



## 2023 Legislative Session Weekly Report

### CleanTech Alliance

### March 25, 2023

#### Week Eleven

Week 11 has come to a close, and we now have only four more weeks left in the 105-day legislative session. This week, hearings and executive sessions on bills continued in advance of the March 29th opposite-house policy cutoff. There was also a shift in focus to the budget, as the Senate released and held hearings on their 2023-25 Operating and Capital Budget Proposals.

The Washington [state revenue forecast](#) was released on Monday, March 20th, which showed that over the next two years, the state is likely to bring in less revenue than predicted in November. 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. You can click [here](#) to watch the Washington State Economic and Revenue Forecast Council's presentation.

Later on Monday, the Senate released their [2023-25 Capital Budget Proposal](#), which outlines the state's infrastructure spending over the next two years within Washington's constitutional debt limit. The Senate's proposal includes \$7.9 billion in total budgeted funds, of which \$4.7 billion is debt limit bonds for the 2023-25 biennium. Major appropriations in the proposal include \$860 million for behavioral health needs across the state, \$625 million for affordable housing projects, including \$400 million for grants and loans through the Housing Trust Fund, \$1.2 billion for higher education, and \$2.3 billion for natural resource projects. A public hearing was held later that day, and then the Senate Ways and Means Committee took executive action on the proposal on [Wednesday](#). On Friday the Senate passed their Capital Budget ([ESSB 5200](#)) off the floor 44-0.

On Thursday, the Senate released its [2023-25 Operating Budget proposal](#). The proposed budget looks to spend \$69.2 billion over the next two years, with \$5.1 billion in increased spending for education, housing, behavioral health, public safety, and climate change. Of the \$5.1 billion in extra spending, the Senate proposes a \$2.9 billion increase for education, \$298 million towards housing and shelter for the homeless population, \$424 million for behavioral health, and \$7 million for public safety. The Senate also proposes using \$679 million from the funds raised from the Climate Commitment Act to go towards carbon sequestration, energy-efficient homes, and clean energy projects. The bill proposes setting aside \$3.8 billion for reserves for an economic slowdown. A public hearing was held on [Friday](#) in front of the Senate Ways & Means, and executive action is scheduled for [Monday](#), March 27th.

On Friday, the Washington State Supreme Court ruled on the capital gains tax that the legislature passed in 2021. With a decision of 7-2, they reversed a lower court decision and upheld the tax, stating that it is an excise tax. This tax applies a 7% tax on the sale of financial assets (for example: stocks or bonds) that have a profit over \$250,000, and it is expected to bring in \$500 million. The money will go towards early childhood education programs. Last

year, the Supreme Court allowed the state to collect on the tax while they considered the case; the state started to collect in January. For more information on this, [click here](#) to read a Seattle Times article.

Despite having less than a month left, the legislature still has a lot to do. The House is expected to release their Capital, Operating, and Transportation Proposals on Monday, with a public hearing to come soon after. The Senate Transportation budget proposal is also expected to come out next week. Both bodies will work to pass their respective budget proposals through the legislative process while negotiations begin in earnest between the House and Senate budget writers. Ultimately, the House and Senate need to come together to reconcile differences and pass the final budgets.

We now have both the Senate Capital and Operating budgets, with \$28 million in the capital budget and \$20 million in the operating budget for the Clean Energy Fund. We are working with the Department of Commerce to get additional details on this, and we will wait to see how the House capital and operating budgets treat the Clean Energy Fund next week. Please see the Seattle Times article linked [here](#) related to the budget and the Clean Energy Fund.

### **[SB 5759](#) - *Establishing the development of renewable energy for Washington revolving loan program and account***

This legislation, brought forth by Senators MacEwen and Nguyen, works to carve out a spot to add funding to renewable energy like Electric Vehicles, a buildout of nuclear reactor technology, and other things. [Click here](#) to read bill language. The bill has been referred to the Senate Environment & Energy Committee after being introduced last week. A public hearing has yet to be scheduled.

### **[HB 1589](#) - *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. Executive session is scheduled for a executive session on [March 28th at 1:30 PM](#) in front of the Senate Committee on Environment, Energy & Technology. Currently, there is only one [amendment](#) (proposed by Senator Nguyen) proposed for the bill.

### **[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 on [March 24th](#) and it was voted out of committee.

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

This legislation, sponsored by Senator Billig, requires DOE to allow one or more pathways for SAF no later than 12/31/2023, creates a B&O tax rate of 0.275% of the manufacturing and wholesaling of alternative jet fuels, and establishes a B&O and public utilities tax credit for certain sales and purchases of alternative jet fuel. In the House Environment & Energy Committee, executive action was taken on [March 21st](#). The bill has now been referred to the House Committee on Finance where it is scheduled for a public hearing on [March 28th at 8:00 AM](#).

### **[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. Executive Action in front of the Senate Environment, Energy & Technology Committee was held on [March 24th](#) and the bill passed out of committee on party lines.

**[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. This bill went straight to executive session in front of the Senate Committee on Environment, Energy & Technology on [March 24th](#) where it was voted out unanimously. It has been referred to Ways & Means for further consideration.

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

Office of the Governor request legislation, sponsored by Senator Nguyen, was voted off the senate floor with a vote of 36-13. The bill has been referred to the Senate Committee on Environment and Energy. Executive action was taken on [March 21st](#) and the bill was passed out of committee on party lines.

**[HB 1170](#) - *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. The bill was voted off the House floor on February 27th with a vote of 82-14. Executive action was taken by the Senate Committee on Environment, Energy & Technology on [March 21st](#) and the bill was voted out on party lines. The bill has been referred to Ways & Means for further consideration.

**Continue to Monitor for Movement:**

**[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.

As a reminder, we will be working on expanding awareness of the thermal RECs issue and concept during the interim ([HB 1836](#)).

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

### **Appropriations (House) - HHR A and Virtual JLOB - 3/27 @ 4:00pm**

- HB 1140 - Public Hearing - Making 2023-2025 fiscal biennium operating appropriations. (Hearing is on the Proposed Substitute).

### **Transportation (House) - HHR B and Virtual JLOB - 3/27 @ 4:00pm**

- HB 1125 - Public Hearing - Making transportation appropriations for the 2023-2025 fiscal biennium. (Hearing is on the Proposed Substitute.)

### **Ways & Means (Senate) - SHR 4 and Virtual JACB - 3/27 @ 4:00pm**

- SB 5187 - Exec Session - Making 2023-2025 fiscal biennium operating appropriations.

### **Capital Budget (House) - HHR B and Virtual JLOB - 3/28 @ 8:00am**

- HB 1147 - Public Hearing - Concerning the capital budget. (Hearing is on the Proposed Substitute.)

### **Finance (House) - HHR A and Virtual JLOB - 3/28 @ 8:00am**

- ESSB 5447 - Public Hearing - Promoting the alternative jet fuel industry in Washington. (Remote Testimony Available).

### **Environment, Energy & Technology (Senate) - SHR 1 and Virtual J.A. Cherberg - 3/28 @ 1:30pm**

- ESHB 1173 - Exec Session - Reducing light pollution associated with certain energy infrastructure.
- 2SHB 1390 - Exec Session - Concerning district energy systems.
- ESHB 1589 - Exec Session - Supporting Washington's clean energy economy and transitioning to a clean, affordable, and reliable energy future.

### **Ways & Means (Senate) - SHR 4 and Virtual JACB - 3/28 @ 4:00pm**

- ESHB 1282 - Public Hearing - Requiring environmental and labor reporting for public building construction and renovation material. (Remote Testimony Available).

### **Appropriations (House) - HHR A and Virtual JLOB - 3/29 @ 4:00pm**

- HB 1140 - Exec Session - Making 2023-2025 fiscal biennium operating appropriations.

### **Transportation (House) - HHR B and Virtual JLOB - 3/29 @ 4:00pm**

- HB 1125 - Exec Session - Making transportation appropriations for the 2023-2025 fiscal biennium.

## Capital Budget (House) - HHR B and Virtual JLOB - 3/30 @ 8:00am

- HB 1147 - Exec Session - Concerning the capital budget.
- HB 1148 - Exec Session - Concerning state general obligation bonds and related accounts.

## Transportation (Senate) - SHR 1 and Virtual J.A. Cherberg - 3/30 @ 12:30pm

- SB 5162 - Public Hearing - Making transportation appropriations for the 2023-2025 fiscal biennium. (Hearing is on the Proposed Substitute.) (Remote Testimony Available).

## Bill Status

Bill #	Abbrev. Title	Title	Status	Sponsor
<a href="#">HB 1076</a>	Salmon voluntary stewardship	Encouraging salmon recovery through voluntary stewardship.	H Env & Energy	Klicker
<a href="#">SHB 1094</a> (SSB 5125)	Future fund program	Creating the Washington future fund program.	H Approps	Stonier
<a href="#">HB 1125</a> (SB 5162)	Transportation budget	Making transportation appropriations for the 2023-2025 fiscal biennium.	H Transportation	Fey
<a href="#">HB 1126</a> (SB 5164)	Transportation budget, supp.	Making supplemental transportation appropriations for the 2021-2023 fiscal biennium.	H Transportation	Fey
<a href="#">2SHB 1131</a> (SSB 5154)	Solid waste management	Improving Washington's solid waste management outcomes.	H Rules C	Berry
<a href="#">HB 1140</a> (SB 5187)	Operating budget	Making 2023-2025 fiscal biennium operating appropriations.	H Approps	Ormsby
<a href="#">HB 1141</a> (SB 5188)	Operating budget, supp.	Making 2021-2023 fiscal biennium second supplemental operating appropriations.	H Approps	Ormsby
<a href="#">HB 1147</a> (ESSB 5200)	Capital budget	Concerning the capital budget.	H Cap Budget	Tharinger
<a href="#">HB 1148</a> (SSB 5201)	State gen. obligation bonds	Concerning state general obligation bonds and related accounts.	H Cap Budget	Tharinger
<a href="#">E2SHB 1170</a> (SSB 5093)	Climate response strategy	Improving climate resilience through updates to the state's integrated climate response strategy.	S Ways & Means	Street
<a href="#">ESHB 1173</a>	Light pollution	Reducing light pollution associated with certain energy infrastructure.	S Environment, E	Connors
<a href="#">E2SHB 1181</a> (SSB 5203)	Climate change/planning	Improving the state's response to climate change by updating the state's planning framework.	S Ways & Means	Duerr
<a href="#">E2SHB 1216</a> (SSB 5380)	Clean energy siting	Concerning clean energy siting.	S RecComm	Fitzgibbon
<a href="#">ESHB 1282</a> (SSB 5322)	Public building materials	Requiring environmental and labor reporting for public building construction and renovation material.	S Ways & Means	Duerr
<a href="#">2SHB 1390</a>	District energy systems	Concerning district energy systems.	S Environment, E	Ramel

<a href="#">2SHB 1391</a>	Energy in buildings	Concerning energy in buildings.	S Environment, E	Ramel
<a href="#">HB 1416</a>	Consumer-owned utilities	Applying the affected market customer provisions of the Washington clean energy transformation act to nonresidential customers of consumer-owned utilities.	S ENETDP	Doglio
<a href="#">SHB 1427</a>	On-premises energy gen.	Concerning on-premises energy generation.	H Rules C	Mena
<a href="#">2SHB 1433</a>	Energy labeling/residential	Concerning energy labeling of residential buildings.	S Environment, En	Duerr
<a href="#">HB 1505</a> (ESSB 5447)	Alternative jet fuel	Promoting the alternative jet fuel industry in Washington.	H Env & Energy	Slatter
<a href="#">HB 1509</a>	Community solar	Concerning fair access to community solar.	H Env & Energy	Hackney
<a href="#">HB 1574</a>	Methane/agriculture	Supporting Washington agriculture by capturing methane and reducing greenhouse gas emissions.	H Ag&Nr	Rule
<a href="#">ESHB 1584</a>	Nuclear reactor technology	Planning for advanced nuclear reactor technology in Washington.	S ENETDPA	Barnard
<a href="#">ESHB 1589</a> (SSB 5562)	Clean energy	Supporting Washington's clean energy economy and transitioning to a clean, affordable, and reliable energy future.	S Environment, En	Doglio
<a href="#">HB 1619</a>	Renewable energy resources	Incentivizing development and acquisition of renewable energy resources.	H Env & Energy	Fey
<a href="#">HB 1659</a>	Carbon market prices	Preventing carbon market price manipulation.	H Env & Energy	Dye
<a href="#">SHB 1729</a>	Hydrogen fuel products	Creating and expanding tax incentives for the research, development, deployment, production, and sale of hydrogen fuel products in Washington state.	S Environment, En	Abbarno
<a href="#">SHB 1768</a>	Green businesses/utility tax	Exempting certain sales of electricity to qualifying green businesses from the public utilities tax.	S Environment, En	Shavers
<a href="#">SB 5037</a>	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
<a href="#">SB 5043</a>	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
<a href="#">SSB 5057</a>	Energy standards/commercial	Creating a work group to evaluate the costs of the state energy performance standard for covered commercial buildings.	S Rules X	Mullet
<a href="#">SSB 5091</a>	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
<a href="#">SSB 5093</a> (E2SHB 1170)	Climate response strategy	Improving climate resilience through updates to the state's integrated climate response strategy.	S Rules X	Rolfes

<a href="#">SSB 5094</a>	Water system plans/climate	Adding a climate resilience element to water system plans.	H ENVIDP	Rolfes
<a href="#">SSB 5125</a> (SHB 1094)	Future fund program	Creating the Washington future fund program.	S Ways & Means	Trudeau
<a href="#">SB 5129</a>	Nuclear reactor technology	Planning for advanced nuclear reactor technology in Washington.	S Rules X	MacEwen
<a href="#">SSB 5133</a>	Responsible bidder criteria	Modifying the responsible bidder criteria for public works projects.	S Ways & Means	Keiser
<a href="#">SB 5146</a>	Hydropower	Removing regulatory restrictions on hydropower.	S Environment, E	Short
<a href="#">SSB 5154</a> (2SHB 1131)	Solid waste management	Improving Washington's solid waste management outcomes.	S Ways & Means	Rolfes
<a href="#">SB 5162</a> (HB 1125)	Transportation budget	Making transportation appropriations for the 2023-2025 fiscal biennium.	S Transportation	Liias
<a href="#">SB 5164</a> (HB 1126)	Transportation budget, supp.	Making supplemental transportation appropriations for the 2021-2023 fiscal biennium.	S Transportation	Liias
<a href="#">SSB 5165</a> (SHB 1192)	Electric transm. planning	Concerning electric power system transmission planning.	H ENVIDPA	Nguyen
<a href="#">SB 5167</a>	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
<a href="#">SB 5168</a>	Energy independence act	Modernizing the energy independence act to avoid regulatory duplication and overlap with other laws.	S Environment, E	Boehnke
<a href="#">SB 5187</a> (HB 1140)	Operating budget	Making 2023-2025 fiscal biennium operating appropriations.	S Ways & Means	Rolfes
<a href="#">SB 5188</a> (HB 1141)	Operating budget, supp.	Making 2021-2023 fiscal biennium second supplemental operating appropriations.	S Ways & Means	Rolfes
<a href="#">SSB 5201</a> (HB 1148)	State gen. obligation bonds	Concerning state general obligation bonds and related accounts.	S Rules 2	Mullet
<a href="#">SB 5312</a>	Clean energy/residential	Creating a residential property assessed clean energy and resiliency program.	S Loc Gov, Land	Lovelett
<a href="#">SSB 5322</a> (ESHB 1282)	Public building materials	Requiring environmental and labor reporting for public building construction and renovation material.	S Ways & Means	Wellman
<a href="#">SB 5325</a>	Clean fuel/public transport.	Enhancing access to clean fuel for agencies providing public transportation.	S Environment, E	Shewmake
<a href="#">SB 5345</a>	School buildings/energy	Exempting certain public school buildings from the state energy performance standard.	S Environment, E	Schoesler
<a href="#">SSB 5380</a> (E2SHB 1216)	Clean energy siting	Concerning clean energy siting.	S Ways & Means	Nguyen
<a href="#">ESSB 5447</a> (HB 1505)	Alternative jet fuel	Promoting the alternative jet fuel industry in Washington.	H Finance	Billig

<a href="#">SSB 5562</a> (ESHB 1589)	Clean energy	Supporting Washington's clean energy economy and transitioning to a clean, affordable, and reliable energy future.	S Ways & Means	Nguyen
<a href="#">SB 5620</a>	EV charging/line extensions	Concerning line extension tariffs for electric vehicle charging infrastructure.	S Transportation	Liias
<a href="#">SB 5659</a>	Gas companies/renewable res.	Incentivizing gas companies to develop and acquire renewable energy resources.	S Environment, E	Boehnke