



2024 END OF LEGISLATIVE SESSION REPORT

APRIL 2024

The **last day** of the **60-Day Legislative Session** was on **Thursday, March 7, 2024**. The **Governor** had **20 days to take action** (sign bills into law, veto or veto a portion) on bills that passed the legislative session.

All bills that did not pass in the 2024 Legislative Session will need to be **re-introduced** with new sponsorship and bill number in the 105- Day **2025 Legislative Session** which begins on **Monday, January 13, 2025**.

WA-SSA Priority Real Estate Bills in the Legislature in 2024

1. ~~HB 2276/SB 6191~~ – Increasing REET Tax – **OPPOSE (A)**
2. ~~SB 6136~~ – B&O Tax or Rent Control on Commercial & Residential Rents – **OPPOSE (A)**
3. ~~HB 1589/SB 5562~~ – Banning Natural Gas through Gas Companies – **OPPOSE (A)**
4. ~~HB 2139/SB 6203~~ – Self Storage Not Under RLTA – **SUPPORT (C)**
5. ~~HB 2114/SB 5961~~ – Rent Control – **OPPOSE (R)**
6. ~~SB 5770~~ – Property Tax Increase to 3% based on CPI – **OPPOSE (A)**
7. ~~SB 5335~~ – Capital Gains on Real Estate – **OPPOSE (A)**
8. ~~HB 1976~~ – Increasing Incentives for Tier 1 & Tier 2 Buildings – **SUPPORT (C)**

WA-SSA Priority Retail & Public Safety Bills

1. ~~HB 2390/SB 6200~~ – Police Vehicular Pursuit
2. ~~I-2113~~ – Police Vehicle Pursuit
3. ~~SB 5056~~ – Habitual Property Offender – **SUPPORT**
4. ~~HB 1800~~ – Criminal Penalties and Restitution for Graffiti – **SUPPORT**
5. ~~HB 2231/SB 6242~~ – Attracting & Retaining Law Enforcement Officers

WA-SSA 2023 Priority Bills (Alive but NO action yet in 2024)

1. ~~HB 1628~~ – Highest State REET Tax – **OPPOSE (A)**
2. ~~HB 1404/SB 5117~~ – Reforms to Building Code Council – **SUPPORT**
3. ~~SB 5037~~ – Natural Gas/Energy Code – **SUPPORT**
4. ~~SB 5057~~ – Energy Standards/Commercial – **SUPPORT**
5. ~~HB 1391~~ – Energy in Buildings – **SUPPORT**

Additional information about these bills, their sponsors, their current status, and more below.
(C) = Commercial; (R) = Residential; (M) = Manufactured Housing; (A) = All; (NTIB) = Necessary to Implement the Budget

OPPOSED

1. HB 2276/SB 6191 – Increasing Taxes on Real Estate Sales (REET/RETT)

- Increases the tax on the sale of property over \$3M by adding a 1% Real Estate Transfer Tax (RETT) to the existing 3% Real Estate Excise Tax (REET).
- Beginning January 1, 2025, the rate of the tax imposed is as this follows:
 - 1.1% of the portion of the selling price that is less than or equal to \$750,000;
 - 1.28% of the portion of the selling price that is greater than \$750,000 and equal to or less than \$1,525,000;
 - 2.75% of the portion of the selling price that is greater than \$1,525,000 and equal to or less than \$3,025,000; and
 - 3.0% of the portion of the selling price over \$3,025,000, **PLUS 1.0% RETT tax**
- Only 7% of REET and RETT revenues shall go as follows:
 - 25% to the Washington State Housing Trust Fund
 - 25% to the Apple Health and Homes Account
 - 15% to a new Developmental Disabilities Trust Account
 - 25% to the Affordable Housing for All account
 - 10% to the new Housing Stability Account.

Talking Points:

- WA State already has the highest REET tax in the nation, adding RETT to REET would make WA State 33% higher tax than any other state on the sale of property.
- Increasing taxes on the sale of property will increase rents and housing costs for residential and commercial tenants.
- At a time when commercial real estate is already hurting because interest rates have increased dramatically and many companies are working from home, this would cause damage to the industry.

PSHB 2276 (H-2680.2./24) in House Finance Committee makes the following changes:

- Changes the effective date for the change to Tier 1 of REET to January 1, 2026.
- Changes the effective date for the imposition of the new RETT to January 1, 2026.
- Corrects the distribution of moneys.
 - The bill now directs 93.2 percent of the combined REET and RETT revenues to the accounts currently receiving REET funds:
 - Public Works Assistance Account (5.2 percent)
 - City-County Assistance Account (1.4 percent) ♣
 - State General Fund (79.4 percent)
 - Education Legacy Trust Account (remainder)
 - 6.8 percent of the combined REET & RETT revenues to be distributed to housing accounts as follows:
 - Washington Housing Trust Fund (25 percent)
 - Apple Health & Homes Account (25 percent) ♣ Affordable Housing for All (25 percent)

- Developmental Disabilities Housing and Services Account (15 percent)
- Housing Stability Account (10 percent)
- Directs the Department of Revenue to study the requirements need for the DOR to implement and administer a local option graduated REET. The report is due to the Legislature by January 13, 2025.

Sponsors: *Representatives: Berg, Macri, Chopp, Street, Slatter, Reed, Ramel, Farivar, Alvarado, Kloba, Mena, Ormsby, Riccelli, Senn, Davis, Tharinger, Cortes, Stonier, Ortiz-Self, Fitzgibbon, Thai, Peterson, Fosse, Gregerson, Simmons, Taylor, Doglio, Pollet, Bateman, Lekanoff, Goodman, Berry, Santos, Wylie, Bergquist, Fey, Duerr, Ryu, Morgan, Nance*
Senators: Frame, Nguyen, Saldaña, Dhingra, Keiser, Wellman, Hunt, Hasegawa, Trudeau, Lovelett, Wilson, C., Stanford, Kuderer, Conway, Cleveland, Pedersen, Valdez, Nobles

STATUS HB: **DEAD** – House Rules Committee **(NTIB)**

STATUS SB: **DEAD** – Senate Ways & Means Committee **(NTIB)**

2. SB 6136 – B&O Tax or Rent Control on Commercial & Residential Rents

- **Unconstitutionally requires** all property owners to **decide between paying B&O tax or agreeing to rent control.**
- Adds business and occupation tax **(B&O) to rent for all residential and commercial property.** The tax on residential rental property begins January 1, 2025. The tax on commercial rental property begins January 1, 2027.
- Directs Commerce to develop and administer residential rent control program that **requires 5% rent control.**
- Directs Commerce, AG, DOR, and others to develop recommendations for a rent stabilization program for commercial rental property.
- Creates a B&O tax deduction for landlords participating in the rent control programs.

Talking Points:

- Tax on rents is Unconstitutional according to a WA Supreme Court ruling (Schumacher 1960).
- Taxing rents would ultimately increase rents and housing costs for residential and commercial tenants.
- At a time when commercial real estate is already down because of employees working from home and high interest rates, this would cause damage to the industry.

Substitute Bill:

- Removed the Rent Control provision.
- Makes the privilege of providing all commercial & residential property for rent subject to the business and occupation tax.

Sponsors: *Senators: Kuderer, Frame, Hasegawa, Lovelett, Nobles, Saldaña, Wellman*

STATUS SB: **DEAD** – Senate Ways & Means Committee **(NTIB)**

3. HB 1589/SB 5562 - Banning Natural Gas through Gas Companies

Original Bill Overview:

- Legislation applies only to Puget Sound Energy who provides power to over 1 million customers primarily in western Washington. About 800,000 being residential gas customers.
- Under a series of bills passed over the last six years, utilities are facing significant carbon reduction requirements to be met by 2030. Greenhouse gas emissions must be 45 percent lower than levels in 1990.
- PSE requested the legislation to achieve the goal by having gas and electricity combined into a single business through an “Integrated System Plan.
- The Utilities and Transportation Commission would review the plan which would allow PSE to eventually stop natural gas delivery to current customers.
- The statutory requirement that PSE provide gas service to any customer in its territory requesting it is removed. PSE could meet the “obligation to serve” by providing electricity.
- PSE is allowed to submit a merger of gas and electric rate bases and so that gas customers pay for required infrastructural upgrades to serve increased demand.
- Decarbonization planning process begins in 2027, with possible service area gas shutoffs permitted after UTC approval.

Senate EE&T Committee Striker

- Removes the prohibition of providing gas service for commercial or residential purposes that did not receive or file an application for gas service as of June 30, 2023.
- Amends the statutory obligation to serve for a large combination utility to provide a customer with any approved nonemitting energy, which includes renewable natural gas, green hydrogen, thermal energy networks, or other sources as described in an approved filing.
- Changes the process for the utilities and transportation commission (UTC) to consolidate a large combination utility's planning requirements for both gas and electric operations into a single integrated system plan (ISP), by July 1, 2025. Permits the UTC to extend the proceeding 90 days for good cause shown.
 - Requires a large combination utility to file an ISP by January 1, 2027, and be updated on a regular basis, but authorizes the UTC to set a timeline for future ISPs.
 - Outlines requirements of an ISP to satisfy, including, among others: components of integrated resource plans and clean energy action plans; low-income electrification programs, an action plan for specific actions needed to implement an ISP; and a report on the progress.
- Utility companies must consider the social cost of greenhouse gas emissions in an ISP and clean energy action plans.

- Large combination utility must apply a risk reduction premium in evaluating the lowest reasonable cost of decarbonization in an ISP. It must account Dept. of Ecology's applicable allowance ceiling price under the climate commitment act so long-term investments would mitigate against allowance and fuel price risks to customers and the utility.
- Removes the requirement that a majority of total capacity and energy needed to meet the requirements of the clean energy transformation act (CETA) must be supplied from resources owned and operated by the combination utility from the cost-effective cost recovery mechanism.
- A utility cannot offer rebates or incentives to residential gas customers to purchase any natural gas appliance or equipment beginning January 1, 2025. Does not apply to electric heat pumps with natural gas backups or commercial or industrial customers until January 1, 2031.
- By November 1, 2025, a large combination utility must educate its ratepayers about the benefits of electrification and availability of rebates or incentives to purchase energy efficient electric appliances and equipment.
- Utilities must work in good faith with specified stakeholders to develop market structures and mechanisms that account for the greenhouse gas attributes of wholesale electricity generation when it is sold into organized markets.
- Utility can get a certificate of necessity along with an ISP to build a new renewable or nonemitting electric generation or transmission facility, make a significant investment in an existing facility, or enter into a power purchase agreement for renewable or nonemitting electric energy or capacity.
 - Certificates can be submitted outside the ISP process for a time-sensitive project.
 - If there is a material change in the underlying assumptions of an approved certificate, a utility must request a proceeding to review. Permits the UTC or potential intervenor on its own motion may initiate such a request to determine viability to complete an unfinished project.
 - Having a certificate does not change existing authority of the UTC to determine the fair value of property for rate-making purposes.
- Removes requirements for incremental depreciation for each year of a multiyear rate plan equal to one percent of the gas revenue requirement for the preceding year. Rather, the UTC is directed to approve a depreciation schedule with affordability adjustments, that depreciates all gas plants in service as of July 1, 2024, by no later than January 1, 2050.
- If an ISP proposes geographically targeted electrification in all or a portion of a utility's service area, and one or more consumer-owned utilities (COUs) provide electric service to the same service area, the ISP must include a process for outreach to all of these COUs.

- UTC can assess a fee on combination utilities of 0.5 percent of intrastate gross operating revenues.
- Clarifies that current law may not be construed as limiting the UTC or any party from bringing any action against a large combination utility related to a submitted ISP.

Adopted Floor Amendments

AMD 756 Pg 16 Ln 20 (Nguyen) -

- The UTC may approve, reject, or conditionally approve an application for a certificate of necessity if the construction, investment, or purchase is in the public interest and complies with the UTC's administrative rules governing electric resource procurement.
- Project owner, not the utility, and the prime contractor and subcontractors have the “absolute right” to select bids for the award of contracts on a specified project under an integrated system plan that is part of a competitive solicitation and costs more than \$10,000,000. (Think of a project-labor agreement. Protects unions.)

AMD 797 Pg 19 Ln 9 (Nguyen) -

- Removes the requirement that the UTC must avoid commercial and residential rate classes subsidizing industrial rate classes when approving a merger of a gas and electric rate base.
- Removes authorization of PSE to provide a customer with any approved nonemitting energy under the utility's obligation to serve statute.

Sponsors: *Representatives: Doglio, Fitzgibbon, Berry, Alvarado, Bateman, Ramel, Peterson, Lekanoff, Hackney, Macri, Kloba; Senators: Nguyen, Lovelett, Hunt, Keiser, Lias, Saldaña, Wellman, Wilson, C.*

STATUS HB: [Passed Senate || 27 yeas; 22 nays; 0 absent; 0 excused](#)
[House Concurred on Senate Amendments ||](#)
[Passed House || 50 yeas; 45 nays; 2 absent; 0 excused.](#)
[Governor Signed – Effective date 3/28/2024](#)

STATUS SB: **DEAD** – Senate Ways & Means Committee

4. HB 2114/SB 5961 – Rent Control

- Rent increases are limited to a maximum of 5% in a 12-month period.
- No rent increases shall be served in the first 12 months of tenancy.
- Rent increase over 3% would require 180 days’ notice.
- Limits total move in fees to one month’s rent and caps late fees at \$10.
- Tenant can break lease any time with 20 days written notice if rent increase is over 3%.
- Ban on offering a discount for fixed term leases v. month-to-month.
- Mandatory damages of three months’ rent and attorney fees/costs and can use as defense to eviction.
- Exempts not for profit housing and new construction for the first ten years.
- No mechanism to increase by more than 5% in event of factors outside housing providers control - unconstitutional under current SCOTUS case law.

- Bill has an emergency clause that permits immediate implementation of the bill requirements.

House Substitute Bill:

- Removes a provision allowing tenants to break their leases any time after receiving a 180-day notice that their landlord intends to raise their rental rate by 3% or more within a 12-month period.
- Adds a provision that tenants may break their leases, with notice, any time after a landlord raises their rental rate beyond what is allowed under the bill without falling under any of its exemptions.
- Raises the percentage cap on how much landlords are allowed to raise rents in any given 12-month period from 5 to 7 percent.
- Changes the cap on late fees from \$10 dollars a month to 1.5 percent of the tenant's total monthly rent.
- Adds exemptions from the rental rate increase limit for several living situations where the owner is also a resident of the property in question.

Senate Substitute Bill:

- ~~Rent cap for Residential Landlord-Tenant Act & Manufactured/Mobile Home Landlord-Tenant Act increases from 5% to 15%, with authorization for local governments to require a percent lower than 15%.~~
- ~~Exemption for new construction increases from 10 years to 15 years.~~
- ~~Sunsets the Act in 2044.~~
- ~~Requires the Joint Legislative Audit Review Committee to conduct a performance audit review of: eviction rates, number of dwelling units taken off the market and for what purpose, rate of investment and new construction, and update on Attorney General's Office oversight and report to the Legislature January 1, 2042.~~
- ~~Clarifies disputes related to rent stabilization for manufactured homeowners are subject to the consumer protection act process outlined in the bill and not the manufactured/mobile home dispute resolution program.~~
- ~~Clarifies language around the public housing authority exemption.~~

House Floor Amendments:

- Limits rent and fee increases to 7 percent during any 12-month period and prohibits rent and fee increases during the first 12 months of a tenancy for tenants subject to the Residential Landlord-Tenant Act and the Manufactured/Mobile Home Landlord-Tenant Act, regardless of the length of their lease, with certain exemptions.
- Provides certain other protections for tenants, such as rent and fee increase notice requirements; tenant lease termination provisions; limits on move-in fees, security deposits, and late fees; and requirements for parity between month-to-month and longer-term rental agreements.
- Provides remedies and enforcement mechanisms, including Attorney General enforcement of certain provisions in the bill under the Consumer Protection Act and

a private cause of action for damages against landlords who violate certain provisions of the bill.

- Requires the Department of Commerce to create an online landlord resource center and to contract with an independent third party to carry out a social vulnerability assessment of the impacts of rent stabilization.
- Requires the Attorney General to publish model lease provisions regarding rent and fee increases.

Sponsors: *Representatives: Alvarado, Macri, Ramel, Peterson, Mena, Slatter, Farivar, Taylor, Doglio, Cortes, Fitzgibbon; Senators: Trudeau, Nobles*

STATUS HB: **DEAD** – Senate Ways & Means Committee

STATUS SB: **DEAD** – Senate Housing Committee

5. SB 5770 – Property Tax

- Increases the property tax revenue limit for local property taxes. Currently property tax increases are limited to 1% increases (limiting factor) annually.
- This bill would increase the property tax limit from 1% to 1% plus population change and CPI, up to 3% annually.
- CPI is based on the CPI(U) for the Western region as of July 25th each year, provided by DOR to the County Assessor for use.
- Applies to 2024 tax collection and thereafter

Talking Points:

- This will increase the cost of providing housing.
- Property tax increases often drive necessary increases in residential and commercial lease rates for tenants.
- The general public does not support increases in property taxes.

Dead for 2024 Session:

- It appears Democrats, who hold a 29-20 majority in the state Senate, don't have the votes to approve the legislation. Two previous co-sponsors of the legislation, Sen. T'wina Nobles, D-Fircrest, and Sen. Emily Randall, D-Bremerton, removed their names from the list of co-sponsors this week. Randall had also voted for the legislation in committee.

Sponsors: *Senators Pedersen, Van De Wege, Robinson, Dhingra, Nguyen, Wellman, Keiser, Valdez, Saldaña, Hunt, Salomon, Randall, Cleveland, Wilson, C., Stanford, Lovick, Nobles, Hasegawa, Trudeau, Lias*

STATUS SB: **DEAD** – Senate Floor Rules "X" File

6. SB 5335 – Capital Gains on Real Estate

- This bill would include Real Estate in WA State Capital Gains
- Increases the overall capital gains tax rate from 7% to 8.5% for Real Estate
- Creates a universal healthcare model in WA state with the monies from the Capital Gains tax.

Sponsors: *Senators Hasegawa, Hunt, Lias, Nguyen, Stanford*

STATUS SB: **DEAD** – Senate Health & Long-Term Care Committee (NTIB)

SUPPORT

1. HB 2139/SB 6203 – Self Storage Not Under RLTA

- A self-service storage facility is any real property designed and used for the purpose of renting or leasing individual storage space to occupants who are to have access to the space for storing and removing personal property on a self-service basis.
- Prohibits the use of self-storage facilities for residential purposes by occupants.
- Exempts self-service storage facilities from the requirements and eviction process in the Residential Landlord Tenant Act (RLTA).

Sponsors: *Representatives Ramos, Callan, Reeves; Senators Mullet, Dozier, Kuderer*

STATUS HB: **DEAD** – House Consumer Protection & Business Committee

STATUS SB: **DEAD** – Senate Housing Committee

2. HB 1976 – Increasing Incentives for Tier 1 & Tier 2 Buildings

- The State Energy Performance Standard (Standard), established in 2019, requires Commerce to establish rules for energy performance standards for covered commercial buildings.
- The Standard applies to two tiers of covered commercial buildings (Tier 1 & 2) and seeks to reduce greenhouse gas emissions from the building sector.
- The Standard includes an Early Adoption Incentive Program for covered building owners who comply with the Standard before the required date.
- The bill allows Commerce to provide incentives greater than the base incentive payment for upgrading Tier 1 and Tier 2 buildings.

Talking Points:

- Commerce has determined that the base incentive payment is not high enough for large energy efficiency projects. Allowing larger incentive payments would lower barriers to participation in the program.
- However, while the new incentive rates will help, they will not go very far. There are approximately 8,000 Tier 1 buildings and upgrades cost as much as \$8 per sq ft.
- The cost of these upgrades could account for half of the operating costs for some of these large buildings.
- Industry should have access to even greater incentives to meet efficiency standards and the Legislature should allocate more money for that purpose.

Sponsors: *Representatives Fosse, Doglio, Fitzgibbon, Ramel, Reed, Lekanoff, Reeves, Pollet*

STATUS HB: [Passed Senate || 47 to 2](#)

[Governor Signed || Effective Date: 6/6/2024](#)

Retail & Public Safety Bills

1. HB 2390/SB 6200 – Police Vehicular Pursuit

- Establishes procedures for the seizure, impoundment, redemption, and forfeiture of vehicles used in the crime of Attempting to Elude a Police Vehicle.
- Requires one year of community custody, supervised by the Department of Corrections, for a person convicted of Attempting to Elude a Police Vehicle as an adult.
- Requires 18 months of parole for a juvenile convicted of Attempting to Elude a Police Vehicle.
- Gives the court discretion on whether to require an adult or juvenile charged with Attempting to Elude or Resisting Arrest who is being released from custody to be placed on electronic monitoring, instead of requiring electronic monitoring as a condition of release

Sponsors: *Representatives Shavers, Rule; Senators Lovick, Dhingra, Billig, Braun, Conway, Fortunato, Hasegawa, Keiser, Kuderer, Mullet, Torres, Wilson, C., Wilson, L.*

STATUS HB: **DEAD** – House Appropriations Committee

STATUS SB: **DEAD** – Senate Law & Justice Committee

2. I-2113 – Reasonable Police Pursuit

- Restore safe police pursuits for reasonable suspicion that a suspect has violated the law or poses a threat to the safety of others.
- Restores vehicular pursuit options for law enforcement that was taken away through legislation passed in 2021.
- The Initiative would allow pursuit when there is a reasonable suspicion that a person has violated the law or the person poses a threat to the safety of others and the safety risks of failing to apprehend the person are greater than the safety risks of the pursuit.

Sponsors: *Sufficient signatures gathered to send Initiative to the Legislature*

STATUS SB: [Passed the Legislature](#) || [Filed with Secretary of State](#)
[Chapter 6, 2024 Laws](#) || [Effective date 6/6/2024](#)

3. SB 5056 – Habitual Property Offender

- Creates a special allegation for a habitual property offender.
- Requires a person found beyond a reasonable doubt to be a habitual property offender to be sentenced to an additional 24 months in total confinement for a Class B felony, and an additional 12 months for a Class C felony.
- All habitual property offender enhancements are mandatory and must be served in jail.

Sponsors: *Senators Padden, Fortunato, Gildon, Wilson, L.*

STATUS SB: **DEAD** – House Community Safety, Justice & Reentry Committee
Executive Session - Tuesday, February 20 – No Action Taken

4. HB 1800 – Criminal Penalties and Restitution for Graffiti

- Provides that a court may order a person convicted of Malicious Mischief in the third degree or Criminal Street Gang Tagging and Graffiti to complete community restitution in addition to other penalties or instead of incarceration.
- Grants the court discretion to order a person convicted of Malicious Mischief in the third degree or Criminal Street Gang Tagging and Graffiti to pay restitution or to clean up the damage, with prior permission of the legal owner or the agency managing the property..

Substitute Bill:

- Provides that a court may order a person convicted of Malicious Mischief in the third degree or Criminal Street Gang Tagging and Graffiti to complete at least 24 hours of community restitution, pay restitution, or clean up the damage with prior permission of the legal owner or the agency managing the property.

Sponsors: *Representatives Barkis, Donaghy, Eslick, Fey, Barnard, Robertson, Stokesbary, Chambers, Abbarno, Christian, McClintock*

STATUS HB: **DEAD** – Senate Law & Justice Committee

5. HB 2231/SB 6242 – Attracting & Retaining Law Enforcement Officers

- Authorizes cities and counties to impose a sales and use tax credited against the state sales and use tax for the purpose of attracting and retaining law enforcement officers.
- At least 50% of the money received must be used solely for attracting and retaining additional commissioned law enforcement officers. The remaining percentage of the money received may be used for criminal justice purposes.
- Counties and cities are authorized to impose the sales and use tax as follows:
 - Counties and cities with a population of 50,000 or less may impose the sales and use tax beginning January 1, 2025.
 - Counties and cities with a population between 50,000 and 175,000 may impose the sales and use tax beginning January 1, 2027.
 - All remaining counties and cities may impose the sales and use tax beginning January 1, 2029.

Sponsors: *Representatives Walen, Chapman, Hackney, Springer, Goodman; Senators Mullet, Lovick*

STATUS HB: **DEAD** – House Local Government Committee

STATUS SB: **DEAD** – Senate Ways & Means Committee

2023 Priority Bills (NO action yet in 2024)

1. HB 1628 - Highest State REET Tax in America on Properties Over \$5 Million

Original Bill

- Would create a new tier in the state graduated REET Tax that would be the highest REET Tax in America on sales over \$5 million.

- The REET Tax would be 4% of the selling price that is greater than \$5 million, beginning January 1, 2025.
- The REET Tax shall be split as follows:
 - 30% to the Washington housing trust fund created in RCW 43.185.030;
 - 30% to the apple health and homes account created in RCW 43.330.184;
 - 15% to the developmental disabilities trust account created in the bill.
 - 24% to the affordable housing for all account created in RCW 43.185C.190 for operations, maintenance, and service cost for permanent supportive housing as defined in RCW 17 36.70A.030.

Amended Bill

- Allows counties and cities that impose the new real estate excise tax for use on capital construction or acquisition of affordable housing costs of new units to also use tax revenue for infrastructure costs associated with such housing and facilities.
- Allows counties that are not required to plan under the Growth Management Act, but that have chosen to do so, and the cities within those counties, to impose the second 0.25 percent local government real estate excise with councilmanic authority, rather than with voter approval beginning on January 1, 2024.
- Allows revenue from the 1st and 2nd 0.25 percent local government real estate excise tax to be used for any capital projects, maintenance, operations and service support for existing projects.

Amendment in House Finance Committee HB 1628 (H-1928.3/23):

- Beginning January 1, 2025, increases the “ceiling” for the Tier 1 1.1% state REET tax from \$525K to \$750K. As a result, Tier 2 (1.28%) will be \$750K to \$1.525M.
- Beginning January 1, 2025, increases the state REET rate for Tier 4 (selling price over \$3.025M) from 3% to 3.5% except for commercial property. Commercial property will pay 3% on selling price over \$3.025M through December 31, 2026. The new 3.5% will take effect for commercial property beginning January 1, 2027.
- Removes the creation of Tier 5 for selling prices above \$5M.
- Provides a definition for “Commercial property”
- Replaces increment calculation for distributions of revenues with a new percentage calculation to all accounts.
- Requires at least \$5M per fiscal year of the state REET revenues deposited into the Washington House Trust Fund be used for farmworker housing.
- Additional directions for the use of moneys in the Developmental Disabilities Housing and Services Account are added.

Talking Points:

- Would create a new tier in the state graduated REET Tax that would be the **highest State REET Tax in America** on sales over \$5 million.
- Costs are already increasing for small housing providers, this will create even more burden on these small businesses and will lead to less housing.

- Increased REET Taxes will discourage housing investment and development in Washington State, increasing rents, and worsening our housing crisis.
- WA is becoming less desirable and less competitive for real estate investment. There are 15 states that do not charge real estate excise or transfer taxes at all. In addition, WA is one of 23 states that also allow a local option real estate excise or transfer tax on top of that. The higher our WA fees, the more likely to drive investment to other states.
- Commercial real estate has taken a lot of financial hits during the pandemic and is still recovering, enacting the nation's highest REET tax would not allow that recovery.
- With many companies still not back to work in the office, adding this extreme REET tax to commercial properties will only exacerbate that problem.
- Higher taxes and increased administrative burden have proven to consistently drive real estate investment out of the market and likely increase rental prices.

Sponsors: *Representatives: Chopp, Macri, Peterson, Alvarado, Taylor, Reed, Pollet, Lekanoff, Fitzgibbon, Berg, Riccelli, Davis, Street, Ramel, Duerr, Senn, Doglio, Cortes, Stonier, Gregerson, Mena, Berry, Fosse, Goodman, Bergquist, Slatter, Ormsby, Thai, Farivar, Simmons, Wylie*

STATUS HB: **DEAD** – House Rules "X" file

2. HB 1404/SB 5117 – Reforms to Building Code Council

- Reforms the State Building Code Council.
- This bill would look at trying to reform the board, define its authority and create legislative oversight.

Sponsors: *Representatives Goehner, Chapman, Corry, Jacobsen, Griffey, Rude, Couture, Christian, Cheney, Barkis, Stokesbary, Barnard; Senators Wilson, L., Braun, Dozier, Fortunato, Gildon, King, MacEwen, McCune, Short, Warnick*

STATUS HB: **DEAD** – House Local Government Committee

STATUS SB: **DEAD** – Senate State Government & Elections Committee

3. SB 5037 – Natural Gas/Energy Code

- The Washington state energy code may not prohibit the use of natural gas for any form of heating, or for uses related to any appliance, in any building.
- Requires a vote of the people for their adoption and ratification, or rejection, at the next general election.

Sponsors: *Senators Wilson, L., MacEwen, Braun, Dozier, Fortunato, McCune, Muzzall, Schoesler, Short, Torres, Van De Wege, Wagoner, Warnick*

STATUS SB: **DEAD** – Senate Environment, Energy & Technology Committee

4. SB 5057 – Energy Standards/Commercial

Original Bill

- Delays by two years the Tier 1 covered buildings reporting schedule required to comply with the State Energy Performance Standard (Standard).
- Delays by two years the Tier 2 covered buildings rulemaking and reporting requirements for state energy management and benchmarking.
- Creates a work group, convened by the Washington State University Energy Program with assistance from the State Energy Office, to report on the financial impacts to state-owned buildings required to comply with the Standard; and make specific recommendations to the Legislature regarding energy efficiency in the building sector.

Amended Bill

- Delays by one year the Tier 1 covered buildings energy use intensity target reporting schedule required to comply with the State Energy Performance Standard (Standard).
- Creates a work group, convened by Commerce, to report on the financial impacts to all Tier 1 covered buildings required to comply with the Standard.
- Requires the work group report on financial impacts to apply to all Tier 1 rather than only state-owned buildings, schools, and colleges.
- Adds to the work group one representative each from health care, local government, and an organization representing privately owned Tier buildings.
- Provides that starting July 1, 2023, a building owner may apply for a financial hardship exemption three years in advance of each compliance requirement.
- Clarifies that an exemption under the standard is for a five-year compliance period.
- Makes specific recommendations to the Legislature regarding energy efficiency in the building sector.

Sponsors: *Senators: Mullet, Schoesler, Gildon, Short, Torres, Van De Wege, Wellman, Wilson, L.*

STATUS SB: **DEAD** – Senate Rules "X" file

5. HB 1391 – Energy in Buildings

Original Bill

- Directs Commerce to contract with one or more administrators to establish a Statewide Building Energy Upgrade Navigator Program (Navigator Program) by March 1, 2024.
- Requires the administrator(s) of the Navigator Program to provide outreach and deliver energy services to residences, commercial buildings under 20,000 square feet, and multifamily buildings, and to develop community workforce agreements.
- Requires Commerce, by December 2023, to convene a technical advisory group to provide ongoing guidance to the Navigator Program, and to report to the Legislature.

Amended Bill

- Adds that the Navigator Program must be aligned with programs and funding authorized under the federal Infrastructure Investment and Jobs Act in addition to the federal Inflation Reduction Act.
- Clarifies that the administrator is not required to provide weatherization as part of providing energy efficiency services.
- Clarifies additional language, including that the Navigator Program must provide resources for renters.
- Removes a remaining reference to community workforce agreements.

Second Substitute

- Directs the Department of Commerce to contract with one or more administrators to establish a Statewide Building Energy Upgrade Navigator Program (Navigator Program) by March 1, 2024.
- Requires the administrator(s) to align the Navigator Program with programs and funding under the federal Inflation Reduction Act and the federal Infrastructure Investment and Jobs Act, provide outreach, and deliver energy services to residential building owners and renters, owners of commercial buildings under 20,000 square feet, and owners and occupants of single-family and multifamily buildings.
- Requires Commerce to convene a technical advisory group to provide ongoing guidance to the Navigator Program by December 2023, and to report to the Legislature.

Sponsors: *Representatives Ramel, Doglio, Duerr, Berry, Pollet, Reed*

STATUS HB: **DEAD** – Senate Ways & Means Committee

