



April 2023 Advocacy Newsletter

LEGISLATIVE SESSION REPORT

Committee Work Wraps Up as Bills Move Toward April 12 Deadline

We have reached the final month of the state legislative session. Only bills that have passed one house and at least one policy committee remain alive. Meanwhile, all proposed budgets have been released and negotiations over the final budget bills have begun in earnest.

Wednesday, March 29 was the opposite house policy committee cut-off, where all bills that passed the House needed to be out of their Senate policy committee and all bills that passed the Senate needed to be out of their House policy committee to remain alive. The next cut-off is on April 4, when all bills need to be out of their opposite house fiscal committee (only bills that impact the state's budget must go through a fiscal committee). Bills must pass fully out of their opposite house by April 12.

As a reminder, all bills deemed "necessary to implement the budget" are not subject to these cut-offs. They remain in play through the last day of session, April 23.

Key Remaining Dates—Legislative Session

April 4—Bills must pass out of fiscal committees in the opposite house

April 12—Bills must pass out of the opposite house

April 23—Last day of session

Legislature Transitions to Budget Work

Operating Budgets

The House and Senate Democrats released their respective Transportation, Capital, and Operating Budget proposals for the fiscal years 2023-2025. The Operating Budget proposal introduced by Senate Ways and Means Committee Chair Christine Rolfes (D-Kitsap Peninsula) passed on a bipartisan 40-9 vote. The \$69.2 billion, two-year budget increases funding for vital state services, including targeted support for behavioral health, public schools, housing and homelessness, and a historic investment to address the climate crisis.

The two-year operating budget adds roughly \$5 billion in new spending and does not rely on any new general taxes or fees. It leaves more than \$3 billion in total reserves to guard against an economic slowdown.



BUDGETS continued next page

Budgets, cont.

The House budget introduced by House Appropriations Committee Chair Timm Ormsby (D-Spokane) appropriates \$69.5 billion for the 2023-25 biennium. Also referred to as “Resilient Washington”, the proposal is viewed by House Democrats as both responsible and sustainable. It maintains critical investments made over the last few years and increases support for K-12 education, workforce development, and poverty reduction. It also prioritizes maintaining funding and programs expanded during the pandemic to protect the most vulnerable Washingtonians.

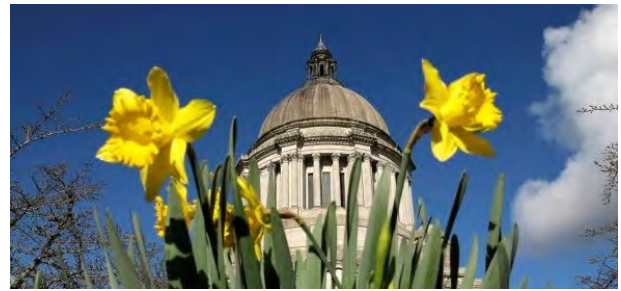
Notably, the budget makes significant investments in climate and natural resource priorities through Climate Commitment Act spending:

- \$316 million in Climate Commitment Act investments
- \$45 million for forest health and wildfire protection
- \$25 million for biodiversity protection

Capital Budgets

The House Democrats' proposed capital budget (would fund a record breaking \$8.3 billion in construction projects throughout the state, including \$704 million dedicated to affordable housing and home upgrades as well as \$318 million for clean energy and climate projects.

The Senate Democrats' \$7.9 billion proposed capital budget, which passed out of the Senate with unanimous support, makes historic investments in affordable housing, behavioral health, environmental protection, school construction, and public safety. Notable investments include \$400 million for the Housing Trust Fund, part of a total of \$625 million for housing investments, and \$100 million for school construction in small rural and tribal districts.



Transportation Budgets

House Transportation Committee Chair Jake Fey (D-Tacoma) released his proposal for the second supplemental transportation budget for the 2021-23 biennium, which would spend \$10.3 billion, and the new transportation budget for the 2023-25 fiscal biennium, which would spend \$13.6 billion. This budget puts significant funding toward eliminating major highway project delays, reducing carbon emissions as part of the Climate Commitment Act, improving traffic safety, and investing in our state ferry system.

Senate Transportation Committee Chair Marko Liias (D – Everett) released his proposal for the second supplemental transportation budget for the 2021-23 biennium, which would spend \$10.6 billion, and the new transportation budget for the 2023-25 fiscal biennium, which would spend \$12.9 billion. Much like the proposal in the House, the Senate proposal focuses on traffic safety, workforce expansion in the state patrol and ferry system, electrification, transit and other green investments and keeps work on schedule for transportation projects big and small throughout Washington.



March Revenue Forecast

On March 20, the state's Economic and Revenue Forecast Council released its most recent revenue forecast, which the final state budgets will be based on. The forecast showed that over the next two years, the state is likely to bring in less revenue than predicted in November. In fact, the forecast of funds is \$483 million less than expected for the 2023-25 biennium and \$541 million less for the 2025-27 biennium. This is attributed to a decline in residential construction, slower growth in personal income, and high inflation. The March forecast is used as a guide for budget writers as they finish crafting their respective budget proposals for the upcoming biennium. We expect this forecast to have an impact on state spending.

Budgets, cont.

Next Steps

Now that all the budget proposals have been released, negotiations will begin. Both chambers will work to pass their respective budgets out of the house of origin, but ultimately only one negotiated version of each budget proposal will pass. This must be done by the end of session, April 23.

You may view all of the state's budget proposals [here](#).



Capital Gains Tax Decision

Washington Supreme Court upholds validity of state's capital gains tax as an excise tax, rejecting income tax challenge

The Washington Supreme Court has issued a ruling on lawsuits challenging the state's new capital gains tax, which is set to raise over \$500 million annually by taxing capital gains above \$250,000. The court, with a 7-2 majority, upheld the tax as a valid excise tax, rejecting the challengers' claim that it is an income tax. The decision also declined to overturn nearly a century of case law on income as property and the constitutional limit on property taxation.

Justice Debra Stephens authored the majority opinion, while Justice Sheryl Gordon McCloud filed a dissenting opinion arguing that capital gains are income and subject to the constitutional limit on property taxes. The decision provides some relief to budget writers in the Senate and House, who had planned to include tax revenues in the operating budget

AIA Priority Legislation

This year's legislative session saw a significant increase in the number of bills introduced compared to previous years throughout the height of the pandemic, as legislators were no longer asked to hold non-essential bills and or suspend the practice of introducing companion bills. Our committees have been keeping busy tracking legislation and advocating for our top priorities. Though we have lost some good bills along the way, AIA WA has been quite successful in advancing important legislation this session. Below is a look at some of the bills that remain alive from AIA WA priorities list.

Note that bills in the House or Senate Rules committees are awaiting being "pulled" by committee members for a vote on the House or Senate floor. Not all bills will make it to the floor for a vote.

Practice Issues

Equity in Public Works Procurement

SB 5268: This CPARB request legislation outlines several provisions related to small public works contracts in Washington state. Agencies may utilize a statewide small-works roster or create and maintain their own roster for different categories of anticipated work, and must require contractors to indicate if they meet certain ownership criteria. Agencies must document their efforts in implementing small-works contracts and establish utilization plans for women, minority, and veteran-owned businesses. The Department of Commerce must develop a statewide small-works roster by June 30, 2024, and the Capital Projects Advisory Review Board must review construction cost escalation data and make recommendations for adjustments to contracting thresholds. The Office of Minority and Women's Business Enterprises must adopt rules for a public-works small business certification program, and references to disadvantaged business enterprise are replaced with small, women-, minority-, or veteran-owned businesses throughout relevant statutes.



PRIORTIES continued on next page

Priority Legislation, cont.

Climate

GMA

HB 1181: This legislation adds the goals of climate change and resiliency to the listed goals under the Growth Management Act (GMA). It requires counties and cities to include a climate change and resiliency element in their comprehensive plans under the GMA, and to address the adverse impacts of climate change on people, property, and ecological systems.

Additionally, the bill specifies the process by which the greenhouse gas emissions reduction subelement takes effect, and requires the Department of Commerce to adopt a model climate change and resiliency element and publish guidelines for GHG emissions reductions and per capita vehicle miles traveled reductions.

Furthermore, consideration of climate change impacts is added to the list of elements for comprehensive flood control management plans, and certain water system plans are required to have a climate resiliency element.

Buy Clean

HB 1282: “Buy Clean Buy Fair”, a piece of embodied carbon legislation, requires firms selected by state agencies and institutions of higher education for large construction or building renovation contracts to report Environmental Product Declarations (EPDs), Health Product Declarations, working conditions, and other data. Additionally, the legislation directs the Department of Commerce to continue the development of a public database for the reported data as well as establishes the “Buy Clean Buy Fair” workgroup. This aims to promote sustainable practices in the construction industry and improve working conditions for employees.



Livability & Affordability

Existing Buildings

HB 1042: This bill allows for the addition of more housing units in existing buildings located within multifamily housing zones. Effective July 1, 2024, certain restrictions on density and parking requirements will be lifted, and cities may not impose design or permitting standards beyond those generally applicable to all residential development within the building's zone. The aim of this legislation is to promote the construction of additional housing units while ensuring compliance with health and safety standards. The State Building Code Council will amend the State Energy Code by January 1, 2024, to waive the energy code requirements for unchanged portions of existing buildings due to the addition of new dwelling units. Cities will be required to incorporate these new standards into their zoning regulations and review the impact on current energy code requirements.

ADUs

HB 1337: Expanding housing options is a top priority for legislators, and HB 1337 seeks to address this challenge by requiring cities and counties to adopt or amend their ordinances and regulations regarding Accessory Dwelling Units (ADUs). The policies include not assessing impact fees on ADUs greater than 50% of the principal unit, allowing at least two ADUs on all lots, not imposing certain restrictions on ADUs, and allowing incentives for ADU development. The Department of Commerce must revise its recommendations for encouraging ADUs to include these policies, and during comprehensive plan reviews, Commerce must ensure compliance. These policies only apply within Urban Growth Areas, and do not apply to areas with critical areas or watershed restrictions. Cities and counties are not prohibited from applying certain regulations to ADUs, such as building code or environmental permitting requirements, and liability is limited for declarations or governing documents.

Priority Legislation, cont.

Livability & Affordability

Missing Middle Housing

HB 1110: Missing middle housing is a hot topic at the legislature as a means to address the housing crisis. This bill includes requirements for cities to increase the density of housing units in predominantly residential areas. The bill sets out specific requirements for fully planning cities of at least a population of 25,000, including the authorization for a minimum number of units per lot, with higher requirements for larger cities and those in contiguous urban growth areas. Affordable housing is also a key component of the bill, with incentives for developers to include affordable units in their developments. The bill includes provisions for extensions for cities that are unable to meet the requirements due to infrastructure or displacement concern.

COMPONENT EVENTS

Southwest Washington

AIA SWW Social Mixer

- An evening of connection between Portland and Southwest WA architecture professionals
- May 4th, 5-8 PM. Marine Community Park, 4501 SE Columbia Way, Vancouver, WA 98661, USA.
- [Register here.](#)

AIA SWW Golf Tournament

- June 10:00 AM– June 24 5:30 PM. 8383 Vicwood Ln NE, Lacey, WA 98516, USA
- [Register here.](#)

Seattle

AIA Climate Summit (Virtual)

- Decarbonization for Health Equity & Community Resilience
- May 8-9, 9:00 AM– 2:00 PM
- [Register here.](#)

Washington Council

STAFF



Tammie Sueirro
Executive Director
tsueirro@aiawa.org



Samantha Morrow
Senior Manager of Policy &
Advocacy
samantham@aiaseattle.org

AIA Washington Council serves as the collective voice for and a resource on state government policies that impact the practice of architecture for all architects and the profession through AIA components in Washington State.

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