

Washington State Legislative Session Update

April 24, 2023

The Washington State Legislature adjourned Sine Die on Sunday, April 23 just before 10pm.

The focus of legislative leaders the past 3 days has been preparing the budgets for final passage. Legislators convened conference committees to negotiate the 2023-2025 biennium Operating and Transportation Budgets. And the 2023-2025 biennium Capital Budget was adopted as a compromise proposal that did not require a conference committee.

This session the House introduced 1,171 bills and 273 of those passed both chambers, and the Senate introduced 1,146 bills and 221 of those passed both chambers bringing the total to 494 bills passed the Legislature.

Now that the 2023 legislative session has been adjourned sine die, legislators will return to their districts for interim campaigning. The 60-day 2024 legislative session will begin on January 8.

Sunday morning, House Minority leader JT Wilcox announced that he will step down from his leadership position. Wilcox has been leader of the House Republicans for 5 years. Wilcox believes that House Republicans will elect a new leader by the end of May.

Senate Ways & Means Chair Christine Rolfes has officially announced that she will seek appointment to a vacant seat on the Kitsap County Commission. Rolfes is the lead budget writer and in the powerful position as Chair of the Senate Ways and Means committee. Rolfes told journalists that if appointed to the Kitsap County Commission she would not return to Olympia for the 2024 session. If Rolfes does not return, the next Chair of Senate Ways and Means would likely be Sen. June Robinson, currently the Vice Chair of the Ways and Means committee. The other possible replacement would be Sen. Joe Nguyen who has voiced his interest to Senate leadership.

Operating Budget

ESSB 5187- Sunday, the House and Senate each approved the \$69.3 billion 2023-2025 biennium Operating Budget. The final Operating Budget proposal adds \$4.7 billion in new spending from the previous biennium, leaves \$3 billion in reserves, and does not rely on new taxes.

Capital Budget

ESSB 5200- Over the weekend, the House and Senate approved the \$8.9 billion 2023-2025 biennium Capital Budget. Authorizes \$9.0 billion in total budgeted funds, of which \$4.7 billion is debt limit bonds for the 2023-25 biennium. The remaining amounts are \$947 million in federal funds, \$328 million in Model Toxic Control Accounts, \$717 million in Climate Commitment Accounts, \$295 million in alternate financing authorizations, \$275 million in State Common School Construction Account, and \$1.8 billion in all other funds. Approximately \$95 million in

bond capacity is reserved for a supplemental capital budget. Budget leaders in both chambers celebrated this year's Capital Budget process for being bipartisan.

Transportation Budget

ESHB 1125- On Saturday April 22, House and Senate each approved the \$13.4 billion 2023-2025 biennium Transportation Budget. For the first time, this year's Transportation Budget includes \$1 billion in funding from revenue generated by the Climate Commitment Act. Like the Capital Budget, this budget was developed with bipartisan support.

Blake Decision Fix Bill

E2SSB 5536- was introduced as a permanent fix to the 2021 Blake decision that ruled Washington State's drug possession laws were unconstitutional. The bill was considered in conference committee on the evening of April 22 after the Senate refused to concur with the House striking amendment. The House proposed permanent Blake fix made illegal drug possession a misdemeanor while the Senate version made illegal drug possession a gross misdemeanor. Just before 8pm on Sunday April 23, the House considered the conference committee report for E2SSB 5536. The conference committee report adopted the Senate's decision to make simple possession a gross misdemeanor and maintained the House's decision on local preemption and pathways for treatment. The House rejected this proposed version of the bill by a vote of 43-55. The vote was held open by House Speaker Laurie Jenkins for 4 very awkward minutes before the results were recorded. Shortly after the defeat of SB 5536, the Legislature adjourned sine die. There is serious discussion of a special session to work on the Blake Fix before July 1 when all drug possession becomes legal in Washington. Local governments will have to pass city and county laws that make drugs illegal and set the penalties.

HB 1762- Concerning warehouse distribution centers. Requires certain warehouse distribution center employers to provide written descriptions of quotas to employees in certain circumstances. Provides that a violation occurs if the quota does not provide sufficient time for meal and rest breaks, or exposes workers to health and safety hazards, or violates related laws. Requires employers to provide information about quotas and work speeds data upon an employee's request and a request by a former employee for three years from separation. Prohibits retaliation, including a rebuttable presumption. Allows the Department of Labor and Industries to investigate complaints, enforce the requirements, including assessing penalties. Amendments in the Senate removed the ability of an employee, former employee, or their designated representatives to file a private right of action for injunctive relief and, in the case of retaliation, for damages; removed the ability of the Attorney General to bring a civil action for violations; changed the standard for rebutting a presumption of retaliation. The bill exempts farm product warehousing and dry storage (NAICS 493130). The final version of the bill that passed on Saturday April 22 removed the exemption for refrigerated warehousing and storage (NAICS 493120). The final bill as passed the Legislature raised the number of warehouse workers statewide from 500 to 1,000. There will be no impact to refrigerated cold storage warehouses for the agricultural industry.

SB 5369- Directs the Department of Ecology (Ecology) to petition the United States Environmental Protection Agency to reassess its regulations on allowable inadvertent polychlorinated biphenyls (PCBs) in product manufacturing processes for the purpose of eliminating or reducing the presence of PCBs in consumer products. Requires Ecology to establish a restriction or prohibition on PCB containing paints and printing inks by June 1, 2025. We will be engaged through the rule making process to make sure Ecology focus stays on PCB pigments and dyes.

HB 1628- Would increase the Real Estate Excise Tax. The bill creates a new tier of real estate excise tax rates on the sale of properties over \$5 million and a new local option of .25% for all properties that doesn't require a vote of the people. The bill passed out of the House Finance Committee on April 14. The bill was amended: Starting on 1/1/25: Changes the ceiling for the tier 1 (1.1% rate) from \$525,000 to \$750,000; Changes the ceiling for tier 2 (1.28% rate) from \$750,000 to \$1.525M; tier 4 (selling price over \$3.025M) rate increases from 3% to 3.5%. The commercial rate will take effect beginning 1/1/27; directs the revenue to fund affordable housing projects and other uses; adds language to clarify local REET bonding authority. The bill died without enough votes in the House and Senate.

SB 5770- Increase in property taxes. The bill raises the one-percent limit on property tax growth to three percent. Generally, the bill proposes to increase the property tax limit factor to 100 percent plus population change and inflation, not to exceed 103 percent. The bill would expand the senior citizen property tax exemption and indicates the additional revenue would provide resources for the education of students with disabilities. The bill died without a public hearing.