



2021 Legislative Session Final Report



2021 Washington State Legislative Report

OVERVIEW

Historic Virtual Session Adjourns Sine Die

The 2021 legislative session adjourned April 26 and the Governor concluded bill action May 18 with a record setting \$52B operating budget, major broadband investments, and partisan climate change policies. The capitol was closed to the public for the entire 105-day session and barricaded to prevent access with all public hearings and votes conducted virtually. Remote testimony offered unique opportunities for participation around the state while also amplifying the broadband digital divide in both rural and urban areas. Legislators were asked by leadership to focus on the pandemic, racial equity, climate and the environment, and the economy. The focus was expanded to save the state money, access federal funds, and assist other levels of government in the pandemic response. Ultimately, lawmakers passed 340 of the 1108 measures introduced and the Governor issued 16 partial vetoes and 2 full vetoes that included line-item vetoes not allowed by State Constitution and likely to face a legal challenge. Successes include unemployment insurance relief, broadband investments, economic development tools, and shoreline permit exemptions for dredging the Columbia River. Disappointments include the lack of a transportation package, expediting the long-term care payroll tax, and creating a capital gains tax.

BUDGETS

Partisan Operating Budget Relies on Capital Gains Tax

The Governor has signed the \$59.2B operating budget (ESSB [5092](#), C 334 L 21) that passed the House and Senate on party lines. Republicans refused to vote for the budget because of its reliance on funds from a new capital gains tax and having previously offered a budget without tax increases. The budget includes \$4.253B of federal funds, which must be used by December 31, 2024. Allowable uses include responding to the pandemic including economic impacts, providing premium pay, replacing lost revenue (compared to fiscal year 2019), and investing in water, sewer, and broadband infrastructure. These funds cannot be used for pensions or to reduce taxes. The budget sets aside \$1B for ongoing COVID recovery. The budget also funds the working family tax credit for the first time since its inception in 2008 and provides \$250 million to about 450,000 taxpayers starting in 2023 and approximately \$536M in the next budget cycle.

Capital Budget Funds Key Projects in Southwest Washington

During the last days of session lawmakers unanimously passed the \$6.3B capital budget (SHB [1080](#), C 332 L 21) and necessary bonds (SB [5084](#), C 332 L 21) to support the investments. The capital budget makes substantial economic investment for all areas of the state and provides \$411M for broadband, \$175M for homeless prevention, and \$332M for mental health. The budget also provides \$253.9M for toxics clean up and prevention and \$40M for projects through the Community Economic Revitalization Board that construct, repair, and acquire local public facilities to encourage business development and expansion. Finally, several projects are funded in Southwest Washington including the WSU Vancouver Life Sciences Building (\$52.6M), Clark College at Boschma Farms (\$53.23M), start-up funds for the IT3 Center at the Port

of Ridgefield (\$1.35M), and deconstruction of the old Red Lion at the Port of Vancouver's Terminal 1 (\$1M). The budget leaves \$82M in bond capacity for future capital investments.

Transportation Budget Keeps Connecting Washington Promises

In passing the \$11.8B transportation budget (SB [5165](#), C 333 L 21), both the House and Senate acknowledged that additional investment is needed. The current law budget provides \$726M for fish culverts and keeps the commitment to the Connecting Washington projects such as SR 501 to the Port of Vancouver and SR 14 to Camas-Washougal. It also allows flexibility in \$2.73M of funds previously dedicated to the Chelatchie Prairie Railroad Bridge 12 replacement to instead be used for general bridge and roadbed repairs to reopen the northern part of the line. Additionally, the Governor approved legislation to prioritize road maintenance (HB [1137](#)) in future budgets. Disappointingly, the Freight Mobility Strategic Investment Board call for projects was not authorized for in 2021-23, however current projects are funded and FMSIB must coordinate with WSDOT to identify highest priority freight investments across modes and regions.

BROADBAND

Port and PUT Broadband Authority Bills Signed Simultaneously

Legislation to allow public utilities or port districts to provide retail telecommunication services (2SSB [5383](#), ESHB [1336](#) PV, Chapter Laws Pending) was signed by the Governor at the same time. This has created confusion for the Secretary of State who must number new laws. Additionally, while the bills are similar, key differences on areas of service exist. State law requires that the last bill signed takes precedent and overrule previously signed bills amending the same section of law. Prior to beginning a project, a PUD or a port district must notify the Governor's Statewide Broadband Office of its intent to provide service. The office must post it on their website and an existing service provider has 30 days to object to overbuilding.

Broadband and State Highway Coordination

The Legislature passed and the Governor approved legislation to require the coordination of broadband infrastructure with state highway construction (ESHB [1457](#), C 258 L 21). The bill makes it the policy of the state that highway rights-of-way be used to deploy broadband facilities as a critical part of the state's infrastructure. The measure also requires the Washington State Department of Transportation to adopt agency policy to inform broadband facilities about planned highway projects.

Rural Broadband Partial Veto

The Governor issued a partial veto on rural broadband legislation (2SSB [5368](#) PV, C 312 L 21). This removes the requirement allowing local governments and state agencies access to funding if out of compliance with the Growth Management Act. Current law prohibits funding to go to a noncompliant jurisdiction unless that funding is necessary to address a public health need or substantial environmental degradation. The Governor noted that "an underpinning of the GMA has been that noncompliant jurisdictions are unable to access various forms of infrastructure funding. Broadband is critical infrastructure comparable to roads, bridges, and water systems, and should be treated the same before the Board".

CARBON & CLIMATE CHANGE

Low Carbon Fuel Standard and Climate Commitment Act (Partial Veto)

Throughout session, the House and Senate tied climate tax proposals to the adoption of a transportation package and democrats debated among themselves whether to use a carbon tax or a cap and invest model. Ultimately, a "grand bargain" was forged that included the adoption of a low carbon fuel standard (HB [1091](#), C 317 L 21) and a cap and invest policy (SB [5126](#), C 316 L 21) that was tied to the passage of an

additive transportation package enacted after April 1, 2021 where the state fuel tax is increased by a cumulative tax rate of at least five cents per gallon. Republicans opposed both bills and argued the combined effect would raise the gas tax 64.8 cents per gallon. An additive transportation package failed to pass as it would have required a 60 percent majority for a bond vote. A package would require generating more than \$500M per biennium in revenue before Ecology may assign compliance obligations or allow for credit generation. Under the LCFS and cap and invest laws, funds are dedicated to green transportation projects, electric car infrastructure, rail, transit, and other multi-modal activities and cannot be used for highway purposes. Lawmakers have objected to the Governor's partial veto, and some have suggested a legal challenge. Both the LCFS and Climate Commitment Act exempt rail, aviation, and vessels. The Department of Ecology is required to adopt an LCFS emissions reduction program of 20 percent below 2017 levels by 2038 that starts January 1, 2023. Ecology is also required to develop a cap-and-trade system by January 1, 2023, for covered entities that exceed 25,000 metric carbon tons.

Zero Emission Transportation Future (Partial Veto)

Legislation to prepare for a zero-emission transportation future was partially vetoed by Governor Inslee (E2SHB [1287](#), C 300 L 21). The veto removes the requirement to end the sale of new gas-powered cars by 2030 and phase out gas powered vehicles that is tied to a road usage charge. In his veto message, he notes "we cannot afford to link an important goal like getting to 100% zero-emission vehicles to a separate policy that will take time to design and implement." The rest of the bill remains in effect and requires the Washington State Department of Transportation to develop public mapping for charging locations and for the State Building Code Council to implement rules to require electric vehicle charging capability at all new R-3 residential buildings that provide on-site parking by July 1, 2024.

CHILD CARE

Child Care Subsidy Funded by Capital Gains Tax

The Fair Start for Kids Act was approved by Governor Inslee (SB 5237, C 199 L 21) with a goal to stabilize and expand the childcare industry by increasing subsidy rates and providing resources for professional development, complex needs, non-standard hour care, trauma-informed care, and other urgent needs. The controversy over the policy surrounds the funding mechanism which relies on funds from a capital gains tax that is volatile and federal funds that are unsustainable. Pre-pandemic, the [Child Care Collaborative Task Force reported](#) that the childcare crisis was costing businesses in Washington \$2.08 billion a year and that working parents forego \$14 billion a year in lost wages due to lack of childcare access. The law provides \$303M in state and federal funds and takes effect July 1, 2021.

COVID

Extension of Pandemic Proclamations

The proclamations issued by Governor Inslee during the pandemic were extended by lawmakers early in session after a partisan debate over emergency authority and the lack of a special session. With proclamations set to expire, the State Constitution allows the Legislature to approve the Governors emergency orders when in session. The resolution (SCR [8402](#)) extends 26 proclamations until the end of the pandemic or until revoked. This includes proclamations allowing local governments to meet virtually.

State Tax Exemption on Federal COVID Grants

Legislators and the Governor took early action to protect employers from paying taxes on funds received from federal COVID-19 grants (SHB [1095](#), C 4 L 21). This affects approximately 100,000 taxpayers in Washington and applies prospectively and retroactively to February 29, 2020. Without the legislation,

taxpayers would begin paying tax on these amounts after July 1, 2021, and all payments would be made by June 30, 2022. For qualifying grants where taxes were paid, the taxes cannot be refunded.

PPE Requirements Formalized for Public Emergencies

Laws to require employers to provide personal protective equipment during a public pandemic (SSB [5254](#), C 146 L 21) became effective immediately after being signed by Governor Inslee. Every employer must provide at no cost to the employee personal protective equipment, such as gloves, goggles, face shields, and face masks when an emergency is declared. Current law already requires employers to provide employees with appropriate protective measures for each hazard involved. The Department of Labor and Industries will develop rules to address if the type of PPE would not reasonably or normally be worn away from the workplace, such as single use or disposable PPE and to prevent the use of facial coverings interfering with an employer's security requirements.

Limited COVID Property Tax Deferral

The Governor approved emergency legislation to defer property taxes for those negatively affected by COVID-19 (HB [1332](#) C 73 L 21) for requests made by April 30, 2021. The one-time extension due to the state of emergency is for any property taxes payable in 2021 only if an eligible taxpayer demonstrates to the county treasurer's satisfaction a loss of at least 25 percent of its revenue attributable to that real property for calendar year 2020 compared to calendar year 2019. The county treasurer must process all requests for deferral by June 30, 2021. The bill expires January 1, 2022.

COVID Curbside Delivery Continued and License Fees Waived

Several measures addressing COVID reopening requirements and waivers have been signed into law. This includes temporarily waiving liquor and cannabis board annual license fees for twelve months (ESSB [5272](#), C 6 L 21) and extending curbside takeout, or delivery of alcohol products until July 1, 2023 (E2SHB [1480](#), C 48 L 21). Liquor licenses and permits are issued to more than 16,500 businesses, such as breweries, wineries, grocery stores, restaurants, and nightclubs. Fees range in cost from \$20 to \$2,500, depending on the license type, and are generally renewed annually.

DIVERSITY, EQUITY, & INCLUSION

Racial Equity Training, Review and Remembrance

A series of bills related to diversity, equity and inclusion were signed into law after passage by the Legislature. This includes preventing health care insurance discrimination ([2SSB 5313](#) C 280 L 21) and requiring the Joint Legislative Audit Review commission to conduct racial equity analyses. Juneteenth is established as a legal holiday in recognition of the date of remembrance for the day African slaves learned of their freedom after the end of the civil war ([SHB 1016](#), C 295 L 21) and Billy Frank Jr. will be memorialized in the national statutory hall collection ([ESHB 1372](#), C 20 L 21). Other measures establish equity training requirements for K-12 ([ESHB 1426](#), C 77 L 21) and [ESSB 5044](#), C 197 L 21) and for higher education administrators and teachers ([E2SSB 5194](#), C 272 L 21) and [E2SSB 5227](#), C 275 L 21).

ECONOMIC DEVELOPMENT

Tax Increment Financing

Key economic development legislation to authorize tax increment financing (HB [1183](#), C 207 L 21) became law after a robust debate in the Legislature over property taxes. The measure allows local governments to designate tax increment financing areas and to use increased local property tax collections to fund public improvements. Local Governments are required to have a public engagement process of at least two

briefings for the community prior to adoption of the ordinance authorizing the tax increment area. Additionally, a law to modify the main street program tax incentive to respond to the pandemic (SHB [1279](#), C 112 L 21) was signed into law. The bills are complementary and give additional tools to attract jobs.

Manufacturing Employment Goals

Efforts to double the state’s manufacturing employment base, the number of women and minority owned manufacturing business and the number of small manufacturers (HB [1170](#)) has become law. The measure requires the Department of Commerce to create grants to accelerate the development of regional clusters and prepare a report on the state of manufacturing and research and development. A manufacturing council is established to advise the agency on the report development and recommendations for workforce innovation, clean technology, aerospace, and other manufacturing sectors.

Industrial and Manufacturing Property Tax Exemption

A tax incentive set to expire in 2022 was extended and expanded by the Legislature this session to promote manufacturing in Washington (HB [1386](#), C L 218 21). The law allows a property tax exemption for new facilities if certain labor conditions are met. The exemption now includes all cities and applications must be approved and priority given to those that pay prevailing wage, contract with, women-, minority-, or veteran-owned businesses, and use state-registered apprenticeship programs. If a project fails to maintain 25 living wage jobs, the exemption must be canceled, and an additional tax must be imposed to reimburse the city. No application for exemption may be submitted after December 31, 2030.

EDUCATION & WORKFORCE DEVELOPMENT

Workforce Investment Act

In an effort to address the health care workforce shortage and employment diversity, the Legislature has opened old wounds with legislation to expand the workforce education investment act (E2SHB [1504](#), C [170 L 21](#)). The program was established in 2019 and paid for with a business and occupation tax surcharge to fund the workforce scholarship. The cap is increased on state match dollars from \$2 million to \$5 million per biennium for the Advanced Degrees Pathways Account, which is used to fund scholarships for advanced degrees in health professions under the Washington State Opportunity Scholarship program. Under the 2019 law, an oversight board was established to consider these types of changes which was bypassed by the legislation. Meanwhile, the customized workforce training program was extended by lawmakers this session to allow a business and occupation tax credit until July 1, 2026 (2SHB 1033, C 116 L 21).

EMPLOYMENT LAW

Unemployment Insurance Tax Relief

Legislators took early action on unemployment insurance reform to prevent \$1.7B in UI tax increases. New tax statements were issued by the Employment Security Department (ESD) to reflect the unemployment insurance reforms (SB [5061](#), C 2 L 21) after being signed into law by the Governor. Employers were initially projected at paying \$991M of increased taxes for 2021 that is now reduced to \$70M. Key changes include a suspension of the solvency surcharge for five years, capping the social tax that was previously set to increase to 1.22% at .50% for 2021, and ensuring employers are not responsible for fraud charges. The bill also ensures that benefits paid from the start of the shutdown from March 28 until May 30 are not charged to employer tax rates. Later in session, an additional \$500M in unemployment insurance relief (ESSB [5478](#), C 292 L 21) was passed by the Legislature and approved by the Governor. The additional reforms provide \$250M in relief to employers in hard hit economic sectors including restaurants, hotels, gyms, movie theaters and bowling alleys. Another \$250M is directed toward holding down experience rates

classifications and lowering the social tax to minimize the increases for employers that while remained opened, were also hit hard by the pandemic induced layoffs. Without the additional relief, employers would see a significant increase in their UI taxes in 2022.

Wage Liens

The Governor signed legislation to make it easier for wage liens in Washington (ESSB [5355](#), C 102 L 21). The measure allows employees to seek wage liens against real property even though the underlying property owner had no direct relation to the parties that are seeking wage reimbursement.

ENVIRONMENT

Environmental Justice Task Force Recommendations

Following the recommendations of the Environmental Justice Task Force Recommendations, lawmakers passed legislation to implement various requirements ([E2SSB 5141](#), C 314 L 21). This includes requiring agencies to adopt a community engagement and tribal government plan for engaging with overburdened communities and vulnerable populations in the evaluation of existing and new programs and activities. The law also requires the Department of Health to continue to develop and maintain an environmental health disparities map and requires new grant and loan programs for environmental justice.

Dredging Shoreline Permit Exemption

Legislation to provide clarity for dredging and disposal placement (HB [1193](#), C 299 L 21) has been signed into law by Governor Inslee. This will end confusion for Columbia River ports over shoreline permits by the Department of Ecology for the Federal Navigation Channel. Dredging is critical to avoid draft restrictions that cost about \$1M in lost cargo per foot for each vessel. The law only applies to the Columbia River and follows changes previously made for the Puget Sound in 2019.

Fish Project Permit Streamlining

The Legislature passed and the Governor approved legislation to streamline permits for fish habitat improvement projects (SSB [5381](#), C 289 L 21) and fish barrier removal from the substantial development permit requirements of the Shoreline Management Act (E2SHB 1382, C 75 L 21). This will save money for court ordered improvements to address fish passage.

Plastic Recycling Content Standards and Polystyrene Ban

The Governor has approved comprehensive plastic recycling content standards and a ban on polystyrene products (2ESSB [5022](#), C 313 L 21) which will affect the types of products sold and manufactured in our State. After multiple revisions by the Legislature, a last-minute amendment was adopted that requires minimum recycled content standards for new items such as plastic trash bags and personal care item containers for items like shampoos and lotions. The sponsor, Sen. Das has noted this bill is just the start as she intends to push an Extended Producer Responsibility program next year. A related measure to require producer responsibility for recycling of expired wind turbines (SB [5174](#)) failed to pass.

HEALTH CARE

Health Equity Zones

The Governor approved giving the Department of Health authority to create health equity zones (E2SSB 5052, C 262 L 21) despite controversy over funding, agency authority, and the ability of communities to self-identify as health equity zones. As passed, the Department must help coalitions that need assistance applying for financial resources as well as provide technical assistance for project management.

Individual Health Care Market

Changes to the individual health care plans offered in Washington have been signed into law (E2SSB [5377](#) C 246 L 21). The measure creates a premium assistance program for individuals purchasing health insurance on the Exchange and changes criteria for eligibility. Affordability issues remain unaddressed and the bill grants subsidy authority to the Exchange that will likely result in higher costs.

Universal Health Care Commission

A bill that establishes the Universal Health Care Commission (SB [5399](#), C 309 L 21) passed the Legislature on nearly party lines. The Commission would develop a plan to create a universal health care system in Washington that provides coverage and access through a single-payer financing system. After completing its work, the Commission would terminate December 31, 2024. The Governor signed the bill into law.

HOMELESSNESS & HOUSING

Eviction Moratorium

Legislation to end the eviction moratorium and clarify landlord tenant issues during the pandemic (SB [5160](#), C 115 L 21 PV) was signed into law with a partial veto. Previously the Governor issued proclamations to prohibit evictions by all landlords operating residential rental property that would expire June 30, 2021. The Governor vetoed financial relief to landlords estimated at \$2.4B since the final budget only funded \$1.5B in relief. Earlier this session, \$2M in grant opportunities for landlords was signed (ESHB [1368](#), Chapter 3, 2021 Laws). Legislation was also approved to require landlords to offer tenants a pandemic repayment plan for unpaid rent, with monthly payments no more than one-third of the monthly rent. (HB [1236](#) C 212 L 21).

Multi-family Tax Exemption

The Governor approved legislation to expand the multi-family housing tax credit (SB [5287](#), C 187 L 21). The measure authorizes a 12-year extension of existing 8-year and 12-year Multifamily Property Tax Exemptions (MFTEs) that are set to expire. It also establishes a new 20-year property tax exemption for the creation of permanently affordable homes and temporarily includes all cities until December 31, 2031.

LAND USE

Direct Challenge to Court of Appeals for Land Use Decisions

Growth Management Act reforms for the most part did not pass this session, however legislation to allow direct challenges to the Court of Appeals for land use cases was signed into law (SB [5225](#) C 305 L 21). This will expedite decisions and reduce costs associated with appealing land use decisions for both landowners and local governments.

LICENSING

Vessel Crewmember License Rules

Legislation to authorize the Fish and Wildlife Commission to adopt fishery-specific rules pertaining to commercial crewmember licenses was approved by the Governor (HB 1437, C 46 L 21). The measure requires crewmembers to carry identification and prevents the use of "John Doe" crewmember licenses.

Reducing Licensing Barriers for Previous Criminal Convictions

The Legislature and Governor approved easing licensing requirements for individuals with criminal convictions (HB 1399, C 194 L 21). It is believed that reducing barriers will increase recidivism and that laws restricting employment security and opportunities for individuals with criminal records tend to have a

disproportionate impact on minorities. The law creates a process for a person with a criminal conviction to request a determination of whether that criminal history is disqualifying for obtaining a professional license administered by the Department of Licensing.

PORTS

Cargo Handling Equipment Restrictions for Ports

The Governor approved legislation to address how ports use funds for cargo handling equipment (ESB 5026, C 88 L 21). The law only applies to the Ports of Seattle and Tacoma as defined in RCW 53.57.020. Port districts and port development authorities are prohibited from using port funds to purchase fully automated marine container cargo handling equipment until December 31, 2031. Container cargo handling equipment is fully automated if it is remotely operated or remotely monitored. Port districts may use funds to purchase human-operated zero, or near zero, emission equipment and infrastructure to support the equipment.

PRIVACY & CONSUMER PROTECTION

Consumer Protection Act Violations

Attorney General request legislation to increase maximum penalties for violating consumer protection laws was signed into law (SSB 5025, C 54 L 21). There is no time limitation to any state action asserting a claim for civil penalties under the CPA. A violation of any injunction issued is now \$125,000; any contract, trust, or conspiracy in restraint of trade or commerce or monopolization or attempt to monopolize any part of trade or commerce is raised to \$180,000 for an individual or \$900,000 for a person other than an individual; and unfair methods of competition and unfair or deceptive acts or practices in trade or commerce are \$7,500 for each violation. Only five states have lower penalties than Washington for consumer violations. Penalties have not increased since the 1970s and antitrust penalties have not increased since 1983. Meanwhile, bills on data privacy (2SSB 5062), and price gouging violations (SB 5191) failed to pass.

SECURITY

Police Reform

Police reform legislation (ESHB 1054) and use of force by officers (E2SHB 1310) has become law after partisan debates during session. The measures focus on the use of chokeholds, neck restraints, and the examples of police brutality across the nation. The new laws would prohibit police from using tear gas and restrict firing upon moving vehicles. Democrats argued the need to advance reforms to address systemic racism while Republicans spoke to the need for circumstantial exemptions to a blanket change.

Limits for Legal Drug Possession (Partial Veto)

The Governor has signed legislation to address the State v. Blake decision recently issued by the Washington Supreme Court that finds criminalizing drug possession is unconstitutional (ESB 5476, C 311 L 21). The law reclassifies criminal penalties for possession of a controlled substance to a misdemeanor, allows a violator to avoid the \$125 infraction fine if they receive a recovery navigator program assessment within 30 days. A person who would otherwise be subject to arrest for possession of a controlled substance, counterfeit substance, legend drug, or 40 grams or less of marijuana shall be offered referral for assessment and services by law enforcement in lieu of jail booking and referral to a prosecutor. If a person has been diverted on two previous occasions, law enforcement is not required to make additional diversion efforts. Republicans opposed the measures after alternatives to accepting the Supreme Court decision failed.

to pass that would establish an express mental state requirement for crimes related to unlawful possession of controlled substances (HB [1560](#)). The Governor issued a partial veto of an account that will not be used.

TAXES

Capital Gains Tax

The controversial capital gains tax (SB [5096](#), C 196 L 21) was approved by the Governor after a passing on party lines. The paramount duty of the state to fund education and to meet their duty to K-12 is referenced to avoid a referendum. The 7 percent tax raises \$415M and applies to individuals for the sale or exchange of non-retirement stocks, bonds, and other long-term assets over \$250K beginning January 1, 2022. The amount is the same for individual and joint filers. Deductions are allowed for real estate, business and occupation taxes paid on the same asset taxed by capital gains, and charitable contributions of at least \$250K of which only \$100K is deductible. The law recognizes the lawsuit potential over whether the capital gains tax is an income and requires repayment in the event of a court declaring the act unconstitutional. The Freedom Foundation filed suit against the state in Douglas County and the Opportunity for All Coalition (OFAC) also filed a lawsuit over the creation of an income tax. In anticipation of a lawsuit the legislature provided \$2.48M to fund a defense.

Long Term Care Payroll Tax

The legislation to expedite opting out of the state long term care insurance (HB [1323](#), C 113 L 21) was signed into law by the Governor. Originally established in 2019, the law requires a \$36K lifetime benefit funded by a 0.58% employee payroll tax. The bill is intended to increase the size of the state long term care insurance pool to assure actuarial soundness rather than allow available private market options to prevail. The new law provides less benefits at higher costs. Employees must opt out of the program and prove coverage by November 1, 2021. Self-employed individuals have until January 1, 2025, to opt out.

TRANSPORTATION

More Work Needed for Transportation Package

Lawmakers adjourned session without passage of a transportation package despite recognition that additional investment is needed. While substantial progress was made, a virtual environment hampered the negotiations necessary to address differences between the House and Senate approaches. The Chair of the Senate Transportation Committee introduced legislation to formalize “Forward Washington” through a package of bond, appropriations, and funding bills (SB [5481](#), SB [5482](#), SB [5483](#)). The transportation package provides \$1.2B for the replacement of the I-5 Columbia River Bridge and \$12.5M for steel upgrades to the County-owned Chelatchie Prairie Railroad. In the House, the Chair of the Transportation Committee introduced the “Miles Ahead” transportation package (HB [1564](#)) by Rep. Fey. The bill includes a spending plan and project list but does not include revenue details. Meanwhile Sen. Curtis King, Minority Leader of the Senate Transportation Committee, introduced a proposal that relies on a 3-cent gas tax increase and is an 8-year plan. The plan provides \$500M for the replacement of the Columbia River I-5 Bridge, about half of what the House and Senate Democrat plans have proposed. Other major projects include \$700M for the US Highway 2 Trestle, \$150M for the Hood River Bridge, and \$25M for the West Seattle Bridge. A transportation package is viewed as part of an economic recovery plan, but more work is needed to make a package reality. Lawmakers have hinted at a possible special session in the fall if an agreement can be reached. These efforts are likely to be complicated by the vetoes of language that would have tied the low carbon fuel standards and climate commitment act to the passage of a package.

VESSELS

Non-Resident Vessels Tax Incentive Expanded

The tax incentive to authorize nonresident vessel permits was expanded by the Legislature and approved by Governor Inslee (SHB [1107](#), C 150 L 21). The bill increases the length of the vessel that may be permitted to nonresident entities other than a person from 164 feet to 200 feet. The incentive was also revised to remove the restriction that limits the number of nonresident vessels permits that may be received by a nonresident entity that is not a person to two within any 36-month period. The change is expected to increase marine trade careers and sales and business and occupation tax collections from maintenance and repair business in Washington.

WHAT'S NEXT

Failed Bills to Return in 2022 Legislative Session

Most of the bills introduced by the Legislature did not pass and will automatically return in the second half of the biennium. Bills that are expected to get pushed again in the 2022 legislative session include creating a state bank (SB [5188](#)), establishing data privacy requirements (2SSB [5062](#)), and increasing price gouging violations (SB [5191](#)). Changes to the Growth Management Act are also expected to be pursued again to require net ecological gain of salmon habitat ([E2SHB 1117](#)) and to require climate change mitigation ([E2SHB 1099](#)). Finally, lawmakers are expected to push tax bills on the wealthy (HB 1406) and a split roll property system with anti-displacement protection for low-income homeowners and renters (HB 1494). The next legislative session is scheduled for 60 days beginning January 10, 2022. Meanwhile, state agencies will begin the process of implementing new laws that unless otherwise specified go in effect July 25, 2021.

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