

## **Washington State Legislative Update**

The Washington State Legislature adjourned Sine Die around 5:50pm on the 60<sup>th</sup> and final day of the short supplemental session. Budget negotiations were ongoing since Friday, March 1 which was the last day to pass opposite house bills by 5 p.m.

The final week of this year's session was consumed by finalizing supplemental budget negotiations, passing several initiatives to the legislature and a very controversial bill to allow Puget Sound Energy to charge more for gas to recoup infrastructure costs, and reconciling the differences between bills passed in the House and Senate.

Earlier this week, Rep. Spencer Hutchins Johnson (R-Gig Harbor) added to the list of legislator retirements when he announced he will not run for re-election this fall so he can spend more time with his family.

The list of retirements include:

- Senate Majority Leader Andy Billig (D-Spokane) will be stepping down when his term ends after serving in the Legislature for 14 years. Rep. Marcus Riccelli (D-Spokane) announced he will run for this open Senate seat in the 3rd Legislative District
- Senate Labor & Commerce Committee Chair Sen. Karen Keiser (D-Des Moines) announced she will retire mid-term at the end of this year, having served 29 years in the Legislature
- Senate Ways & Means Ranking Minority Member Sen. Lynda Wilson (R-Vancouver) announced her plans to retire when her term ends. Rep. Paul Harris (R-Vancouver) announced he will run for this open Senate seat in the 17th Legislative District.
- Sen. Mark Mullet (D-Issaquah) will be leaving the Senate for a run for Governor.
- Sen. Kevin Van de Wege (D-Port Angeles) will be leaving the Senate for a run for Lands Commissioner.
- Long time Senate member Sen. Sam Hunt (D-Olympia) will be retiring.
- First elected in 2005, former Deputy Minority Leader Representative Joel Kretz (R-Wauconda) announced he will be retiring.
- Rep. J.T. Wilcox (R-McKenna) announced last week he will be retiring after serving 14 years.

### **Budget Bills Pass**

During the last two days of session, the Legislature adopted the 2024 Supplemental Operating Budget (ESSB 5950), Transportation Budget (ESHB 2134), and Capital Budget (ESSB 5949). Full details for each bill can be found on the legislative website.

### **Initiatives**

Six statewide initiatives to the Legislature were certified by the Secretary of State during the 2024 legislative session. House and Senate Leadership, under pressure from the public, held hearings for three of the six initiatives. The three initiatives that received hearings were: I-2111 (prohibiting income taxes), I-2081 (creating a parents' bill of rights for children in public schools), and I-2113 (lifting restrictions on police vehicle pursuits). On March 4, all three initiatives that received hearings were passed by the House and Senate. The remaining three initiatives will go on the November General election ballot for voters to decide. They propose to repeal the Climate Commitment Act (I-2117), repeal the Capital Gains Tax (I-2109), and allow Washingtonians to opt-out of the Long-Term Care Insurance Program (I-2124).

## **Operating Budget**

The 2024 Supplemental Operating Budget relies on the February 24 revenue forecast with a 4.5% growth rate assumption applied for the 2025-27 biennium. The budget also depends on transferred reserve funds, including the Washington Rescue Plan Transition Account (WRPTA). The conference budget proposal transfers the full \$798 million balance of the WRPTA account to the state general fund in fiscal year 2025.

There are nine revenue bills assumed in the conference budget. Two of the bills create a revenue loss: \$47.3 million for HB 1976 related to increasing incentive payments for early adopters of the State Energy Performance Standard and \$34.3 million for SSB 6316 related to limiting tolls on only the floating bridge portion of the SR 520 Corridor.

Funding from the 2024 Operating Budget proposed compromise includes:

- \$757 million for K-12 public education and includes increased allocation to districts based on utilization for special education.
- \$660 million for behavioral health with an emphasis on opioid and other substance use disorder response.
- \$94 million for housing and homelessness including funding for clean energy transitioning support including Washington Families Clean Energy Credits, which are utility bill credits of up to \$200 based on income, to be made by September 15, 2024.
- \$72 million for long term care including funding for a complex needs facility for serving 12 children with ADD and complex behavioral needs.
- \$281 million for healthcare and public health including \$60 million for the University of Washington health system.
- \$71 million for natural resources relying heavily on Climate Commitment Act funding for forest health and wildfire protection, including \$30 million for farm and agriculture support – this is funding to support farm fuel users and transporters that would go out in four payment tiers and must begin in September 2024.
- \$77 million for higher education to support increased access to the Washington College Grant program and increasing the number of health care workers in rural areas

including rural workers, graduate medical students, dentists, and nurse anesthetists and the Washington College loan program.

- \$150 million for children, youth and families that includes rate increases for ECAP in the amounts of 5% for school day slots and 9% for working day slots and rate increases for foster care is funded beginning in July 2025.
- \$145 million for corrections and other criminal justice that includes funding for training, certification, and for regional academies and basic law enforcement Academy instructors.
- \$130 million for human services that includes an emphasis on funding for food assistance and refugee and immigration services, including a \$12 million increase for the senior nutrition program and a \$10 million increase for the Department of Agriculture emergency food distance program.

## **Capital Budget**

The \$1.3 billion 2024 Supplemental Capital Budget funds construction projects and infrastructure across Washington and makes major investments in school construction, behavioral health facilities, and affordable housing construction.

### **School Construction**

The budget makes investments in school construction, increasing state support in the School Construction Assistance Program from \$271 to \$375 per square foot – a total increase of \$79 million in support for school construction. The budget also includes \$68 million for skills centers and other career and technical education facilities, and \$114 million for the Small District & Tribal Compact School Modernization program, which helps districts unable to pass their own school bonds for construction.

### **Behavioral Health**

The budget provides a total of \$82.7 million in behavioral health community capacity grants, to build behavioral health care facilities in communities across Washington. It expands investment in tribal behavioral health centers, innovative new projects being developed in partnership with tribes and the federal government to provide behavioral health and substance abuse treatment.

### **Affordable Housing**

The budget includes \$127.5 million for the Housing Trust Fund, building upon the record-breaking investments in affordable housing made in 2023.

## **Transportation Budget**

The final conference Supplemental Transportation Budget provides \$14.6 billion in appropriation authority. \$8.2 billion is provided for capital projects and programs, and \$6.4 billion is provided for operating programs. This is an increase of \$1 billion over the enacted 2023-25 biennium Transportation Budget. Most of the increase is attributable to

reappropriations of \$900 million in capital spending from the 2021-2023 fiscal biennium, \$324 million in new spending from additional Climate Commitment Act funds, increased operating spending, and updated project delivery information.

New Climate Commitment Act expenditures begin January 1, 2025. The proposed budget includes only spending items that can be paid for with anticipated resources, balancing the spending plan through the current 2023-2025 and subsequent 2025-2027 biennia.

The 2024 Supplemental Transportation Budget proposed compromise focuses on traffic safety. Some spending highlights included for this purpose are outlined below.

- \$5.9 million to the State Patrol for a 3rd trooper class, and \$6.2 million for the restoration of previously vacant trooper positions based on updated information, and contingency funding for overtime and other emergent issues.
- \$8.5 million to the WA Traffic Safety Commission for enhanced public education and enforcement efforts and to increase grants to local jurisdictions and community-based organizations for projects such as improving bike, pedestrian, and school zone safety.
- \$2 million to evaluate and identify geographical locations across urban and rural settings to implement wrong way driving prevention strategies.
- \$2.0 million in additional funding for WSDOT to further address risks to safety and public health associated with homeless encampments on WSDOT-owned rights-of-way.
- \$1 million for a multi-faceted approach to supplement existing funding targeted at impaired driving and other enforcement, including additional high visibility enforcement and tribal traffic safety support.
- \$1 million for a new WSDOT program designed to abate and reduce graffiti on public property.
- \$1 million for WSDOT to develop a highway speed safety camera pilot program to test two or three automated traffic safety cameras on state highways.
- \$1 million in combined funding for additional efforts at the state and local levels to improve compliance with ignition interlock device installation requirements associated with impaired driving offenses.

Project delivery challenges and anticipated cost increases have been addressed as much as possible within available resources. Several studies and initiatives are included to better prepare to address issues with project delivery in the future. These include the below items.

- \$1 million for the Washington State Transportation Center to increase funding to address workforce shortages in civil engineering, environmental engineers, and related disciplines.
- \$450,000 for the Joint Transportation Committee to evaluate and provide recommendations on alternative project delivery methods and innovative project delivery practices.

- \$375,000 for the Joint Transportation Committee, in consultation with the Municipal Research and Services Center, to convene a work group to evaluate and provide recommendations on local projects streamlining delivery methods.
- \$81,000 of the amount provided to the Washington State Transportation Center is to be used to evaluate and provide recommendations on workforce shortages in civil engineering, land surveying, and related disciplines, in consultation with the Board of Registration for Professional Engineers and Land Surveyors.

### **Priority Bill Updates**

**SB 5915/HB 2454-** Extending an existing hazardous substance tax exemption for certain agricultural crop protection products that are temporarily warehoused but not otherwise used, manufactured, packaged, or sold in the state of Washington. Extends the hazardous substance tax exemption for agricultural crop protection products until January 1, 2028. The bill passed the legislature after being amended in the Senate. The final tax preference is extended to January 1, 2028. The bill as introduced would have been a ten-year extension. We will come back next year and work for a longer extension.

**SB 5972-** Concerning the use of neonicotinoid pesticides. The bill is sponsored by Senate Floor Leader Marko Liias, Senate Majority Leader Andy Billig and Senate Agriculture committee chair Kevin Van de Wege. The bill was amended in the House Ag committee that allows homeowners to do tree injections. Applicators with a license and farmers can still purchase and apply neonics with no new impacts. The bill passed the legislature and is headed to the Gov's desk.

**HB 2301-** Improving the outcomes associated with waste material management systems, including products affecting organic material management systems. Establishes new grant programs related to food waste reduction and organic material management policy implementation. Amends organic material collection service requirements for local governments, residents, and businesses. Establishes color requirements for garbage, recycling, and organic material disposal bins. The bill passed the legislature and is headed to the Gov's desk.

**SB 6058-** Facilitating linkage of Washington's carbon market with the California-Quebec carbon market. The bill passed the legislature and is headed to the Gov's desk.

### **Dead Bills**

**SB 6166-** Extending the pesticide application safety committee. The Pesticide Application Committee (Committee) was formed in 2019 to explore how the Departments of Agriculture (WSDA), Labor and Industries (L&I), and Health (DOH), and the Washington Poison Center collect and track data and consider the feasibility and requirements of developing a shared database, including how the DOH could use existing tools to better display multiagency data regarding pesticides.

**SB 5770-** An act relating to state and local property tax reform. Increases the property tax revenue limit for local property taxes. Exempts property owners qualifying under the retired persons property tax relief program from 25 percent of part one of the state levy. Eliminates non-supplant restrictions applicable to local government taxing districts located in a county with a population of 1.5 million or more. Modifies the portion of a county current expense levy allocated in statute to funding county-owned hospitals. One Percent Property Tax Revenue Limit. For purposes of the revenue growth limit for state and local property taxes, the limit factor of 101 percent is replaced with a limit factor of 100 percent plus inflation and any banked inflation balance, with a cap of 103 percent.

**SB 6304/HB 2262-** An act relating to implementing certain recommendations of the transportation electrification strategy. Commerce may establish and enforce energy efficiency standards for replacement tires on passenger cars and light duty trucks with a GVWR not exceeding 10,000 pounds. If acting upon this authority, Commerce must adopt and amend rules necessary to implement, administer, and enforce such standards, with implementation rules taking effect at least one year after final rule adoption. Medium- and Heavy-Duty Vehicle Idling Prevention. Beginning January 2, 2025: every diesel-fueled commercial motor vehicle licensed to operate within the state with a GVWR of more than 10,000 pounds may not idle for more than five consecutive minutes at any location.

**HB 2073-** Concerning emissions of greenhouse gases from sources other than methane and carbon dioxide. Requires the Department of Ecology (Ecology) to complete a study by July 1, 2025, addressing sulfur hexafluoride and greenhouse gases with a high global warming potential used for anesthetic purposes (anesthetic GHGs), and to submit recommendations to the Legislature by October 1, 2025. Requires Ecology to develop a guidance document for the reduction of greenhouse gas emissions from the use of anesthetic GHGs, and requires facilities at which medical, dental, and veterinary practitioners use anesthetic GHGs to only use anesthesia in a manner consistent with the guidance document, beginning January 1, 2027. Requires Ecology to identify the availability and feasibility of safer alternatives to sulfur hexafluoride as a fumigant.

**HB 2049-** Improving Washington's solid waste management outcomes. Requires that any exclusions for products regulated under the Federal Insecticide, Fungicide, and Rodenticide Act must be granted for a period of four years. On February 5 the bill was moved to the House Rules committee. Rep. Berry did strengthen the language exempting FIFRA products but not all fertilizer packaging. Rep. Fey's striking amendment had our preferred language for all FIFRA products, removes all fertilizer packaging, and removes food containers that come into direct contact with fresh fruits, dairy products and vegetables for human consumption. Fey's striking amendment had support from 14 House Democrats and there were not enough votes in support of the original bill to move it forward. This issue will be back next session.

**HB 2144-** Providing a deposit return program for qualifying beverage containers to be implemented by a distributor responsibility organization. This issue will be back next session.

**HB 1574-** Supporting Washington agriculture by capturing methane and reducing greenhouse gas emissions. Expands the scope of permissible uses of grant funds in the Sustainable Farms and Fields Program to include practices that increase carbon sequestration and reduce greenhouse gas emissions. Establishes an advisory committee to inform the agricultural community about opportunities to participate in various carbon emissions reduction programs and to guide grant awards.

**HB 2051-** Reducing emissions from small off-road engines. The bill included many small engines that the sponsors did not realize existed.