the earnings of investments in the Local Real Estate Excise Tax (REET) Account to any local government that does not comply with the bill's requirements. The bill advanced through the policy committee in the Senate but was not approved by the fiscal committee in time to remain under consideration.

## **Land Use, Environment & Forest Management**

**Consolidating local permit review processes:** [2SSB 5290](#) sponsored by Sen. Mark Mullet (D- 5<sup>th</sup> 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.

**Climate change in comprehensive planning:** [E2SHB 1181](#) sponsored by Rep. Davina Duerr (D-1<sup>st</sup> LD) is 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 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. New requirements include:

- Capital facilities plan element: inventory of existing capital facilities owned by public entities, including green infrastructure.
- Parks and recreation element: evaluation of tree canopy coverage.
- Utilities element: general and proposed locations and capacity of all existing and proposed utilities.
- Transportation element: estimated multi-modal level of service impacts to state-owned transportation facilities and forecasts of multi-modal transportation demands.
- Climate change and resiliency element: The greenhouse gas (GHG) emissions reduction sub-element and its related development regulations must identify the actions the jurisdiction will take during the planning cycle that will result in reductions in overall GHG emissions generated by the transportation and land use systems. The resiliency sub-element must equitably enhance resiliency and substantially reduce adverse impacts of climate change in communities through goals and policies consistent with the best available science.

Skagit County is subject to the new planning requirements under the bill. The Operating budget provides \$41 million for grants to assist with implementation, which will be distributed by formula to impacted jurisdictions.

**Shoreline Master Program schedules:** [HB 1544](#) sponsored by Representative Emily Alavardo (D- 34<sup>th</sup> LD) changes the master program review and revision cycle in the Shoreline Management Act from eight to 10 years.

**Accessory Dwelling Unit regulations:** [EHB 1337](#) sponsored by Representative Mia Gregerson (D- 33<sup>rd</sup> 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.

*Land use, environment, and forest management bills considered but not approved:*

**Expediting local permitting:** The Legislature considered, but did not approve, several proposals concerning development regulations and local government permitting. [HB](#)

[1401](#) sponsored by Representative Cyndy Jacobsen (R- 25<sup>th</sup> LD) would have provided that local governments could adopt expedited permitting processes for housing, and [HB 1133](#) sponsored by Representative Mike Chapman (D- 24<sup>th</sup> LD) would have authorized counties planning under the Growth Management Act to allow detached accessory dwelling units outside of urban growth areas subject to certain limitations, including a maximum floor area of 1,296 feet. [HB 1611](#) sponsored by Representative Julia Reed (D- 36<sup>th</sup> LD) and [HB 1519](#) sponsored by Representative Andrew Barkis (R- 2<sup>nd</sup> LD) would have made local government permitting timelines more stringent. Ultimately, none of these proposals were passed into law.

**Ecosystem services on public lands:** [HB 1789](#) sponsored by Representative Kristine Reeves (D- 30<sup>th</sup> LD), requested by the Department of Natural Resources, would have authorized DNR to enter into contracts for payment for ecosystem service projects on public lands, including afforestation, reforestation, biochar, urban forestry, and aquatic projects. The bill was heavily negotiated by stakeholders, including the timber products and processing industries and the Washington State Association of Counties. Despite significant work on the bill, the proposal passed the House but stalled in the Senate committee process.

**Statewide elk management program:** [HB 1849](#) sponsored by Representative Debra Lekanoff (D- 40<sup>th</sup> LD) would have established a statewide elk management program under the Department of Fish and Wildlife for the purposes of reducing elk-vehicle collisions on highways, reducing elk damage to private properties, and improving the health of elk herds. The bill received a hearing but did not advance out of its assigned policy committee.

**Leasing of state lands:** [SB 5254](#) sponsored by Senator Kevin Van De Wege (D- 24<sup>th</sup> LD), would have required the Board of Natural Resources to approve certain new or existing lease subject to renewal. It directs the Department of Natural Resources to make all lease information for state public lands available to the public on a per parcel basis. While the proposal progressed through the policy and fiscal committee process in the Senate, it did not receive approval by the full chamber.

## Finance

**Rural public facilities sales and use tax:** [SHB 1267](#) sponsored by Representative Steve Tharinger (D- 24<sup>th</sup> LD) renews the 0.09% rural county credit against the state sales and use tax for public facilities serving economic development purposes until the end of 2054. It requires the State Auditor to provide a publicly accessible report on its website containing rural county project and expenditure information and the total amount of revenue collected under the sales and use tax.

**Incentivizing annexation of unincorporated urban growth areas:** [2SHB 1425](#) sponsored by Representative April Berg (D- 44<sup>th</sup> LD) re-authorizes the credit against the state sales tax as an incentive for cities to annex unincorporated areas within their urban growth areas. The prior requirements in state statute that a city be within a county with a population of at least 600,000 and that an annexation area have a population of

at least 10,000 are removed through this bill. To impose the tax, a city must have entered into an interlocal agreement with the county. The maximum levy amount that may be imposed is 0.1 percent for annexed areas with populations between 2,000 and 10,000, and 0.2 percent for annexed areas with a population size above 10,000. Cities may not begin to impose the tax after July 1, 2028.

**Contracting with community service organizations:** [ESHB 1086](#) sponsored by Representative Clyde Shavers (D- 10<sup>th</sup> LD) increases local governments' ability to contract with community service organizations by modifying the current annual limit for such agreements from \$25,000 to \$75,000. It also reduces the value of the benefits that must be received by a local government in such a contract to twice the value of the payment to the community service organization. Local governments are authorized to contract with a community service organization for improvements to public spaces and maintenance services for an environmental justice stewardship or sustainability project.

**Tribal investment in county investment pools:** [SHB 1352](#) sponsored by Representative Chris Stearns (D- 47<sup>th</sup> LD) authorizes county investment pools to accept investments by federally recognized tribes on the same terms and conditions as investments by local governments, subject to interlocal agreement between the county treasurer and the tribe. The investment may be made by a tribal officer with designated authority and the funds invested must be in the control or custody of the tribe.

*Considered but not approved:*

**Prejudgment interest:** [SB 5059](#) sponsored by Senator Patty Kuderer (D- 48<sup>th</sup>) would have modified the accrual date for interest on tort judgments for conduct of public agencies, individuals, and other entities to the date the cause of action accrued. Judgments founded on tortious conduct that occurred while the plaintiff was a minor will bear the same interest rate as that for other individuals from the date the action is commenced or the date the minor turns 18, whichever comes first.

**Property tax cap lift:** Three proposals were introduced this session that would have lifted the one percent limit factor on property tax for local governments, but none passed. [SB 5618](#) sponsored by Senator Patty Kuderer (D- 48<sup>th</sup> 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-3<sup>rd</sup> 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- 43<sup>rd</sup> 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 in its referred fiscal committee.

## **General Government**

**Incentivizing forensic pathologists:** [SSB 5523](#) sponsored by Senator Manka Dhingra (D- 45<sup>th</sup> LD) creates a loan repayment program for board-certified forensic pathologists

who work in identified shortage areas of the state. It directs the Washington Association of Coroners and Medical Examiners to conduct a study of the critical shortage of forensic pathologists. Additionally, the bill modifies the allowable uses for the Death Investigations Account to allow coroners to receive up to 40 percent of the cost of transportation of remains between facilities for autopsy services.

**Veterans' services and programs:** [SSB 5358](#) sponsored by Senator Chris Gildon (R- 25<sup>th</sup> LD) directs the Department of Veterans Affairs to evaluate and report to the Legislature on the effectiveness of the veterans service officer program in addressing veterans' needs in the state. The Legislature's legislative intent is to increase state appropriations for veterans' service officer and peer mentoring programs and the Department will provide grants to counties for development and expansion of these programs, subject to appropriation of funds.

*Considered but not approved:*

**Public Works Assistance Revolving Account:** 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.

**Stormwater control facilities and county jurisdiction:** [SHB 1705](#) sponsored by Representative Dan Griffey (R- 35<sup>th</sup> LD) would have allowed a county and a diking or drainage district to enter into an agreement that the district will operate a stormwater control facility constructed by the county within the district. A diking or drainage district operating a stormwater facility may be eligible to receive a portion of the stormwater rates collected by the county. The bill was passed with near-unanimous support in the House but did not receive consideration in the Senate.

## State Leadership Announcements

On May 1<sup>st</sup>, Governor Jay Inslee announced that he would not seek a fourth term. He is one of only two Washington Governors to have served three consecutive terms. On May 2<sup>nd</sup>, Attorney General Bob Ferguson announced that he had initiated an exploratory campaign for a potential gubernatorial bid. Additionally, on May 10<sup>th</sup>, Commissioner of Public Lands Hilary Franz also announced that she will campaign for Governor.

On the final day of the legislative session, House Minority Leader J.T. Wilcox (R- 2<sup>nd</sup> LD) and Deputy Minority Leader Joel Kretz (R- 7<sup>th</sup> LD) announced that they would be stepping down from their leadership positions. On April 24<sup>th</sup>, the House Republican Caucus met and elected new leaders. Representative Drew Stokesbary (R- 31<sup>st</sup> LD) and Representative Mike Steele (R- 12<sup>th</sup> LD) were selected to be the new Minority Leader and Deputy Minority Leader, respectively. Representative Stokesbary has been the House Republican lead on the Operating budget for the last four years and



Representative Steele has been the House Republican lead on the Capital budget for the last two years.