



## 2023 Legislative Session Weekly Report CleanTech Alliance April 24, 2023

### End of Session

The 105-day 2023 legislative session officially adjourned on Sunday, April 23rd, at 9:50pm (click [here](#) to watch the Sine Die ceremony). During the last week of the session, the legislature focused on reconciling differences on priority bills passed by the House and Senate, and negotiating the final 2023-25 Operating, Capital and Transportation Budgets. This session in total there were 2,317 bills introduced and ultimately 494 passed the legislature and are on their way to the Governor's desk to be signed into law. As a reminder any bill that did not pass this session will automatically be reintroduced next session, the second half of the biennium. To see a full list of bills that have already passed the legislature and have been signed by the Governor, click [here](#).

The Capital and Transportation Budgets were both released on Friday, April 21st, and the Operating Budget was released on Saturday, April 22nd. The Capital budget was negotiated informally, and both the Transportation and Operating budgets were negotiated through conference committees. A conference committee is the process where designated members from each chamber are selected to come together and negotiate final agreements.

The final [2023-25 Capital Budget \(SB 5200\)](#) includes \$8.9 billion in spending, with over \$4 billion in new bonds. Some highlights of spending include \$694 million in housing investments, where \$570 million will go towards affordable housing, \$613 million for a new forensic hospital at Western State Hospital to help those in need of psychiatric or addiction services, \$588 million for K-12 school construction, \$1.4 billion for higher education projects, \$400 million for the Public Works Board, and hundreds of millions for conservation, recreation, and the environment. The plan also leaves \$95.4 million in spending for next year. It is important to note that the legislature decided not to move forward with Governor Inslee's \$4 billion housing [proposal](#).

The final [2023-25 Transportation Budget \(HB 1125\)](#) includes spending of \$13.4 billion for the 2023-2025 biennium. Major investments go to fund the ferry system, transportation workforce, traffic safety, and ensuring that existing projects continue. \$5.4 billion has been allotted for major highway projects that include the I-5 bridge that connects Washington and Oregon, ferries will receive \$1.3 billion, and workforce gets \$2.6 billion. The state got nearly \$1 billion from the Climate Commitment Act which is being spent on electrification projects as well as public transit and pedestrian infrastructure.

The final [2023-25 Operating Budget \(SB 5187\)](#) includes \$69.2 billion in spending, and adds about \$4.7 billion in new spending without any broad tax increases and leaves \$3 billion in reserves. This budget has a heightened focus on spending for K-12 education, housing, prisons, mental-health systems, social services, parks, wildfire response, and environmental programs.

In the final hours of the 2023 legislative session the legislature rejected the compromise legislation addressing the state's drug possession law. After the Washington State Supreme Court struck down the state's felony drug-possession law (the Blake Decision) during the 2021 legislative session, lawmakers passed a quick fix to classify

possession as a misdemeanor but refer people to treatment before charging them. That law sunsets in July, so the legislature has put a lot of attention on how to address the issue this session. Legislation to address this issue [SB 5536](#) (Robinson, D-38), worked its way through the legislative process and ultimately ended up in a conference committee. The members appointed to the conference committee were Rep. Roger Goodman (D-45), Rep. Jamila Taylor (D-31), Senator Manka Dhingra (D-45), Senator June Robinson (D-38), Senator Mike Padden (R-4), and Rep. Gina Mosbrucker (R-14). On Saturday evening the conference committee report was released. One of the main differences between the House and Senate approach to this issue was whether possession of a controlled substance should be classified as a gross misdemeanor or a misdemeanor. A gross misdemeanor is associated with the risk of more jail time. The Conference Committee striker retained the Senate classification of possession of a controlled substance as a gross misdemeanor. On Sunday the conference [committee striker](#) was brought to the House floor and the bill failed by a dramatic vote of 43-55. No republicans voted for the bill and fifteen democrats voted against it. Without passing legislation this session either Inslee could call legislators back for a special session to deal with this issue or they could simply let the current law expire and allow cities and counties to adopt their own drug possession ordinances.

Another issue that was front and center this session was affordable housing and density. High profile legislation, [HB 1110](#) (Bateman, D-22), also known as Middle Housing, works to create a path for more dense housing options to be built in areas that currently only allow single-family homes. This week, the House concurred on changes that the Senate made with a vote of 79-18, and the bill has now been delivered to the Governor for his signature. Legislation related to transit-oriented development, [SB 5466](#) (Lias, D-21) failed to make it over the finish line this session. The bill aims to help with traffic congestion and pollution by building denser housing near transit locations. The proposal ran into issues after some controversial amendments made in the House Housing Committee. Although the bill did not move forward this issue will be back next session. Finally, [HB 1628](#) (Chopp, D-43), also known as the Affordable Homes Act, aims to pay for affordable housing by increasing state and local Retail Excise Tax (REET) on houses over \$5 million. Despite movement at the end of the session, the proposal did not move forward this session.

Many issues related to healthcare were at the top of the agenda during this legislative session. [HB 1850](#) (Macri, D-43) deals with Safety Net Assessment Plans and aims to alleviate some of the financial burden that hospitals have been facing since the pandemic by creating a direct payment process for Medicaid patients. This bill passed unanimously out of the Senate on Thursday and is now awaiting the Governor's signature. Attorney General-requested legislation [HB 1155](#) (Slatter, D-48), known as the My Health My Data Act, was passed to regulate the collection, sharing, and sale of health data in the state. The House concurred on this legislation with a vote of 57-40, and the bill now heads to the Governor for final signature. Governor Jay Inslee signed the Nurse Staffing legislation, [SB 5235](#) (Robinson, D-38), into law this week. Click [here](#) to read more about this issue.

Many pieces of legislation related to environmental issues passed this session including clean energy siting legislation, [HB 1216](#) (Fitzgibbon, D-34), which works to establish an interagency clean energy siting council to improve siting and the permitting of clean energy projects. Also passing this session was [SB 5447](#) (Billig, D-3), a bill that among other elements, proposes a B&O and public utilities tax credit for sales and purchases of alternative jet fuel upon notification of a production facility operating in Washington. One priority piece of legislation that did not move forward this session and are anticipated to require significant interim work and come back next year include the WRAP Act, [HB 1131](#) (Berry, D-36). This was major recycling legislation that would have made significant changes to our solid waste management systems and implemented initiatives like a bottle deposit system. The bill did not pass this session; however, sponsors have expressed their intention to work on this issue during the interim and have even included language for a study on how to proceed in the operating budget.

We may see some new faces in leadership positions next session with some announcements from prominent legislators in the final weeks of session. On Sunday House Minority Leader JT Wilcox (R-2) announced that he will be stepping down as leader in order to make room for others in his caucus. Additionally, Senate Ways and Means

Chair Christine Rolfes (D-23) decided to put her name in for a vacant seat on the Kitsap County Commission. While she can legally do both, it is reported that she intends to leave the Senate if she is appointed to fill the vacant county commission seat. You can read more about that [here](#).

The short 60-day supplemental 2024 legislative session will begin on the second Monday in January. **To reiterate, the legislature works on a two-year biennium meaning bills that did not pass this year will automatically be reintroduced in the second half of the biennium (next session).**

## **Budget Highlights:**

### Capital Budget:

- **Clean Energy, Energy Efficiency, and Rehabilitation;**
- **\$163 million for the Home Electrification and Appliance Rebates Program (HEAR);**
- **\$60 million for grants from the Clean Energy Fund;**
- **\$39 million in large scale solar innovation projects; and**
- **\$36.7 million in local emission reduction projects and projects to reduce emissions in hard to decarbonize sectors.**

[\\$20 million in Capitol Budget for Department of Ecology Hydrogen Hub](#) (page 52)

#### **NEW SECTION. Sec. 1029. FOR THE DEPARTMENT OF COMMERCE**

*DOE Hydrogen Hub -State Match (40000561)*

*The appropriation in this section is subject to the following conditions and limitations: The appropriation in this section is provided solely for state match for the Pacific Northwest hydrogen association application, supported by the department, for a United States department of energy hydrogen hub grant.*

*Appropriation:*

*Climate Commitment Account—State. . . . . \$20,000,000*

### Operating Budget:

There is funding in the House Operating Budget for economic development grants. See below or go to [page 91](#) to review:

*(29) \$350,000 of the general fund—state appropriation for fiscal year 2024 and \$350,000 of the general fund—state appropriation for fiscal year 2025 are provided solely for the department to provide an economic development grant to a nongovernmental organization established in Federal Way, in operation for at least 30 years, whose primary focus is the economic development of the greater Federal Way region, in order to provide assessment for the development of innovation campuses in identified economic corridors.*

Implementation of HB 1216. Go to [page 29](#) or see below to review:

*(3)(a) \$404,000 of the climate commitment account—state appropriation is provided solely for implementation of Engrossed Second Substitute House Bill No. 1216 (clean energy siting). Within amounts provided in this subsection, the governor's office of Indian affairs, in consultation with the department of ecology, the department of commerce, and the department of archaeology and historic preservation, must coordinate government-to-government engagement with federally recognized Indian tribes who have treaty rights in Washington. Topics of engagement may include:*

- (i) Implementation of environmental and energy laws, policy regulations, programs, and finances;*
- (ii) The climate commitment act, chapter 316, Laws of 2021;*

(iii) Engrossed Second Substitute House Bill No. 1216 (clean energy siting); and

(iv) Other related policy.

(b) Funding provided within this subsection may support:

(i) Participation on the interagency clean energy siting coordinating council;

(ii) Creation and maintenance of a list of contacts of federally recognized tribes, and tribal preferences regarding outreach about clean energy siting and permitting; and

(iii) Development and delivery of training to clean energy project developers on consultation and engagement processes for federally recognized Indian tribes.

(4) The office must report to and coordinate with the department of ecology to track expenditures from climate commitment accounts, as defined and described in RCW 70A.65.300 and section 302(13) of this act.

## **Bills That Passed This Session:**

### **[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 will also establish a definition for clean energy projects “of statewide significance” and require SEPA review to be completed within two years. On Saturday, April 8th, the Senate pulled this legislation to the floor and [ESSHB 1216](#) was voted off the floor by a vote of 30-18. The House concurred on the Senate amendments (78-18) and the bill now heads to the Governor’s desk for final signing. See above or go to [page 29](#) to see funding for this bill in the operating budget.

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

This Office of the Governor-request legislation, sponsored by Senator Nguyen, was voted off the Senate floor with a vote of 36-13 on March 2nd. The bill then moved to the House, where it was pulled to the floor after passing out of the Environment & Energy Committee on March 21st. It passed out with a vote of 70-28, and the Senate then concurred on the House amendments (36-10). It went to the Senate for a concurrence vote on Friday where it passed with a vote of 36-10. The bill now heads to the Governor’s desk for final signing.

### **[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. Executive action was taken in Senate Ways & Means on [April 3rd](#) where it was voted out of committee. On Saturday, April 8th, the bill was pulled for debate and passed off the floor with a vote of 34-14. The House concurred on the Senate amendments (87-10), and the bill now heads to the Governor’s desk for final signing.

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

The bill passed out of the Senate, and was heard in the House Environment & Energy Committee on [Monday, March 13th at 1:30pm](#). The bill passed out of committee on [Tuesday, March 21st](#). It had a hearing in the House Finance Committee on [Tuesday, March 28th](#), and passed out of committee in its [amended form](#) unanimously on [Friday, March 31st](#). The bill then unanimously passed off the House floor on Friday, April 14th, followed by a concurrence vote in the Senate on April 19th. The final version of the bill now sits on the Governor’s desk for signature. \$600,000 is included in the operating budget ([page 103](#)) for the implementation of this legislation.

## **Bills That Did Not Pass/Issues We Expect To Work On Over The Interim:**

### **[HB 1836](#) - Concerning the treatment of waste heat under the clean energy transformation act**

This legislation, sponsored by Senator Hackney, addresses the thermal REC issue. During the interim, we will be introducing and creating awareness surrounding the concept.

**[SB 5772](#) - Requiring the state building code council to amend the state energy code to comply with the energy policy and conservation act**

Senator L. Wilson’s legislation was introduced on April 21st. While this bill isn’t going anywhere this year, we anticipate that ongoing work around the building code council will continue through the interim to next year.

**[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. We kept this bill in the “monitor” section due to potential movement. This bill is tied to the budget and is considered NTIB so it is not subject to policy cutoffs. It was first heard in Senate Ways & Means Committee on [March 9th](#) and executive action was taken on [April 4th](#) where it was passed out of committee unanimously. On Friday, April 14th, the Office of Financial Management published an updated fiscal note to the bill which can be viewed [here](#). This bill will continue to be a work in progress over the interim.

### Bill Status

Bill #	Abbrev. Title	Title	Status	Sponsor	Dead
<a href="#">HB 1076</a>	Salmon voluntary stewardship	Encouraging salmon recovery through voluntary stewardship.	H Env & Energy	Klicker	<b>Yes</b>
<a href="#">SHB 1094</a> (SSB 5125)	Future fund program	Creating the Washington future fund program.	H Approps	Stonier	<b>Yes</b>
<a href="#">EHB 1125</a> (SSB 5162)	Transportation budget	Making transportation appropriations for the 2023-2025 fiscal biennium.	H Passed 3rd	Fey	<b>No</b>
<a href="#">HB 1126</a> (SB 5164)	Transportation budget, supp.	Making supplemental transportation appropriations for the 2021-2023 fiscal biennium.	H Transportation	Fey	<b>Yes</b>
<a href="#">2SHB 1131</a> (SSB 5154)	Solid waste management	Improving Washington's solid waste management outcomes.	H Rules C	Berry	<b>Yes</b>
<a href="#">SHB 1140</a> (ESSB 5187)	Operating budget	Making 2023-2025 fiscal biennium operating appropriations and 2021-2023 fiscal biennium second supplemental operating appropriations.	H Rules R	Ormsby	<b>Yes</b>
<a href="#">HB 1141</a> (SB 5188)	Operating budget, supp.	Making 2021-2023 fiscal biennium second supplemental operating appropriations.	H Approps	Ormsby	<b>Yes</b>
<a href="#">SHB 1147</a> (ESSB 5200)	Capital budget	Concerning the capital budget.	H Rules R	Tharinger	<b>Yes</b>
<a href="#">ESHB 1148</a> (SSB 5201)	State gen. obligation bonds	Concerning state general obligation bonds and related accounts.	Del to Gov	Tharinger	<b>Yes</b>
<a href="#">E2SHB 1170</a> (SSB 5093)	Climate response strategy	Improving climate resilience through updates to the state's integrated climate response strategy.	Del to Gov	Street	<b>No</b>
<a href="#">ESHB 1173</a>	Light pollution	Reducing light pollution associated with certain energy infrastructure.	Del to Gov	Connors	<b>No</b>
<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.	Del to Gov	Duerr	<b>No</b>



<a href="#">E2SHB 1216</a> (SSB 5380)	Clean energy siting	Concerning clean energy siting.	Del to Gov	Fitzgibbon	<b>No</b>
<a href="#">ESHB 1282</a> (SSB 5322)	Public building materials	Requiring environmental and labor reporting for public building construction and renovation material.	H Rules 3C	Duerr	<b>Yes</b>
<a href="#">2SHB 1390</a>	District energy systems	Concerning district energy systems.	Del to Gov	Ramel	<b>No</b>
<a href="#">2SHB 1391</a>	Energy in buildings	Concerning energy in buildings.	H Rules 3C	Ramel	<b>Yes</b>
<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.	Del to Gov	Doglio	<b>No</b>
<a href="#">SHB 1427</a>	On-premises energy gen.	Concerning on-premises energy generation.	H Rules C	Mena	<b>Yes</b>
<a href="#">2SHB 1433</a>	Energy labeling/residential	Concerning energy labeling of residential buildings.	H Rules 3C	Duerr	<b>Yes</b>
<a href="#">HB 1505</a> (ESSB 5447)	Alternative jet fuel	Promoting the alternative jet fuel industry in Washington.	H Env & Energy	Slatter	<b>Yes</b>
<a href="#">HB 1509</a>	Community solar	Concerning fair access to community solar.	H Env & Energy	Hackney	<b>Yes</b>
<a href="#">HB 1574</a>	Methane/agriculture	Supporting Washington agriculture by capturing methane and reducing greenhouse gas emissions.	H Ag&Nr	Rule	<b>Yes</b>
<a href="#">ESHB 1584</a>	Nuclear reactor technology	Planning for advanced nuclear reactor technology in Washington.	H Rules 3C	Barnard	<b>Yes</b>
<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.	H Rules 3C	Doglio	<b>Yes</b>
<a href="#">HB 1619</a>	Renewable energy resources	Incentivizing development and acquisition of renewable energy resources.	H Env & Energy	Fey	<b>Yes</b>
<a href="#">HB 1659</a>	Carbon market prices	Preventing carbon market price manipulation.	H Env & Energy	Dye	<b>Yes</b>
<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.	H Rules 3C	Abbarno	<b>Yes</b>
<a href="#">SHB 1768</a>	Green businesses/utility tax	Exempting certain sales of electricity to qualifying green businesses from the public utilities tax.	H Rules 3C	Shavers	<b>Yes</b>
<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	<b>Yes</b>
<a href="#">SB 5043</a>	Power plant long-term policy	Recognizing that power plants that comply with the state greenhouse gas emissions performance standard	S Environment, E	Short	<b>Yes</b>

		are consistent with Washington's long-term policy for electricity.			
<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	<b>Yes</b>
<a href="#">2SSB 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 Rules 2	King	<b>Yes</b>
<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	<b>Yes</b>
<a href="#">SSB 5094</a>	Water system plans/climate	Adding a climate resilience element to water system plans.	S Rules 3	Rolfes	<b>Yes</b>
<a href="#">SSB 5125</a> (SHB 1094)	Future fund program	Creating the Washington future fund program.	S Ways & Means	Trudeau	<b>Yes</b>
<a href="#">SB 5129</a>	Nuclear reactor technology	Planning for advanced nuclear reactor technology in Washington.	S Rules X	MacEwen	<b>Yes</b>
<a href="#">SSB 5133</a>	Responsible bidder criteria	Modifying the responsible bidder criteria for public works projects.	S Ways & Means	Keiser	<b>Yes</b>
<a href="#">SB 5146</a>	Hydropower	Removing regulatory restrictions on hydropower.	S Environment, E	Short	<b>Yes</b>
<a href="#">SSB 5154</a> (2SHB 1131)	Solid waste management	Improving Washington's solid waste management outcomes.	S Ways & Means	Rolfes	<b>Yes</b>
<a href="#">SSB 5162</a> (EHB 1125)	Transportation budget	Making transportation appropriations for the 2021-2023 and 2023-2025 fiscal biennia.	S Rules 2	Lias	<b>Yes</b>
<a href="#">SB 5164</a> (HB 1126)	Transportation budget, supp.	Making supplemental transportation appropriations for the 2021-2023 fiscal biennium.	S Transportation	Lias	<b>Yes</b>
<a href="#">SSB 5165</a> (SHB 1192)	Electric transm. planning	Concerning electric power system transmission planning.	Del to Gov	Nguyen	<b>No</b>
<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	<b>Yes</b>
<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	<b>Yes</b>
<a href="#">ESSB 5187</a> (SHB 1140)	Operating budget	Making 2023-2025 fiscal biennium operating appropriations and 2021-2023 fiscal biennium second supplemental operating appropriations.	Del to Gov	Rolfes	<b>No</b>
<a href="#">SB 5188</a> (HB 1141)	Operating budget, supp.	Making 2021-2023 fiscal biennium second supplemental operating appropriations.	S Ways & Means	Rolfes	<b>Yes</b>

<a href="#">SSB 5201</a> (ESHB 1148)	State gen. obligation bonds	Concerning state general obligation bonds and related accounts.	S Rules	Mullet	<b>Yes</b>
<a href="#">SB 5312</a>	Clean energy/residential	Creating a residential property assessed clean energy and resiliency program.	S Loc Gov, Land	Lovelett	<b>Yes</b>
<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	<b>Yes</b>
<a href="#">SB 5325</a>	Clean fuel/public transport.	Enhancing access to clean fuel for agencies providing public transportation.	S Environment, E	Shewmake	<b>Yes</b>
<a href="#">SB 5345</a>	School buildings/energy	Exempting certain public school buildings from the state energy performance standard.	S Environment, E	Schoesler	<b>Yes</b>
<a href="#">SSB 5380</a> (E2SHB 1216)	Clean energy siting	Concerning clean energy siting.	S Ways & Means	Nguyen	<b>Yes</b>
<a href="#">ESSB 5447</a> (HB 1505)	Alternative jet fuel	Promoting the alternative jet fuel industry in Washington.	Del to Gov	Billig	<b>Yes</b>
<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	<b>Yes</b>
<a href="#">SB 5620</a>	EV charging/line extensions	Concerning line extension tariffs for electric vehicle charging infrastructure.	S Transportation	Liias	<b>Yes</b>
<a href="#">SB 5659</a>	Gas companies/renewable res.	Incentivizing gas companies to develop and acquire renewable energy resources.	S Environment, E	Boehnke	<b>Yes</b>
<a href="#">SB 5772</a>		Requiring the state building code council to amend the state energy code to comply with the energy policy and conservation act.	S State Govt & El	Wilson	<b>Yes</b>