



2023 Legislative Session Weekly Report CleanTech Alliance February 26, 2023

Week Seven

Week 7 is now complete and we are approaching the midpoint of the 105-day 2023 legislative session. Friday, February 24th was the last day to move bills out of fiscal committees in their house of origin. This week, fiscal committees met for several very long public meetings in order to hear and vote on bills before Friday's cutoff. Several priority pieces of legislation survived cutoff including nurse staffing ([SB 5236](#)), middle housing ([HB 1110](#)), transit oriented development ([SB 5466](#)), clean energy siting ([HB 1216](#)), the WRAP Act ([HB 1131](#)), Blake legislation ([SB 5536](#)), and vehicular pursuits ([HB 1363](#)). As a reminder, bills are never truly ever dead until the end of the biennium as parts of it can be resurrected in various ways and bills that are deemed necessary to implement the budget, including all revenue proposals, are not subject to cutoff.

Beginning on Monday, February 27th legislators will spend the majority of their time on the floor debating and passing bills out of their respective chambers until the March 8th house of origin cutoff. All bills must be voted out of their house of origin (either the House or Senate) by March 8th in order to stay alive this session. After March 8th, legislators will return to their policy committees to consider bills that have been passed by the opposite chamber.

On Tuesday, the House Committee on Finance met to discuss [HB 1628](#) (Rep. Chopp, D-43) which aims to increase affordable housing by modifying the state and local real estate excise tax (REET). The bill would establish a new threshold of \$5m in 2025, with the portion of the selling price above \$5m taxed at 4%. The bill would also allow a county or city to impose an additional REET up to 0.25% for the construction and support of affordable housing. The bill drew strong support from housing advocates who say that the bill will help to build affordable housing for low wage workers and individuals suffering from mental illness that will not be built by the private sector. On the other hand the bill attracted strong opposition from realtors and builders who stated that Washington already has one of the highest REETs in the nation and this proposal will push up rents and discourage future developments.

Next week on Tuesday February 28th, the Department of Ecology will hold its first quarterly allowance auction as established under the Climate Commitment Act. At the auction, regulated businesses with greenhouse gas emissions will have an opportunity to purchase emissions allowances. The revenue generated through the quarterly auction process is anticipated to reach as much as \$1 billion per year. The results of the first auction will be posted on March 7th. You can view the auction calendar [here](#).

Following the release of the March revenue forecast the House and Senate will release their respective Operating, Capital, and Transportation budget proposals for the 2023-25 biennium. The biggest uncertainty as it relates to the state budget is the new capital gains tax the state is currently collecting. The new capital gains tax is expected to generate hundreds of millions of dollars to pay for early learning and childcare; however the tax is currently being challenged in the state Supreme Court. If the Supreme Court strikes down the new tax that would result in a large

hole in the budget. This year the House is expected to release their budget first, the Senate will release their own version soon after and then negotiations will begin.

We will be working on expanding awareness of the thermal RECs issue and concept during the interim ([HB 1836](#)).

[SB 5091](#) - *Creating and expanding tax incentives for the research, development, production, and sale of hydrogen fuel cells in Washington state*

This legislation, sponsored by Senator King, would authorize state business and occupation (B&O) tax incentives for businesses engaged in activities related to hydrogen fuel cell research, development, production, and sale. The bill did not get a public hearing in its fiscal committee and looks unlikely to move forward this legislative session. Unless deemed necessary to implement the budget, this bill is dead this session.

[HB 1589/SB 5562](#) - *Supporting Washington's clean energy economy and transitioning to a clean, affordable, and reliable energy future*

This companion legislation, sponsored by Representative Doglio and Senator Nguyen, is an incentive to reduce climate impacts by switching from fossil fuel-based heating equipment to high-efficiency nonemitting equipment. This bill intends to adopt requirements for large combination utilities to conduct integrated system planning to develop specific actions supporting gas system decarbonization and electrification. This bill prohibits gas companies serving more than 500,000 retail natural gas customers in Washington from extending gas service after June 30, 2023 along with a myriad of other directives for utilities. The Senate vehicle of this legislation was not acted on in its fiscal committee due to the work Representative Doglio continues to do with stakeholders as the bill moves through the legislative process. The House version sits in Rules awaiting further consideration.

[HB 1584](#) - *Planning for advanced nuclear reactor technology in Washington*

This legislation, sponsored by Representative Barnard, works to include the consideration of developing advanced nuclear reactor technology as a cleaner energy source as a guiding principle for the development of the State Energy Strategy. Executive action was taken in the House Committee on Environment on [Thursday, February 16th](#) where [SHB 1584](#) passed out of committee unanimously. The bill has sits in Rules for further consideration.

[SB 5447](#) - *Promoting the alternative jet fuel industry in Washington.*

This legislation, Senator Billig in the Senate, is the legislation that works to incentivize the production of sustainable aviation fuel. The bill had a public hearing in Senate Ways & Means Committee on [February 20th](#). Executive action was taken on [February 24th](#) where it moved out of committee 21- 3, and was passed to Rules for second reading.

[HB 1216](#) - *Concerning clean energy siting*

This Governor request legislation would create an Interagency Clean Energy Siting Coordinating Council to be co-chaired by the Department of Ecology and the Department of Commerce. The purpose of the council would be to expedite the permitting for clean energy projects. The bill would also establish a definition for clean energy projects "of statewide significance" and require SEPA review to be completed within two years. The House vehicle of this legislation, sponsored by Representative Fitzgibbon, is the version that continues to move through the process this session. A public hearing on the House Committee on Appropriations was held on [February 21st](#). Executive action was taken on [February 23rd](#) where [SHB 1216](#) passed out of committee on a bipartisan vote, 27-3. While this legislation continues to move forward, there is still quite a bit of work left to do. This bill should move to the floor fairly quickly.

[HB 1756](#) - *Supporting clean energy through tax changes that increase revenue to local governments, schools, and impacted communities*

This legislation, sponsored by Representative Ramel, provides a property tax exemption from the state property tax levy for personal property used for the generation of renewable energy, imposes a production excise tax on the

nameplate capacity of qualified renewable energy generating systems, and creates the renewable energy local benefit account. The bill is scheduled for executive session on [March 3rd](#) in the House Committee on Finance at 8:00 AM.

[HB 1192 / SB 5165](#) - *Concerning electric power system transmission planning*

Office of the Governor request companion legislation, sponsored by Representative Duerr and Senator Nguyen, remain alive post house of origin policy cutoff. The House version of this legislation passed out of the Environment and Energy Committee on party lines on Monday, [February 13th](#), and has been referred to Rules for further consideration. The Senate vehicle of this legislation The Senate vehicle had a public hearing on Saturday, [February 18th](#). Executive action was taken on [February 24th](#) where it moved out of committee 21-3. The bill now sits in Rules for further consideration.

[HB 1170/SB 5093](#) - *Improving climate resilience through updates to the state's integrated climate response strategy*

This agency requested legislation, sponsored by Representative Street, requires DOE to update the Integrated Climate Change Response Strategy by July 2024 and every 4 years after. Both vehicles of this legislation passed through fiscal committees before the cutoff and now sit in Rules awaiting further consideration.

2023 Session Cutoff Calendar

- January 9, 2023 - First Day of Session
- February 17, 2023 - Policy Committee Cutoff
- February 24, 2023 - Fiscal Committee Cutoff
- March 8, 2023 - House of Origin Cutoff
- March 29, 2023 - Policy Committee Cutoff - Opposite House
- April 4, 2023 - Fiscal Committee Cutoff - Opposite House
- April 12, 2023 - Opposite House Cutoff
- April 23, 2023 - Sine Die

Upcoming Events Report

Finance (House) - HHR A and Virtual JLOB - 3/3 @ 8:00am

- HB 1729 - Exec Session - Creating and expanding tax incentives for the research, development, production, and sale of hydrogen fuel products in Washington state.
- HB 1768 - Exec Session - Exempting certain sales of electricity to qualifying green businesses from the public utilities tax.

Bill Status

Bill #	Abbrev. Title	Title	Status	Sponsor
HB 1076	Salmon voluntary stewardship	Encouraging salmon recovery through voluntary stewardship.	H Env & Energy	Klicker
SHB 1094 (SSB 5125)	Future fund program	Creating the Washington future fund program.	H Approps	Stonier
HB 1125 (SB 5162)	Transportation budget	Making transportation appropriations for the 2023-2025 fiscal biennium.	H Transportation	Fey

HB 1126 (SB 5164)	Transportation budget, supp.	Making supplemental transportation appropriations for the 2021-2023 fiscal biennium.	H Transportation	Fey
2SHB 1131 (SSB 5154)	Solid waste management	Improving Washington's solid waste management outcomes.	H Rules R	Berry
HB 1140 (SB 5187)	Operating budget	Making 2023-2025 fiscal biennium operating appropriations.	H Approps	Ormsby
HB 1141 (SB 5188)	Operating budget, supp.	Making 2021-2023 fiscal biennium second supplemental operating appropriations.	H Approps	Ormsby
HB 1147 (SB 5200)	Capital budget	Concerning the capital budget.	H Cap Budget	Tharinger
HB 1148 (SB 5201)	State gen. obligation bonds	Concerning state general obligation bonds and related accounts.	H Cap Budget	Tharinger
2SHB 1170 (SSB 5093)	Climate response strategy	Improving climate resilience through updates to the state's integrated climate response strategy.	H 2nd Reading	Street
SHB 1173	Light pollution	Reducing light pollution associated with certain energy infrastructure.	H 2nd Reading	Connors
2SHB 1181 (SSB 5203)	Climate change/planning	Improving the state's response to climate change by updating the state's planning framework.	H Rules R	Duerr
2SHB 1216 (SSB 5380)	Clean energy siting	Concerning clean energy siting.	H Rules R	Fitzgibbon
SHB 1282 (SSB 5322)	Public building materials	Requiring environmental and labor reporting for public building construction and renovation material.	H Rules R	Duerr
2SHB 1390	District energy systems	Concerning district energy systems.	H Rules R	Ramel
2SHB 1391	Energy in buildings	Concerning energy in buildings.	H Rules R	Ramel
HB 1416	Consumer-owned utilities	Applying the affected market customer provisions of the Washington clean energy transformation act to nonresidential customers of consumer-owned utilities.	S Environment, En	Doglio
SHB 1427	On-premises energy gen.	Concerning on-premises energy generation.	H Rules R	Mena
2SHB 1433	Energy labeling/residential	Concerning energy labeling of residential buildings.	H Rules R	Duerr
HB 1505 (SSB 5447)	Alternative jet fuel	Promoting the alternative jet fuel industry in Washington.	H Env & Energy	Slatter
HB 1509	Community solar	Concerning fair access to community solar.	H Env & Energy	Hackney
HB 1574	Methane/agriculture	Supporting Washington agriculture by capturing methane and reducing greenhouse gas emissions.	H Ag&Nr	Rule
SHB 1584	Nuclear reactor technology	Planning for advanced nuclear reactor technology in Washington.	H 2nd Reading	Barnard
SHB 1589 (SSB 5562)	Clean energy	Supporting Washington's clean energy economy and transitioning to a clean, affordable, and reliable energy future.	H Rules R	Doglio
HB 1619	Renewable energy resources	Incentivizing development and acquisition of renewable energy resources.	H Env & Energy	Fey

HB 1659	Carbon market prices	Preventing carbon market price manipulation.	H Env & Energy	Dye
HB 1729	Hydrogen fuel products	Creating and expanding tax incentives for the research, development, production, and sale of hydrogen fuel products in Washington state.	H Finance	Abbarno
HB 1768	Green businesses/utility tax	Exempting certain sales of electricity to qualifying green businesses from the public utilities tax.	H Finance	Shavers
SB 5037	Natural gas/energy code	Ensuring that the Washington state energy code may not prohibit the use of natural gas in buildings.	S Environment, E	Wilson
SB 5043	Power plant long-term policy	Recognizing that power plants that comply with the state greenhouse gas emissions performance standard are consistent with Washington's long-term policy for electricity.	S Environment, E	Short
SSB 5057	Energy standards/commercial	Creating a work group to evaluate the costs of the state energy performance standard for covered commercial buildings.	S Rules 2	Mullet
SSB 5091	Hydrogen fuel products	Creating and expanding tax incentives for the research, development, production, and sale of hydrogen fuel products in Washington state.	S Ways & Means	King
SSB 5093 (2SHB 1170)	Climate response strategy	Improving climate resilience through updates to the state's integrated climate response strategy.	S Rules 2	Rolfes
SSB 5094	Water system plans/climate	Adding a climate resilience element to water system plans.	S Rules 2	Rolfes
SSB 5125 (SHB 1094)	Future fund program	Creating the Washington future fund program.	S Ways & Means	Trudeau
SB 5129	Nuclear reactor technology	Planning for advanced nuclear reactor technology in Washington.	S 2nd Reading	MacEwen
SSB 5133	Responsible bidder criteria	Modifying the responsible bidder criteria for public works projects.	S Ways & Means	Keiser
SB 5146	Hydropower	Removing regulatory restrictions on hydropower.	S Environment, E	Short
SSB 5154 (2SHB 1131)	Solid waste management	Improving Washington's solid waste management outcomes.	S Ways & Means	Rolfes
SB 5162 (HB 1125)	Transportation budget	Making transportation appropriations for the 2023-2025 fiscal biennium.	S Transportation	Liias
SB 5164 (HB 1126)	Transportation budget, supp.	Making supplemental transportation appropriations for the 2021-2023 fiscal biennium.	S Transportation	Liias
SSB 5165 (SHB 1192)	Electric transm. planning	Concerning electric power system transmission planning.	S Rules 2	Nguyen
SB 5167	EFSEC/alt. energy processing	Eliminating expedited processing of alternative energy resource facilities fueled by solar or wind energy on certain designated lands before the energy facility site evaluation council.	S Environment, E	Boehnke

SB 5168	Energy independence act	Modernizing the energy independence act to avoid regulatory duplication and overlap with other laws.	S Environment, E	Boehnke
SB 5187 (HB 1140)	Operating budget	Making 2023-2025 fiscal biennium operating appropriations.	S Ways & Means	Rolfes
SB 5188 (HB 1141)	Operating budget, supp.	Making 2021-2023 fiscal biennium second supplemental operating appropriations.	S Ways & Means	Rolfes
SB 5201 (HB 1148)	State gen. obligation bonds	Concerning state general obligation bonds and related accounts.	S Ways & Means	Mullet
SB 5312	Clean energy/residential	Creating a residential property assessed clean energy and resiliency program.	S Loc Gov, Land	Lovelett
SSB 5322 (SHB 1282)	Public building materials	Requiring environmental and labor reporting for public building construction and renovation material.	S Ways & Means	Wellman
SB 5325	Clean fuel/public transport.	Enhancing access to clean fuel for agencies providing public transportation.	S Environment, E	Shewmake
SB 5345	School buildings/energy	Exempting certain public school buildings from the state energy performance standard.	S Environment, E	Schoesler
SSB 5380 (2SHB 1216)	Clean energy siting	Concerning clean energy siting.	S Ways & Means	Nguyen
SSB 5447 (HB 1505)	Alternative jet fuel	Promoting the alternative jet fuel industry in Washington.	S Rules 2	Billig
SSB 5562 (SHB 1589)	Clean energy	Supporting Washington's clean energy economy and transitioning to a clean, affordable, and reliable energy future.	S Ways & Means	Nguyen
SB 5620	EV charging/line extensions	Concerning line extension tariffs for electric vehicle charging infrastructure.	S Transportation	Liias
SB 5659	Gas companies/renewable res.	Incentivizing gas companies to develop and acquire renewable energy resources.	S Environment, E	Boehnke