



Week 2 Legislative Update

The 2019 Washington State legislative session is in now full swing, as we wrap up our second week of action. The first cutoff date is on February 22 at which point policy bills must pass out of the policy committees of their house of origin in order to stay alive. The next cutoff will be for bills in fiscal committees unless they are bills necessary to implement the budget.

MAJOR AREAS OF INTEREST

With over 1,300 bills already introduced to date, the legislature has continued its fast pace. Here is an update of some of the major policy issues under consideration:

BUDGET

The legislature is still in the early days of budget discussions. The next quarterly revenue forecast will be released on March 20, at which point we expect to see both House and Senate budget proposals released shortly thereafter.

REVENUE: REET

In addition to the budget discussions, numerous tax proposals continue to be proposed this session. The Senate Ways & Means Committee passed the Governor's graduated real estate excise tax (REET) proposal without recommendation. This proposal (SB 5130) would use the revenues to fund state fish barrier removal, and has now moved the bill to the Transportation Committee for further consideration. This week several other REET proposals were also proposed:

- **HB 1542** (Sullivan, D)—would impose a graduated REET on properties over \$1 million in value to create a student loan program. The program would offer student loans at a one-percent interest rate to Washington high school residents pursuing undergraduate degrees;
- **SB 5582** (Saldana, D)—would impose a graduated REET to fund affordable housing.
 - Beginning July 2013-2023, revenues would be dedicated as follows: 1.) two-percent deposited into the public works; 2.) one and six-tenths percent deposited into the county assistance account; 3.) sixteen and seven-tenths percent deposited into the WA Housing Trust Fund; 4.) the remainder into the general fund.
 - After 2023, revenues will be dedicated as follows: 1.) six and one-tenth percent deposited into the public works assistance account; 2.) one and six-tenths percent deposited into the county assistance account; 3.) sixteen and seven-tenths percent deposited in the WA Housing Trust Fund, 4.) the remainder into the general fund.
- **HB 1348** (Chapman, D) would reduce the B&O tax for certain manufacturers, as well as extend the B&O tax treatment for the timber industry. *Public hearing in the House Rural Development, Agriculture, & Natural Resources Committee on 1/30.*

LAND USE & HOUSING

Affordable housing continues to be an area of significant attention.

- **HB 1406** (Robinson, D) is similar to a proposal from last session that would allow local governments to take a portion of the state's sales tax revenue to fund affordable housing. *Public hearing on 2/1 in the Housing, Community Development & Veterans committee.*
- **SB 5334** (Pedersen, D) would address the standards of liability relating to condominium development. *Public hearing on 1/28 in the Senate Law & Justice Committee, and executive action on 1/31.*
- **SB 5008** (Palumbo, D) would increase the maximum number of lots that could be permitted from 9 lots to 30 lots in a short subdivision in urban growth areas. *Public hearing in the Senate Local Government Committee on 1/17.*
- **SB 5025** (Das, D) would create a new tax sales and use tax exemption for improvement and development of self-help housing. This type of housing is generally for low-income households where individuals in the household have provided labor for construction. *Scheduled for a public hearing on 1/21, and executive session on 1/23 in the Senate Housing Stability & Affordability Committee.*
- **SB 5084** (McCoy, D) would establish the Washington Community Development Authority, an agency under the umbrella of the Washington State Department of Commerce. The authority would be charged with coordinating and sponsoring development of private and public low-income and affordable housing projects in poor rural areas and communities of color.
- **SB 5151** (L. Wilson, R) would require the Growth Management Hearings Board to publish all rules and decisions using a searchable index. *Scheduled for public hearing in the Senate Local Government Committee.*
- **SB 5363** (Palumbo, D) would offer an extension of the multi-family tax exemption for 12 additional years.

BUSINESS & LABOR

- **HB 1450/SB 5478** – proposals would hold certain noncompetes void and unenforceable unless: 1.) the employer discloses the terms of the covenant in writing; 2.) the earnings do not exceed three times the average annual wage; and 3.) enforcement includes compensation equivalent to the employee's base salary at the time of the termination through the period of enforcement. Subcontractor noncompetes are subject to different standards. *The House bill is scheduled for a public hearing in the House Labor & Workplace Standards on 1/29, and executive action on 1/31. The Senate bill is scheduled for public hearing in the Senate Labor & Commerce Committee on 1/29.*
- **HB 1515/SB 5513** addresses employer / employee relationships, and specifies that an employer may not willfully misclassify an employee as an independent contractor, and authorizes the Department of Labor & Industries to conduct an investigation if it obtains information indicating a person may have violated the chapter, and applying a penalty. *House bill scheduled for a public hearing on 1/28 in the House Labor & Workplace Standards committee, and executive action on 1/29. The Senate bill has a public hearing in the Senate Labor & Commerce Committee on 1/28.*
- **SB 5215/HB 1566** would give employers in certain parts of Washington State with high unemployment rates a \$275-per-employee credit to spur job creation.

- **SB 5589** (Schoesler, R) would prohibit local taxes based on employee wages, employee hours or the number of employment positions.
- **SB 5190/HB 1155** concerns meal and rest breaks and mandatory overtime for certain health care employees. This legislation would give those with collective bargaining agreements an option to change the sick leave provisions of I-1433. *Senate bill has a public hearing on 1/21 in the Senate Labor & Commerce committee. The House bill had a public hearing on 1/21, and was scheduled for executive action 1/24 but no action was taken. The bill has been rescheduled for executive action on 1/28.*

ENVIRONMENT & ENERGY & NATURAL RESOURCES

- **HB 1110** (Fitzgibbon, D) would establish a clean fuel standard for vehicles similar to Oregon and British Columbia. This require greenhouse gas emissions per unit of transportation fuel energy to be reduced 10% below 2017 levels by 2028 and 20% below 2017 levels by 2035. *House Committee on Environment & Energy Committee took executive action on 1/24.*
- **HB 1112** (Fitzgibbon, D) would create a new program to regulate and reduce hydrofluorocarbons, which are typically found in air conditioning and refrigerants. Hydrofluorocarbons are known to have since impacts as a greenhouse gas emission. *House Environment & Energy Committee took executive action on a substitute bill on 1/24.*
- **HB 1113** (Slatter, D) would expedite the state’s process of reducing greenhouse gas emissions and commit to the 2015 Paris Climate Agreement. *Public hearing in the House Environment & Energy Committee on 1/15 and 1/17. Scheduled for executive action on 1/22 or 1/24, but not passed out of committee. Rescheduled for executive action on 1/31.*
- **HB 1114** (Doglio, D) would create a new food waste reduction program in the state. By 2030, food waste would need to be reduced by 50% from 2015 levels. The plan would establish a variety of strategies to reduce edible food waste. *Public hearing in the House Environment & Energy Committee on 1/17. Scheduled for executive action on 1/24.*
- **SB 5077** (Kuderer, D) would ban the practice of selling single-use plastic straws in the state by July 1, 2020 to reduce plastic wastes from beverages. *Public hearing in the Senate Environment, Energy & Technology Committee on 1/24.*
- **SB 5116 / HB 1211** would set the state to be on a path to greenhouse gas neutral electricity by 2030 for retail customers. All electricity provided to customers in the state would need to be from non-emitting generating and renewable energy sources by 2045. *The Senate bill had a public hearing in the Senate Environment, Energy & Technology Committee on 1/17, and has been scheduled for executive action on 1/29. The House Committee on Environment & Energy Committee on 1/22.*

HEALTH CARE

- **HB 1074 / 5057**—the Attorney General proposal to change the minimum legal age on the sale of tobacco and vapor products to 21 years has now had hearings and executive action in both the House Health Care & Wellness Committee and the Senate Health & Long-Term Care Committees. The Senate bill was amended to order the transmission of a joint

memorial to the federal government upon passage of the bill. The Senate bill has been referred to Ways & Means.

- **HB 1331 / SB 5380** is an omnibus bill declaring opioid use disorder as a public health crisis, and setting forth a process to increase access to services. *Public hearing in the House Health Care & Wellness Committee on 1/29. The Senate bill was heard on 1/25.*
- **SB 5251, SB 5292** would create a new reporting system for drug manufacturers. *Both bills are scheduled for a public hearing in the Senate Health & Long-Term Care Committee on 1/28.*
- **SB 5163 and HB 1135** would modify provisions relating to actions for wrongful injury or death. *Senate bill was passed out of the Law & Justice Committee on 1/24. Committee amended the bill to remove the requirements that parents and siblings reside in the U.S. at the time of the decedent's death, and clarified the damages. The bill has been sent to the Ways & Means Committee for further consideration.*
- **HB 1065/SB 5031** (also known as Surprise billing) was introduced at the request of the Office of the Insurance Commissioner. *House bill received a public hearing on 1/23 in the House Health Care & Wellness Committee and it is scheduled for executive action on Feb. 1.*
- **HB 1607** (Caldier) Mergers and affiliations This proposal would require entities to provide at least 30 days' notice to the Attorney General's Office of a material change (i.e. merger, acquisition, etc.) involving two hospitals or provider organizations. The notice must include information about the parties and copies of all agreements pertaining to the material change. Also requires, in the event of a transaction that triggers federal Hart-Scott-Rodino filing, transmission of a copy of that filing to the Attorney General.
- **SB 5523** (Braun, R) bill would require HCA to contract with an external quality improvement organization to annually analyze the performance of MCOs serving Medicaid clients. Beginning in 2020, a percentage of funding appropriated to MCOs must be made contingent on the organization ranking at or above the fiftieth percentile nationally in the performance measurers, with penalties of refunding one percent of the funding for each category they don't meet the goal. Penalties can be waived if the MCO demonstrates rationale for meeting the goal and a plan to fix it.
- **HB 1638** (Harris, R) Removes the personal/philosophical exemption for children for the measles, mumps and rubella vaccine. Provides that proof of disease immunity by health care provider's attestation of a child's history of disease sufficient to provide immunity against that disease constitutes proof of immunization for that specific disease (titer test).

EDUCATION

- **HB 1336 and SB 5327** is the Governor's Career Connect Washington proposal to scale up career connected learning opportunities in the state and allow individuals to advance academic learning an exposure to career opportunities. *Senate bill scheduled for public hearing in the Senate Higher Education & Workforce Development Committee on 1/22.*
- **SB 5014** (McCoy, D) relating to student assessment requirements. *Public hearing in the Senate Committee on Learning & K-12 Education committee on 1/25.*
- **SB 5313 and SB 5316** both relate to school levies. SB 5313 is the Governor's proposal, and would eliminate the cap on local levies for school districts beginning in 2020. SB 5316 would amend the levy equation so that school districts could levy either \$1.50 per

thousand dollars of the assessed in the school district or the maximum per-pupil limit for enrichment programs. *Public hearing on both bills in the Senate Early Learning & K-12 Education Committee on 1/23.*

- **SB 5393 and HB 1340** (Palumbo) is a proposal by the Governor and would establish a free college program name the college promise scholarship. *Public hearing on 1/22 in the Senate Higher Education & Workforce Development Committee. The House bill had a public hearing on 1/22 in the College & Workforce Development, and is scheduled for executive action on 1/30.*
- **SB 5088** (Wellman, D) a proposal to requiring all districts with high schools to provide an opportunity for students to access an elective computer science course, and allow school districts to award computer science credits based on completion of a competency exam. *Public hearing in the Senate Committee on Early Learning & K-12 Education on 1/21.*

TECHNOLOGY

- **HB 1342** (Hudgins, D) this year's Right to Repair legislation would prohibit original manufacturers of digital electronic products sold on or after January 1, 2020, in Washington state from designing or manufacturing digital electronic products in such a way as to prevent repair functions by an independent repair provider. Preventing reasonable diagnostic or repair functions includes permanently affixing a battery in a manner that makes it difficult or impossible to remove (such as in a cell phone). The bill has not been scheduled to date.

CYBER: DATA PRIVACY & SECURITY

- **SB 5064/HB 1071** addresses personal information and the breach of security systems, and is a proposal from the Attorney General's Office. *The House bill had a public hearing in the Innovation, Technology & Economic Development Committee on 1/16, and is scheduled for executive action on 1/30. The Senate bill had a public hearing in Senate Environment, Energy & Technology on 1/22.*
- **SB 5376** would require Washington companies to implement data privacy systems similar to European union standards. *Public hearing in the Senate Environment, Energy & Technology Committee on 1/22.*

PUBLIC SAFETY

- **SB 5061 and 5062 and companion HB 1073 and 1068** are Attorney General proposals, and would generally make the sale, manufacture, possession, and importation of high capacity magazines, untraceable firearms, and undetectable firearms illegal in the state. *All four bills had a public hearings this week, with over 1,300 people signing into the hearing.*
- **SB 5115** would establish new efficiency standards for a variety of appliances that would be gradually implemented over the next several years. It would affect things like

compressors, faucets and showerheads, computers and computer monitors, portable air conditioners, and urinals and water closets. *This bill had a public hearing in the Senate Environment, Energy & Technology Committee on 1/23.*

INFRASTRUCTURE

- **SB 5085** (McCoy, D) would allow towns, cities, counties, and certain districts deploy broadband internet services, primarily in rural areas. The bill stipulates several conditions that would allow local jurisdictions to deploy such service, such as slow broadband speeds and lack of another provider willing to provide sufficient service.

TRANSPORTATION

- **SB 5104** (Sheldon, D) would remove the ability of local governments to impose tolls on roads, taking aim at Seattle which is currently evaluating a [decongestion pricing system](#) for the Downtown core. Well-calibrated decongestion pricing would result in reduced travel times in the city center, benefitting bus riders and improving air quality. *Public hearing on 1/30 in the Senate Transportation Committee.*
- **SB 5157** would direct the Washington State Department of Transportation to study a passenger-only ferry service between Seattle and Olympia, including direct service and additional stops along the way. The study would be due for delivery to the legislature by January 7, 2020. *Public hearing on 1/30 in the Senate Transportation Committee.*