



## 2023 Washington Legislative Session Wrap-up

The Washington State Legislature adjourned in late April after reaching budget agreements for general government operating, capital construction and transportation spending. However, the legislature failed to pass a permanent fix to drug possession laws. Gov. Jay Inslee called a special session which begins on May 16 to address the issue or else possession of any illegal drug is decriminalized statewide effective July 1.

### **Gubernatorial Politics – Gov. Inslee Not Running for Re-Election**

Gov. Jay Inslee announced he will not seek a fourth term in 2024. Most known for his commitment to environmental and climate change policies, Inslee believes he's accomplished what he set out to do when he first ran in 2012.

Immediately the political musical chairs were put into motion. Three-term Democrat Attorney General Bob Ferguson announced the formation of an exploratory committee as a prelude to his gubernatorial run. State Lands Commissioner Democrat Hilary Franz has announced her candidacy. Democrat State Sen. Mark Mullet, a moderate Democrat, will announce his candidacy on June 1. It is highly doubtful that a well-known Republican will enter the race so with the state's top-two election system there is a chance that two Democrats will advance to the general election.

### **Major Legislative Issues for IIABW**

#### **Survey Fine Refunds and Regulatory Action Expungement – [HB 1266](#)**

Over the past two years the OIC conducted a survey of producers asking if they charge fees to customers and if appropriate disclosure has been used. Nowhere in the OIC's notice did it say a response was required or failure to respond would lead to regulatory actions taken against the producer. The survey was only conducted by email and no follow up postal mail was sent.

However, the OIC began fining producers and placing on producers' records penalties for failure to respond to the OIC. Over 340 agencies were fined, and regulatory actions taken against their records. In one instance, a producer had his license suspended, resulting in commissions being withheld by an insurer.

Working together with Rep. Sharon Tomiko Santos (D-Seattle), IIABW played a critical role in the passage of legislation mandating that the OIC establish a process for producers to have their record expunged of the regulatory actions and to obtain refunds of fines that were paid. The law also set standards for the OIC to follow when surveying producers.

#### **Risk Mitigation - [SB 5720](#)**

Legislation passed that allows commercial property insurance policies to provide up to \$7,500, or 10 percent of the annual policy premium, whichever is greater, per 12-month period in risk mitigation goods and services.

#### **Extraordinary Life Circumstances - [HB 1811](#)**

Legislation died that required insurers to provide reasonable exceptions to their personal insurance rates and underwriting rules when a consumer's credit history is negatively impacted by specific events such as a serious illness or loss of job.

#### **Declaration Page - [SB 5053](#)**

Legislation died that requires a statement to be included on the declarations page of residential insurance policies regarding sublimits of coverage.

#### **Pet Insurance - [SB 5319](#)**

Legislation passed that establishes new requirements for selling and issuing pet insurance, including providing disclosures to customers. SB 5319 prohibits certain marketing practices for pet wellness programs and requires pet insurers and insurance producers to be licensed and receive appropriate training before selling, soliciting, or negotiating a pet insurance product.

#### **Contractor Bonds - [HB 1534](#)**

Legislation passed that increases required bond amounts for contractor registration from \$12,000 to \$30,000 for general contractors and from \$6,000 to \$15,000 for specialty contractors.

#### **Major Legislative Issues from the 2023 Session**

Among the issues that lawmakers dealt with throughout the session, these six stand out:

- **Reproductive Health and Privacy:** The top priority for Democrats, the legislature acted on several bills that evolved from backlash to the Supreme Court's Dobbs decision. The most significant bill increases consumer protections around collecting, sharing and selling consumer health data, including data collected by apps, websites and organizations. Other bills passed shield abortion and gender-affirming care patients and providers from prosecution by out-of-state authorities and prevents cooperation with investigations; establishing protections for healthcare providers in Washington from disciplinary action for providing legal abortion and gender-affirming care in Washington; and increase equitable access to abortion care by eliminating cost-sharing for abortions.
- **Housing Scores High Marks:** For years it has been an uphill battle for homebuilders and realtors to make serious inroads with Democrats on residential housing – until this session. One bill after another is headed to Gov. Inslee for signature and when taken collectively will move the meter in getting housing supply to market quicker and less expensively. The wins covered the territory: permitting reform for residential construction and major environmental (SEPA) permits, middle housing, housing design review standards, ADUs and condominium liability reform.
- **No General Tax Increases:** With state tax revenues on solid footing, there was no real need to increase taxes. Nevertheless, a broad number of Democrats supported two tax bills that had traction until the final days of the session: one that raised the tax rate on the state's Real Estate Excise Tax that's paid at closing of a property sale and the other that increased the local government annual property tax cap from 1% to 3%.
- **Organized Labor Wins Big:** Among all special interests most closely tied to Democrats, none scored as well as organized labor. The major victory was passage of an ergonomic bill that gives the state Labor and Industries authority to review various industries practices associated with repetitive injuries. But the victories seem countless: prohibiting employers from using pre-employment cannabis testing to discriminate against prospective employees; a nurse staffing agreement that is overweighted toward nurses rather than creating some equal footing with

hospitals/employers; allowing an injured worker to make an audio and video recording of an independent medical examination; and requiring large warehouses to post and provide access to information about quotas and work speeds data.

- **Gun Safety Moves Forward:** Heading into session, Democrats promised to address gun violence. The legislature passed three measures that Inslee has signed into law: an assault weapons ban; mandating new gun owners to complete a training course on how to safely store and manage guns and understand self-defense laws; and clarifying legal liabilities for gun manufacturers who allow straw purchases, sell guns to people prohibited from buying guns, or market to children.
- **Drug Possession Decriminalization Creates Chaos:** Two years ago, the Supreme Court ruled that drug possession laws were unconstitutional. This created a wild scramble that led legislators in 2021 to treat drug possession as misdemeanor with the law expiring on July 1. With the clock ticking, on the night of adjournment the legislature was unable to pass a permanent fix to avoid complete drug decriminalization in just a couple of months.

### **Budgets Passed**

The legislature passed a \$70 billion two-year budget that the majority party says bolsters issues that are driven by ‘Democratic values’ around public education, behavioral health, safety net services, climate change and environmental protections.

Beyond carry-forward expenditures from the 2021-2023 budget, new investments include pay raises and COLA increased for teachers and state employees; increases to the state student loan program; a major infusion of funds for behavioral health programs, services and associated provider rate increases; clean energy siting and permitting and local government climate planning.

Lawmakers approved a \$14 billion transportation budget that spends additional funds on major highway construction projects already under way, procurement of new ferries and climate-focused projects. The budget commits additional funding to address a court-mandated fix to restoring culverts for fish passage and water quality. Additionally, the legislature approved tolling authority to help fund the Columbia River Crossing project, the replacement bridge on I-5 that runs between Vancouver and Portland.

The legislature passed an \$9 billion capital budget that dedicates record-setting spending in affordable housing and makes major investments in behavioral health and school construction. Just as was done in the operating and transportation budgets, the capital budget directs revenues generated from cap-and-trade carbon markets (known as the Climate Commitment Act) into numerous infrastructure projects that focus on addressing climate change.