

# What to Expect During the 2024 Session

The 2024 legislative session will mark the second year of the 2023-25 legislative biennium. As a reminder, the state operates on a two-year cycle, with 2024 being the second year of that two-year cycle and is scheduled to begin on January 8, 2024, and last for 60 consecutive calendar days.

# 2024 Legislature – The Politics

Over half the Senate and all the House of Representatives will be <u>up for election in 2024</u>. The upcoming election will likely influence what the Legislature decides to address during the 2024 session, as any action or lack thereof can have an impact on an incumbent's race.

The Democrats will continue to hold a strong majority in both chambers. The current political party breakdown for each chamber is as follows:

House of Representatives: 58 Democrats and 40 Republicans

State Senate: 29 Democrats, 20 Republicans

The 2024 session will serve as an opportunity for the Legislature to make amendments to the 2023-25 budgets, and to reconsider any bill that was introduced but did not pass during the 2023 session. Although slight changes may occur, legislative caucus leadership, committee structures, and committee memberships will remain the same.

One of the known changes is that former Chair of the Senate Ways & Means Committee, Senator Christine Rolfes (D-Bainbridge Island) resigned from the Senate following her appointment to the Kitsap County Commission in Spring 2023. Rep. Drew Hansen (D-Bainbridge Island) was appointed to fill her seat in the Senate. Shortly after, <a href="Greg Nance">Greg Nance</a> was appointed to fill Rep. Hansen's seat in the House. With Sen. Rolfes' departure from the Senate, her role as lead operating budget writer was left vacant. Senator June Robinson (D-Everett) was selected to become the new Chair.

Federal Court Requires Redistricting to be Revisited: Every 10 years, Washington State redraws legislative district boundaries to ensure that each district contains an equal number of people. In 2021, the Washington State Redistricting Commission submitted their recommended maps to the legislature, albeit late, and the legislature approved the maps during the 2022 legislative session. Following the release of the maps, a lawsuit was filed claiming the boundaries of the 15th legislative district in Yakima and Tri-Cities violated federal voting rights laws by undermining the ability of Latino voters to participate equally in elections. In August 2023, a federal judge ruled in favor of the plaintiff and provided the State with two options to come into compliance: 1) Reconvene the Washington State Redistricting Commission to submit new legislative district boundaries to the Legislature by January 8, 2023 and enacted by the Legislature by February 7, 2023, which would require the Legislature to convene a special

session. 2) If the Commission does not convene, then the federal court will redraw the boundaries. Under either option, the new districts will be transmitted to the Secretary of State on or before March 25, 2024, so that it will be in effect for the 2024 elections. Governor Jay Inslee, Speaker of the House of Representatives Laurie Jinkins (D-Tacoma), and Senate Majority Leader Andy Billig (D-Spokane) have <u>publicly stated</u> that they do not plan to hold a special session and will defer to the federal court to redraw the legislative district boundaries. Republicans have argued that the state has a duty to reconvene the Washington Redistricting Commission, and deferring to the federal court is the state abdicating its power to another level of government.

# 2024 Legislative Session on the Horizon

Housing Policy and Funding: During the 2023 session, the Legislature invested approximately \$1 billion in affordable housing and shelter through the capital and operating budgets. Advocates for housing are indicating that while this is significant, it is not enough and that additional investments need to be made, especially to serve those households making 0-50% of the area median income. Advocates have gone as far as to criticize the efforts of the 2023 Legislature as focusing too much on spurring market-rate housing, and not dedicating the same level of resources or effort to address housing for the lowest-income populations. A version of last session's proposal, House Bill 1628, to increase real estate excise taxes for affordable housing is likely to return in 2024. Additionally, legislators are planning to consider a bill regarding rent stabilization and incentives to convert commercial and market-rate residential buildings to affordable housing.

<u>Land Use and Development Regulations:</u> During the 2023 session, the Legislature enacted over a dozen bills directing changes in local land use and development regulations to prompt more housing. Legislators and stakeholders have identified technical issues and unintended consequences that will likely be addressed in "trailer" land use bills in 2024. Additionally, the Legislature is likely to reconsider proposals on transit-oriented development and lot splitting that did not pass in 2024.

## Transportation/Public Works:

The Senate and House Transportation Committee Chairs, Senator Marko Liias (D-Edmonds) and Representative Jake Fey (D-Tacoma) have indicated that they will **be focused on how best to manage rising project costs** during the 2024 session. The Washington State Department of Transportation (WSDOT) estimates that each project is costing upwards of 30% more than the amounts appropriated in the state transportation budget and associated funding packages. For example, WSDOT briefed the I-405/SR 167 Executive Advisory Group (EAG) on a \$275 million funding shortfall to execute projects along that corridor alone. The Transportation Committee Chairs are encouraging WSDOT to address this shortfall through revenue adjustments and project delays along the corridor. The Washington State Transportation Commission is evaluating potential toll increases along the corridor to improve corridor performance and increase revenues.

The Legislature will be looking at **project delays and additional revenue** to balance rising project costs throughout the state; however, the soonest the Legislature is likely to adopt another transportation revenue package is in 2025.

2022 was the deadliest on Washington roadways in three decades. Thus far, 2023 has been deadlier than 2022. There are four factors contributing to a significant number of deadly crashes: driving under the influence of alcohol, distracted driving, speeding, and not wearing a seatbelt. Additionally, the Washington Traffic Safety Commission has also identified that there is an increased crash occurrence amongst those aged 18-24 and a need to provide greater access to driver's education. In 2024, the Legislature is likely to continue to explore ways to **reduce traffic fatalities**.

### **Climate/Environment:**

Climate Commitment Act Revenues Higher than Forecasted: In 2021, the Washington State Legislature passed its version of a cap-and-trade program, the Climate Commitment Act (CCA), which auctions greenhouse gas emissions allowances. Since the program became operational in February 2023, auctions of carbon emission allowances have generated approximately a billion dollars, far outpacing forecasted revenues. When the Legislature approved the CCA, the Department of Ecology estimated it would bring in approximately \$220 million in 2023 and close to \$500 million every year thereafter. Revised estimates in 2022 suggested the state would generate \$480 million in 2023. Industries obligated to participate in the auction have stated that the rising costs are causing increased fuel and utility costs.

In the supplemental budgets, legislators will need to agree on how to spend additional state revenue generated by the May 2023 carbon auction.

During the 2024 legislative session, legislators will be grappling with how to modify the CCA to reduce costs on emitters. Washington State Senator and gubernatorial candidate Mark Mullet (D-Issaquah) has announced one proposal, which proposes using the additional revenues collected by the CCA to lower car tabs statewide in 2025 and 2026, and lowering the price of allowances at auction to align with California's cap-and-trade program. Additionally, Representative April Connors (R-Kennewick) and Representative Mary Dye (R-Pomeroy) have proposed the Carbon Auction Relief (CAR) Payment program, which would not make changes to the Climate Commitment Act, but would direct excess revenues under the program to send \$100 to each registered vehicle owner starting on July 1, 2024 at the time of their vehicle tab renewal. More proposals are expected to be announced as the 2024 Legislative Session nears. It's unclear of their prospects for advancing – Senate Ways & Means Chair, Senator June Robinson is quoted in a Washington State Standard article that "she's 'honestly not sure' how lawmakers will handle the extra money generated from the sale of pollution allowances through the Climate Commitment Act. 'I think it's too new,' she said. 'Any change would be a big lift and hard to get done in a supplemental budget.'"

During the 2023 legislative session, the Legislature considered the **WRAP Act**, which would have established an extended product stewardship project, post-consumer recycled content requirements, and a bottle recycling program. The Legislature is likely to revisit this policy discussion in 2024.

<u>Public Safety</u>: The Legislature is likely to continue its ongoing discussion on public safety during the 2024 session and will consider proposals regarding **vehicular pursuits** and **interrogation of juveniles**. Additionally, consideration will be given to various proposals to increase **law enforcement recruitment and retention**.

Behavioral Health: New Senate Ways & Means Committee Chair, Senator June Robinson (D-Everett) publicly stated that the biggest fiscal challenge lawmakers will face this session is shoring up the state's behavioral health system, which is under scrutiny from what's known as the Trueblood lawsuit and a related settlement agreement. In July, the Department of Social and Human Services (DSHS) was ordered by a federal judge to pay \$100 million in fines for failing to comply with the *Trueblood* settlement and specifically not providing pre-trial detainees timely competency and restoration services. As part of that federal order, DSHS was directed to stop admitting civil conversion patients to state hospitals. "Civil conversion patients" are those criminal defendants whose felony charges have been dismissed for reasons of incompetency to stand trial and are then referred to DSHS to evaluate whether they should be civilly committed to a psychiatric facility. A civil conversion patient lacks the same rights as a Trueblood Class Member because Class Members possess rights under the Due Process Clause of the Fourteenth Amendment to receive timely competency evaluation and restoration treatment while they face criminal charges. Civil Conversion patients do not possess these same rights because they no longer face criminal charges and are not held in jail. Civil conversion patients and Trueblood Class Members have competing needs for beds. While the state is facing the federal order for failing to comply with the Trueblood settlement, nearly two dozen Washington counties have also sued DSHS for not providing services for "civil conversion" patients. Washington State currently has nearly 700 competency restoration beds.

<u>Tax Policy</u>: The Legislature does not traditionally tackle tax policy during short non-budget legislative sessions. However, we are expecting them to revisit a 2023 proposal to remove/increase the **1% growth limit on property tax levies** for local governments.

### **Upcoming Legislative Meetings:**

#### October

- 10/9 Senate Environment, Energy & Technology Committee work session on the Climate Commitment Act (CCA) and Climate Commitment Act investments update.
- 10/9 Senate Transportation Committee work session on traffic safety and project costs.
- 10/9 Senate Ways & Means Committee work session on the *Trueblood* lawsuit, housing and homelessness investments, and the Medicaid public health emergency wind down.
- 10/19 House Transportation Committee work session on the Climate Commitment Act and transportation funding implementation
- 10/26 House Housing Committee work session on common interest communities (restrictive land use covenants and housing supply), manufactured housing, and rent stabilization and notice.

- 10/27 House State Government & Tribal Relations Committee work session on universal voting, democracy vouchers, ranked-choice voting, online voting, approval voting.
- 10/31 Senate Housing Committee work session on housing affordability and the multifamily tax exemption program.

# **Association of Washington Cities Legislative Priorities**

While a number of monumental changes were made during the 2023 legislative session, there are several local government priorities that remain and will require continued advocacy into 2024. All bills introduced during the 2023 session that did not pass will be automatically reintroduced in the 2024 session.

The Association of Washington Cities' <u>Legislative Priorities Committee</u> has wrapped up its work developing priority recommendations. The recommendations were considered and finalized by the AWC Board of Directors at its meeting in late September. The board adopted four priorities, listed below, along with a variety of other significant and support items.

# Four recommended legislative priorities:

# 1. Public safety – Officer recruitment and retention

- Additional funding tools and resources to support officer recruitment and retention, including but not limited to updating the Public Safety Sales Tax to allow an option to implement by councilmanic authority and providing greater flexibility on use of the funds.
- Expanded access to mandated training, especially for the Basic Law Enforcement Academy (BLEA), including more regional academies to get new officers on the street faster and to support recruitment and retention.

# 2. <u>Infrastructure investment</u>

- Continued state investment in local infrastructure (traditional and broadband), particularly for operations and maintenance.
- Expanded funding options for state and local transportation, particularly for preservation and maintenance.
- Climate Commitment Act funding for city priorities that support carbon reduction and climate resiliency.

### 3. Behavioral health

• Greater access to the entire continuum of behavioral health services and substance use disorder (SUD) treatment for adults and juveniles, including crisis treatment, inpatient, intensive outpatient, and ongoing behavioral and mental health treatment and SUD treatment. This includes, but is not limited to, support to improve workforce and staffing issues at community treatment centers, and additional state funding for establishment and expansion of treatment facilities.

### 4. Property tax cap

 Revise the property tax cap to tie it to inflation, up to 3%, and population growth factors, so that local elected officials can adjust the local property tax rate to better serve their communities. The current 1% cap has created a structural deficit in the city revenue and expenditure model, resulting in a reliance on regressive revenues and artificially restricting the use of property taxes to fund community needs.

In addition to the recommendations on priorities, the board approved the following significant issues and support issues for 2024:

# Significant Issues:

### Drug possession and fentanyl crisis

- Direct funding to help offset cities' costs for implementing the new Blake/drug possession law including funding for staffing, law enforcement assisted diversion, coresponder teams, therapeutic courts, and diversion programs.
- Technical fixes to address implementation issues related to SB 5536 (2023) that have been identified.

# Affordable housing

- Expand real estate excise tax (REET) authority for state and locals (House Bill 1628) to fund affordable housing.
- Develop an approach to transit-oriented development density increases that addresses affordable housing needs, reflects existing and future community transportation modes, maintains consistency with local community development needs, and promotes complete communities with walkability and multimodal access to services.
- Remove barriers to condominium development and ownership.

#### Police officer recruitment and retention

- Pursue changes to eligibility requirements to allow those in DACA status to serve as police officers.
- Support changes that allow for part-time positions to be covered in the LEOFF 2 pension system.

#### Land use

 Allow cities time to implement recently adopted planning and zoning changes consistent with comprehensive plan update process. Provide adequate time, technical and financial support for land use and planning requirements.

# Public safety – auto theft and property crime

- Further expand crimes eligible for pursuit to include auto theft and some property crimes.
- Support additional tools to address auto theft and property crime including additional investment in auto-theft prevention and enforcement programs and regional property crimes task forces and prosecution.

#### Public Records Act

Explore ways to reduce the impact of abusive public records requests and litigation.

### **Culverts**

 Support that State funding be provided for repairing and replacing fish-blocking locally owned culverts as a part of the State's overall resolution to the culvert injunction.

#### Water rights

 Work with the state to ensure that municipal water needs can be sustainably managed to meet present and future demand.

# **Liability**

- Protect against liability expansion and new policies that would drive additional claims and litigation increasing costs especially in the area of law enforcement and public safety, and human resources.
- Explore tort reforms that would reduce liability and related costs for cities.

# Producer responsibility for packaging

Support proposals to establish a product stewardship framework for packaging.

#### Climate

 Seek direct Climate Commitment Act funding for city efforts/programs related to reducing or responding to the impact of climate change.

# **Emergency management**

 Expand funding to cities for prevention, planning, response, and recovery for wildfires and other natural disasters.

### Revenue options

Support efforts to review and revise both state and local tax structures such that they
rely less on regressive revenue options. Changes to the state tax structure should not
negatively impact cities' revenue authority and should allow cities revenue flexibility to
address their community's needs.

# Support Issues:

# Net ecological gain

 Support efforts to make progress on incorporating ecological improvement over time into environmental regulations rather than no net loss, while also defending against legal exposure and unfunded mandates.

### Body worn cameras and dash cameras

 Support local efforts to implement use of body cameras and dash cameras as a tool to increase transparency during law enforcement interactions with members of the public. Explore updates to the Public Records Act to further protect privacy and reduce the costs associated with use of camera technology.

# Childcare

- Support policies that expand access to affordable, quality childcare in Washington.
- Support policies that expand access to preschool including universal Pre-K.

# State Infrastructure Bank

 Support the creation of a state-sponsored financing cooperative option that focuses on low interest (less than market rate) public infrastructure financing.

# <u>Audits</u>

 Support further dialogue in identifying solutions to the delays cities experience with the state-required annual financial statement auditing processes conducted by the State Auditor's Office.

### Housing Trust Fund

 Increase Housing Trust Fund (HTF) grants for cities and towns, especially for projects in small and medium sized jurisdictions in rural parts of the state and including dedicated funding for affordable home ownership and workforce housing statewide.

# **Elections**

 Support policies that preserve local control and input regarding how local elections are administered.