



## 2023 Legislative Session – Summary of Outcomes and Guiding Principles

The following outlines key 2023 legislative outcomes along with the guiding principles adopted by the Wenatchee Chamber of Commerce.

The report is structured in the following order:

- State Fiscal and Employment Law
- Housing
- Transportation
- Tourism
- Education
- Workforce Development
- Regulatory
- Outdoor Recreations
- COVID-19
- Forest Health

Additionally, **items noted in red are issues that the Chamber engaged in through testimony, supportive communication or with the Association of Washington Business (AWB) grassroots program.** Issues that the Chamber uniquely engaged in include SB 5001, Senator Hawkins's Public Facility District Authorization Legislation, protecting projects funded by Connecting Washington, seeking funding for the INFRA match for Confluence Parkway, AWB's land use committee efforts on housing, and HB 1258, Tourism Promotion.

Bruce Beckett

## State Fiscal

**The Chamber supports prioritizing use of the remaining American Rescue Act funds to assist in economic and business recovery, bolstering public health services, and support to local governments.**

**The Chamber supports replenishing state reserves and balancing spending within existing resources.**

**The Chamber supports eliminating barriers on employers' ability to hire employees.**

**The Chamber opposes diverting local revenues that invest in economic recovery to backfill other need.**

**Operating Budget (SB 5187):** The state operating budget funds the basic operations of state government, including K-12 education, health care, corrections, law enforcement and other state services. The Legislature adopted a \$69.8 billion two-year plan, an increase of 8.8% over the previous biennium.

- The rate of growth, however, is much slower than the past two biennia.
- The budget maintains \$3.6 billion in reserves.
- Uses \$1.2 billion in remaining Federal Covid Relief Funds for enhanced public and behavioral health facilities and programs impacted by COVID (e.g., paid family and medical leave).
- 43 percent of the increased funds changes in compensation and benefits for state employees.
- More than 50% of the budget funds K-12 education
- Increases investments in housing, homeless support, behavioral health facilities, and clean energy.
- The budget does not rely on any increases in taxes; however, in March, the State Supreme Court rejected challenges to the Capital Gains Tax, allowing the tax to go into effect.
- The budget does not divert local revenues that invest in economic recovery to fill other needs.

The following shows the trend in the state's operating budget over the last 30 years.



**Capital Budget (SB 5200)** – The state capital budget funds K-12 school construction, higher education facilities, natural resource investments in land and infrastructure, environmental cleanup projects, behavioral health facilities, and numerous projects identified within each Legislative district.

- ~\$9 billion two-year plan funded from bond sales (\$4.7 billion), the Model Toxics Control Act, Federal Rescue Plan funds, *carbon auctions*, revolving funds, DNR timber sales, and direct appropriations.
- Reserves \$95 million in bond capacity for the 2024 supplemental budget.
- Projects funded in individual legislative districts can be found at [Capital District Map \(wa.gov\)](https://www.wa.gov/capital-district-map).
- Bi-partisan budget

In February, Washington completed its first quarterly auction of carbon credits under the Climate Commitment Act. Revenues from the auctions are allocated to transportation and capital budget projects that lower emissions, assist in carbon storage and/or sequestration.

- Based on the quarterly results, the state anticipates receiving \$1.7 billion in carbon auction revenues over the 2023-2024 biennium
- \$717 million of carbon auction revenues are allocated to the capital budget.
- Investments in the capital budget include infrastructure to lower state agency emissions, hydrogen hubs, floodplains, estuaries, salmon recovery, transfers of state trust lands and carbon sequestration projects on publicly owned lands.

**Authorizing Formation of Additional Public Facilities District (SB 5001)** – Provides the option for Chelan and Douglas Counties to form to create an additional Public Facility District with the authority to construct, remodel, and operate regional aquatics and sports facilities. Allows the PFD to impose a voter-approved local sales and use tax at a rate of not more than 0.2 percent.

WVCC testified in support.

**Extending the \$0 .09 rural public facilities tax through 2054 (HB 1267)**- Provides rural counties with the option to extend the \$.09 rural public facilities tax through 2054. The extension will allow counties to bond against the revenue stream for large infrastructure projects.

(Chelan County priority)

## **2023 Employment Law Outcomes**

### **(WVCC Principal: The Chamber supports eliminating barriers on employers' ability to hire employees)**

**SB 5286 – Paid Family and Medical Leave** – Modifies the formula for determining the premiums for the Paid Family and Medical Leave Program. Significantly, SB 5286 maintains the division in premium rates paid by employers and employees (currently employers pay about 23% of the premium, employees pay about 77% of the premium).

**HB 1656 – Appeals of Unemployment Insurance Benefits** - Streamlines the appeal process related to determination of unemployment insurance benefits. The streamlined process will expedite appeals for both claimants and employers.

**HB 1068 – Employee Rights During an Independent Medical Examinations** - Allows injured workers to video tape independent medical examinations for purposes of workers compensation claims. The injured workers must notify the provider at least 7 days in advance of their intent to video tape the exam, any video must be securely stored and may not be posted to any medium. Many fear that HB 1068 will result in fewer medical providers willing to provide independent medical exam services.

**HB 1521 – Duties of Self-Insured Employers and Third-Party Administrators** - **Many** large employers, including cities, counties, school districts, and health care providers are self-insured and handle claims for their injured workers. HB 1521 adds a new duty of good faith and fair dealing with injured workers for self-insured employers and their third-party administrators (TPA) who administer claims. Penalties are authorized, including possible de-certification as a self-insured employer, if the employer, or TPA, coerces an injured worker to accept benefits lower than they are entitled to. The bill was narrowed to only include municipal employers and private sector employers that employ firefighters. This is clearly an issue that could resurface to add all self-insured employers.

**SB 5217 – Ergonomics** – After three sessions of debate, the Legislature repealed the voter approved prohibition on regulating musculoskeletal injuries and authorizes L&I to promulgate rules for one industry per year. Sectors eligible for rulemaking are those with at least two times the injury rate compared to other employer sectors. Amendments adopted during the session delay any rule implementation for three years, excludes those industries within a sector (e.g. – subsectors within NAICS codes) that do not exceed the injury threshold, adds reporting requirements to L&I and funds additional technical assistance to assist businesses.

**SB 1762 – Warehouse Regulations** - Requires certain warehouse employers to provide written descriptions of quotas and work speed data to employees. Provides that quotas must include sufficient time for rest and meal breaks and do not interfere with the health and safety of employees. The bill prohibits retaliation against employees and former employees and creates a rebuttable presumption. The new law applies to warehouse employers with 100 or more employees in an individual warehouse or 1,000 warehouse employees statewide. Amendments adopted eliminated several legal risks to

warehouse employers, including authorizing private right of action and Attorney General criminal and civil enforcement.

**Hospital Staffing, Nursing Package** – A package of bills was passed to resolve long standing issues related to adequate staffing at hospitals across the state. The bills include staffing processes and procedures within individual hospitals, increased opportunities for nurse training and education, joining interstate compacts for nurses, and providing benefits for post-traumatic stress distress for nurses under the state's workers compensation program.

## Housing

**The Chamber supports the development of middle-market housing as it provides the most significant housing opportunity for the area's population.**

**The Chamber supports innovative housing types that promote density of development in areas where zoning will support this activity.**

**The Chamber supports development of uniform regulations across the region for land-use planning and development for the purpose of facilitating cohesive development.**

**The Chamber supports a moratorium on any additional building regulations that would increase the cost of housing.**

The lack of affordable housing in every region of the state has quickly transitioned into a fundamental economic development issue. Additionally, the lack of affordable housing relates to the growth and persistence of homelessness across the state. Although the Legislature ultimately opted to reject Governor Inslee's proposal to authorize \$4 billion in bonds to invest in housing, the Capital Budget invests nearly \$700 million (tripling recent investments) in the Housing Trust Fund and other infrastructure needs to promote new housing.

**WVCC participated in AWB's Land Use Committee that evaluates and provides comments and testimony on all housing related legislation.**

Additionally, the Legislature adopted several policy bills designed to both allow and permit more housing across the state. These include:

**ESHB 1110 - Middle housing types:** Requires cities to authorize minimum housing development densities in residential zones depending on their population size, ranging from a minimum of two to at least six units per lot.

A fully planning city with a population of at least 25,000 but less than 75,000 must include authorization for at least:

- two units per lot.
- four units per lot if at least one unit is affordable housing.
- and four units per lot within one-quarter mile walking distance of a major transit stop.

The bill provides an alternative to the density requirements by allowing cities to implement the requirements in at least 75 percent of lots zoned single-family if the remaining portion of lots meet certain criteria, such as critical areas. Cities may allow accessory dwelling units to achieve the unit density required and cities can limit the areas subject to the density requirements in accordance with water supply capacity. Cities can seek an extension from the Department of Commerce due to lack of transportation infrastructure.

**2SSB 5412 – SEPA Categorical Exemptions—Housing Development.** All project actions that propose to develop one or more residential housing units within the incorporated areas in an urban growth area or middle housing within the unincorporated areas in an urban growth area, and that meet certain criteria

are categorically exempt from SEPA. The categorical exemption applies to proposed projects that do not have existing or anticipated transportation system safety or operational deficiencies.

The project action is eligible for categorical exemption if it meets the following criteria:

- The proposed development is consistent with all development regulations implementing an applicable comprehensive plan adopted by the jurisdiction in which the development is proposed, except for any development regulation that is inconsistent with applicable provisions of the GMA.
- The city or county's applicable comprehensive plan was previously subjected to environmental analysis under the SEPA prior to adoption.

**SB 5290 - Project Permit Applications** – The bill mandates that within 20 business days of receiving a project permit application, a city or county fully planning under the GMA must provide a written determination to the applicant. The written determination must state either the application is complete; or the application is incomplete and that the procedural submission requirements of the local government have not been met. The determination shall outline what is necessary to make the application procedurally complete.

- **Project Permit Application Time Periods.** The time periods should not exceed the following unless modified by the local government:
  - 45 days for permits which do not require public notice.
  - 70 days for permits which require public notice.
  - and 120 days for permits which require public notice and a public hearing.
- **Exemptions.** Project permit applications for interior alterations must be exempted from site plan review under the condition that the interior alterations do not result in additional sleeping quarters, nonconformity with federal emergency management agency substantial improvement thresholds, or increase the total square footage or valuation of the structure, which would all require upgraded fire access or fire suppression systems.

**EHB 1337 - Accessory Dwelling Units** - Requires a city or county planning under the Growth Management Act to adopt ordinances, development regulations, or other measures that allow for the construction of accessory dwelling units (ADUs) within urban growth areas (UGAs) within six months after the jurisdiction's next periodic comprehensive plan update. Prohibits a city or county from imposing certain regulations or restrictions on the construction of ADUs, including certain maximum gross floor area requirements and roof height limits. Authorizes cities and counties to adopt ordinances, development regulations, or other measures that waive, defer, or reduce fees and taxes, or offer other incentives for the construction or development of ADUs that are subject to certain binding commitments or covenant.

**ESHB 1293 - Design Review.** Requires a fully planned city or county to apply only clear and objective regulations to the exterior design of new development, except for designated landmarks or historic districts established under a local preservation ordinance. For the design review process, a clear and objective regulation:

- Must include one or more ascertainable guidelines, standards, or criterion by which an applicant can determine whether a given building design is permissible under that development regulation.
- May not result in a reduction in density, height, bulk, or scale below the generally applicable development regulations for a development proposal in the applicable zone.

- Any design review process must be conducted concurrently, or otherwise logically integrated, with the consolidated review and decision process for project permits, and the design review process may not include more than one public meeting.

**HB 1046 – Re-benchmarking area median income limits** - The area median income limits on a low-income housing development financed by a public housing authority are increased as follows:

- For a development owned by a for-profit entity, the area median income limit is increased from 50 percent to 80 percent.
- For a development owned directly or through a partnership by a governmental entity or a nonprofit organization, the area median income limit is increased from 60 percent to 80 percent.

**SB 5058 Condominium liability:** Exempts buildings with 12 or fewer units that are no more than two stories from condominium liability.

**ESSB 5198 Sale or lease of manufactured/mobile home communities:** Requires notice when a property owner plans to close or convert a manufactured/mobile home community (MHC). It requires property owners to provide two years' notice for closure or conversion of an MHC and written notice of opportunity to compete to purchase when selling or leasing the MHC.

**HB 1042 Use of existing buildings for residential purposes:** Requires code cities to allow the addition of housing units within existing buildings in zones where multi-family housing is permitted. Cities would not be allowed to impose additional parking, design standard, or architectural requirements beyond those requirements applicable to all residential development within the building's zone. Local ordinances or regulations necessary to comply with the bill are exempt from the State Environmental Policy Act (SEPA).



### **Transportation**

**The Chamber supports transportation infrastructure projects in the Wenatchee Valley that improve movement of people and freight in a safe, efficient, and equitable manner.**

**The Chamber supports the process used by the Chelan-Douglas Transportation Authority to prioritize regional projects.**

**The Chamber will not lend its support to any project prior to fully vetting the project.**

**The Chamber's vetting of a project does not obligate it to lend its support.**

**The Chamber will support transportation funding mechanisms that are universally applied to all users and not specific user groups.**

**The Chamber supports transportation funding mechanisms that dedicate (100%) to transportation needs and include language that prevents transportation dollars being diverted to other uses.**

**The Chamber supports performance and accountability systems for transportation infrastructure plans to measure progress and results.**

**HB 1125 - Transportation Budget** – The states' transportation budget funds the day-to-day operation of state transportation agencies and the construction and preservation of state highways and roads (including the state ferry system). Most of the revenue that supports the transportation budget comes from the state gas tax, bonds secured by revenues from the state gas tax, permits, licenses, and other fees. For the upcoming biennium, the budget includes nearly \$1 billion from the carbon auctions authorized under the Climate Commitment Act (CCA). CCA funds are used for projects that reduce emissions and assist in conversion to zero emissions transportation (e.g. – transit, electric vehicles, charging stations, hydrogen opportunities, etc.)

The final budget appropriates \$13.4 billion and makes significant investments towards major highway projects (\$5.4 billion), the state's ferry system (\$1.3 billion), and fish and culvert removal and repair (\$1 billion).

To see projects funded by legislative district, see [Transportation Budget Project map \(wa.gov\)](https://www.wa.gov/transportation-budget-project-map).

- **The WVCC joined many stakeholders expressing objection to Governor Inslee's proposal to delay implementation of projects funded in the 2015 Connecting Washington program.** Delays would have impacted SR 28/SR 285 improvements and SR 28, E. Wenatchee access improvements. Project delays may have impacted the requirements for matching the INFRA grant received by the region for the Apple Capital Loop set of projects. The Legislature did not accept the Governor's proposal and instead, continued moving forward with Connecting Washington projects, including those along SR 28.
- **The WVCC worked to support the \$85 million INFRA match funding for the Confluence Parkway project included in HB 1125. See project number L2021180 on page 49 of [LEAP Transportation Document 2023-2 ALL PROJECTS as developed April 21, 2023 \(wa.gov\)](#)**

## Tourism

The Chamber supports the use of local lodging tax revenues to promote tourism in Central Washington, and the ongoing investment in State of Washington Tourism ([www.stateofwatourism.com](http://www.stateofwatourism.com)).

The Chamber supports uniting tourism leaders and the community around strategies that address the changing climate of regional tourism.

The Chamber supports a wholistic lodging portfolio for travelers that effectively addresses the opportunities and challenges that come from emerging accommodation options (e.g., additional hotels, VRBOs, and Airbnb).

The Chamber supports activities that elevate shoulder season activities, respond to traveler trends, and properly prepare for the evolving use of technology in travel.

The Chamber supports meaningful growth in the tourism industry that compliments the quality of life in our valley and earns our community the reputation of being a respected, sought after, and influential tourism partner.

The Chamber supports a values-based tourism approach that stewards the physical and natural assets of the region for generations to come.

**HB 1258 Tourism Promotion** – Builds on the success of the Visit Washington State program (See [Visit Washington State](http://VisitWashingtonState.com) | [Washington State Tourism](http://WashingtonStateTourism.com) ([stateofwatourism.com](http://stateofwatourism.com))) developed by the Washington Tourism Marketing Authority. HB 1258 changes the matching funds requirement from two-to-one to one-to-one for expenditures from the Statewide Tourism Marketing Account. Funding was preserved in the Operating Budget.

WVCC signed in support of HB 1258.

**Lodging Tax** - There were no bills or proposals in the Legislature to amend local lodging tax authority or distribution of revenues.

## **Education**

**The Chamber supports the region's students and families.**

**The Chamber supports full time in-person education options for all families that wish to participate.**

**The Chamber supports legislation and programs that provide career awareness, exploration, and experiences for students through mechanisms that involve business, schools, and the community in partnerships.**

**The Chamber supports the availability of locally focused, post-secondary education, training for area residents and customized education services for area businesses.**

**The Chamber supports programs, processes, activities and promote a strong local education system which, together with business and community, prepares students for a productive role in the world.**

**The Chamber supports cost effective (or economically feasible) improvements and modernization of our school buildings, technology infrastructure, and grounds.**

Spending on K-12 schools increased by \$2 billion, to \$35.8 billion, compared with the last budget. About half of those extra dollars are one-time federal pandemic relief funds, most of which was allocated into grant programs for helping districts address learning loss during the pandemic. The rest was spent largely on special education and inflation-based raises for teachers.

Special education dominated much of the debate over education this session. The total budget for special education was increased to \$4.1 billion, an increase of 9%. However, the increase is less than half of the need identified by education officials. Under current policy, there is a cap on funding to school districts if they enroll more than a certain percentage of disabled children. Instead of addressing the cap, lawmakers simply increased funding, and allowed the cap to grow from 13.5% to 15% of district enrollees.

Some believe the state is setting itself up for a "McLeary 2" lawsuit. They argue that the state has a constitutional promise to cover basic education costs for all students and that about 95 school districts are above the enrollment cap for special education students. Accordingly, expect more on this issue in the 2024 session.

Legislators also expanded eligibility for free school lunch at some schools around the state, began requiring every school district to provide at least 30 minutes of recess, and extended a program that helps high school dropouts attain a degree.

Additionally, rural, property "poor" districts in SW Washington are illuminating the fact that the state's policy of matching local property tax levies to access capital budget funds for school construction and repair, may also violate the state's constitutional duty for basic education. Accordingly, expect interesting debate on how to ease challenges in rural, property poor districts.

### **Workforce Development**

**The Chamber supports legislation and programs that provide career awareness, exploration, and experiences for students through partnerships with business, schools, and community. As such, the Chamber will take an active role in championing discussion regarding resources and legislation supportive of workforce development.**

**The Chamber supports programs, processes, activities, and facilities that promote a strong local workforce, which together with business and community, prepares young adults and adult workers for a productive role in the world.**

**The Chamber supports career training for a constantly evolving workforce, with needs driven by the business community. Responsiveness includes focused support for community involvement and resources for technical training.**

**The Chamber supports creative solutions to upskilling workers, to include mentorship, professional development, apprenticeships, and internships.**

Over the past two biennia, the Legislature has expanded workforce development efforts to bring enhanced programs to the community college, high school, and community level. Those programs were funded largely from revenues anticipated from the Capital Gains Tax, which was upheld in March by the Washington Supreme Court.

### **Regulatory**

**The Chamber supports activities that strengthen the information “pipeline” to Olympia from rural areas.**

**The Chamber supports building and maintaining strong relationships with regulatory agencies (local, state, and federal); Listen first, consider options, then advocate.**

**The Chamber supports standardized regulations that are clear, concise, and consistent that allow all businesses to operate.**

No legislation was introduced to modify or streamline the Administrative Procedures Act, which governs the development and modifications to regulations that impact all businesses and municipalities in Washington State.

The WVCC has actively engaged and participated in the Association of Washington Business’ “Grassroots Alliance” ( [Local Chamber Grassroots Alliance - Association of Washington Business \(awb.org\)](http://LocalChamberGrassrootsAlliance-AssociationofWashingtonBusiness(awb.org))). The Alliance is increasingly engaging in commenting on rules and legislation of interest.

### Outdoor Recreation

The Chamber supports partnering with the USFS on community development efforts that will increase access to recreation activities for both motorized and non-motorized user groups.

The Chamber supports development of infrastructure that will allow locals and area tourists to access public lands and prevents over-tourism that is detrimental to our natural assets.

The Chamber supports public and private initiatives designed to increase the attractiveness of the Wenatchee Valley outdoor experience and strengthen local business and employment that serves the outdoor recreation industry.

The Chamber supports collaboration among private and public landowners, land managers, and recreational user groups to create a coordinated master plan for recreation that improves access and sustainability of recreational lands.

The Chamber supports the development of coordinated educational program for safe recreation in our region.

The Chamber supports the development of outdoor recreational events that highlight the regions natural assets and provide value to the greater community.

Support for outdoor recreation comes largely from funding of existing grants and outdoor recreation programs. The capital budget includes:

\$496 million for the Recreation and Conservation Office, including \$120 million for Washington Wildlife and Recreation Program grants to support habitat conservation, outdoor recreation, riparian protection, and farmland and forest preservation projects statewide. The budget also includes \$12.5 million for grants to improve equitable access to community outdoor athletic facilities and \$10.4 million for Youth Athletic Facilities Program grants.

Washington State Parks and Recreation received \$81.6 million for investments in park facilities, safety improvements, and capital preservation projects for parks around the state.

As discussed earlier, the WVCC actively supported Senator Hawkins legislation to, **Authorize Formation of Additional Public Facilities District (SB 5001)** – the bill provides the option for Chelan and Douglas Counties to create an additional Public Facility District with the authority to construct, remodel, and operate regional aquatics and sports facilities. It allows the PFD to impose a voter-approved local sales and use tax at a rate of not more than 0.2 percent.

WVCC testified in support.

### **Covid-19**

**The Chamber understands that economic vitality is crucial to the health and well-being of all people in the region, requiring the region learn to live with COVID-19.**

**The Chamber supports decision making authority evolving to the local level to be supported by relevant data, information, and resources to assist individuals, businesses, and public health agencies.**

**The Chamber supports full time in-person education options for all families that wish to participate, providing opportunities for employers to operate and children to be trained for the future workforce.**

**The Chamber supports robust community engagement that facilitates the region's momentum, credibility, and commitment to resiliency.**

Legislation was again introduced to include the Legislature into decision making during lengthy times of declared emergencies, however, no hearings or action was taken on the proposals.

Approximately \$2 billion of funds remaining from the Federal COVID Relief and Infrastructure bills was allocated within the operating and capital budgets. Federal Relief funds were largely targeted to assist students impacted by the closures of schools during the pandemic and to develop behavioral health facilities around the state.

### **Forest Health**

**The Chamber supports exploring changes to Air Quality regulations at the state level to allow for more prescribed burns for the purpose of improving forest health and decrease the fuel for mega wildfires.**

**The Chamber supports partnering with the USFS on community development efforts that will increase the health of our area forests, provide job opportunities, and support stewardship of public lands while allowing for both motorized and non-motorized recreation opportunities.**

**The Chamber supports development of infrastructure that will allow the forest industry to re-establish in North Central Washington.**

**The Chamber supports joint planning and coordination among public and private landowners and managers in Chelan and Douglas Counties**

**ESHB 1498 Support for Local Fire Suppression Efforts** - Directs DNR to use wildfire suppression funding to assist local fire departments with aerial fire response capabilities during the initial attack phase of fighting a wildland fire. Requires DNR to convene a work group composed of wildfire aviation subject matter experts to evaluate and provide findings regarding the costs and benefits of a state certification program for aircraft and pilots used in wildfire suppression.

**Wildfire and Forest Health Funding** - The Legislature continued its commitment to aggressively fund wildfire suppression and forest health policies adopted under HB 1168 in 2020. The Legislature appropriated \$125 million for forest health treatments, aerial fire suppression, prescribed fire and fire crew training and preparation. The enhanced fire suppression resources have proven successful in immediately responding to wildfires.