

2024 Legislative Session Recap



Washington state’s 2024 legislative session was a relatively subdued and straightforward year in comparison to recent history and saw modest adjustments to spending levels and a fair amount of bipartisan cooperation. The 60-day sprint that wrapped up on March 7th had plenty of issues under debate with some major caucus priorities ultimately failing to get across the finish line.

Credit unions had a successful session advancing key priorities while also having a tremendous opportunity to further educate lawmakers on their great work in financial education, housing, and other areas. We were also able to successfully influence a number of problematic bills.

Thank you to the many credit union advocates who in one way or another ensured success this year. Whether that be by attending the Day at the Capitol, providing feedback on the real-world implications of proposed policies, serving on an advocacy committee, or even keeping an eye on the happenings via the Advocacy Blog, it all matters.



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2024 Agenda: Credit Union Goals and Results



Goal:

Continue efforts to address sales tax issue on Digital Automated Services

GoWest continued negotiations with the Department of Revenue (DOR) throughout 2023 and into the 2024 legislative session as the agency concurrently advanced internal recommendations that could address some of the current disagreements.

While an agreed upon solution was not completed in time for this session, GoWest and DOR have already resumed negotiations with DOR now set to present internal recommendations to us in the coming months.

GoWest will continue working with legislative fiscal leaders keeping multiple options active and viable moving forward.

Result: While there was no final solution, we continued to make progress toward addressing this area of significant concern and are executing a plan to move forward in the coming months.



Goal:

Lay groundwork for a digital lien and titling program

The Department of Licensing (DOL) has not advanced this work for years, despite recognizing the issues and challenges with the current system.

Result: GoWest **developed and successfully passed a proviso in the 2024 transportation budget** that directs DOL to do the due diligence, review, analysis, and ultimately make a recommendation back to the Legislature on the statutory, regulatory, and budgetary changes needed to implement it.

This step ensures that lawmakers have everything they need to take the final step and break a logjam in moving this work forward. This approach also provides credit unions with the opportunity to be actively involved in the study and analysis process as it moves forward



Goal:

Ensure consumer lending and other bills do not have unintended consequences

Engagement and direct action by GoWest on a variety of bills prior to and during session allowed us to influence multiple bills that would have presented challenges or significant concerns.

Result: GoWest secured amendments or otherwise influenced certain proposals that were not ready for primetime and required additional discussions outside of session.

GoWest engaged on the issues identified in the 2024 Washington Credit Union Legislative agenda detailed above and went beyond those by addressing other emerging bills of importance, some of which are detailed below. Overall, some bills passed with credit union-recommended amendments to address our concerns and others did not move forward at all after GoWest highlighted concerns.

2024 Legislative Session by the Numbers – the Year of 3's

| | | | | |
|--------------|------------------------------------|---|--|--|
| 379 | 3.1% | 3 | 3,779 | 3 |
| bills passed | increase in state operating budget | citizen initiatives passed by Legislature | total bills introduced during the 2023-24 biennium | number of sitting state legislators running for Congress |

Key issues influenced



Special deposits get special attention

The Uniform Law Commission introduced model legislation, SB 5801, to create a new account type to address a specific issue, including protecting security deposits of large commercial tenants when developers enter foreclosure proceedings. There are certainly other applications but upon review GoWest had multiple concerns not about the intent but the approach and drafting. Uniform Law Commission bill language goes through extensive review by a panel of experts; however, Washington was the first state where this concept was introduced and therefore required extra analysis and engagement.

After meeting with legislators and Uniform Law Commission representatives **GoWest secured an amendment** that provides critically important clarity that this new option does not displace the current method financial institutions have to handle these types of situations.

GoWest would still advise any credit union considering utilizing this account type to assess fully with legal counsel. The bill requires parties to explicitly opt-in so after securing the most important amendment we did not pursue additional changes.



Plain language can also be vague language

Lawmakers from both sides of the aisle introduced multiple bills (SB 6081 and SB 5855) aimed at requiring “plain language” standards for consumer contracts and user agreements.

While credit unions recognize the importance and value of consumers fully understanding the contracts they are entering, as drafted we had significant concerns with the:

1. lack of objective definitions in both bills,
2. unachievable and costly implementation processes and timelines, and
3. disregard for existing federal and state regulations and requirements that influence and impact the ability to comply with these items.

GoWest secured an exemption for financial institutions from one bill and was pursuing that on the other before it became clear it would not move forward because of those previously stated concerns.

Lawmakers appreciated the feedback and productive engagement highlighting the complexity of this topic and will seek to work with credit unions to secure feedback and perspective in future discussions.



Abolishing data sharing not intended but would have been a result

GoWest quickly identified a highly concerning proposal in HB 2149, which intended to stop retailers from gathering personal data at the point of sale and selling to other entities. However, the language in the bill itself was much broader than that and would have significantly impacted a large range of industries and transactions.

GoWest connected with the sponsor immediately and provided information on the potential consequences and challenges and confirmed financial institutions were not the intended target. Ironically, the state data privacy law that has been under consideration since 2019 would address the same issue without problematic concerns.

The sponsor has committed to working with GoWest on the topic moving forward as the bill did not advance.



Financial education...will be discussed again next year

After years of reluctance state lawmakers re-ignited a conversation about making financial education a high school graduation requirement and ensuring it was taught throughout K-12 schools.

HB 1915 cleared the state House unanimously with the strong support of Washington’s credit unions before the Senate education chair removed the graduation requirement part from the bill.

In addition to active support and having credit union representatives talk to their legislators about it at Credit Union Day at the Capitol, GoWest worked with legislative leaders and the Treasurer’s office in the waning days of session to find common ground, but none was to be had.

While disappointing, we will work with lawmakers during the upcoming interim to help bridge that divide. Given the extended implementation it is still well within the realm of possibility that this bill could pass during the 2025 session and maintain the original timeline contemplated in this year’s bill.



Regardless of the outcome of this particular bill, Washington lawmakers have a much better understanding of the great work so many Washington credit unions are already doing to educate students on financial issues in the state and recognize they need to do their part.”

Other items of note

SB 5838 (passed) - Creates a task force to assess current uses of artificial intelligence by both public and private sector entities and recommend standards and regulation to the Legislature.

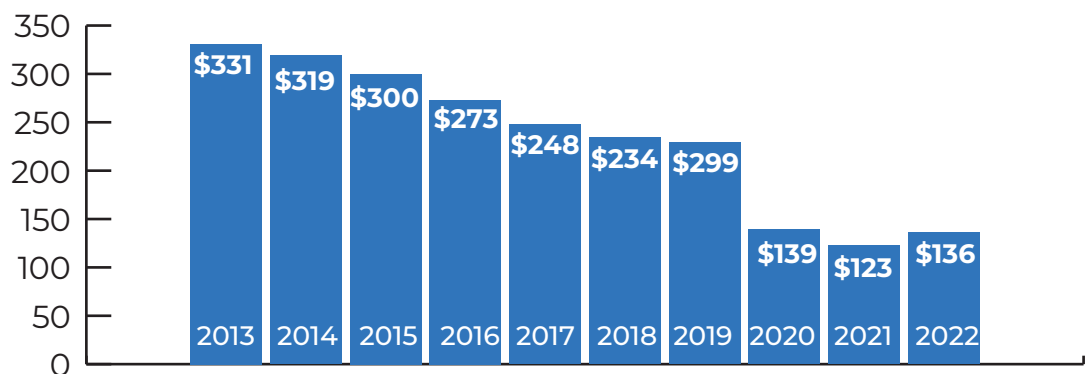
While the main task force will be limited in participation and focused on a broad discussion, which GoWest preferred to original proposals, credit unions may engage if a financial services subcommittee is established.

SB 6069 (passed) - Creates the Washington Saves Program to require certain employers that do not provide retirement savings options to participate in a state-run retirement program like what has been in place, albeit with mixed results, in Oregon.

SB 6025 (passed) - Closes a potential loophole in the Consumer Loan Act that has seen online companies partnering with out-of-state banks (generally from Utah) to circumvent Washington lending laws especially surrounding interest rate caps and ensures the Department of Financial Institutions has the tools it needs to assess and enforce violations.

HB 2083 (failed) - Would have overhauled the state’s payday lending laws moving from a fee-based system to a standard interest rate, which would significantly reduce maximum charges. The bill did not advance from committee. While payday lending volumes have been dramatically reducing over the last ten years, we expect the topic to resurface again next year.

Payday Loans Made in Washington in millions



HB 2081 (failed) – Would have regulated a relatively new product known as a home equity sharing agreement which sees a homeowner sell an investor interest in their property. While payment-free up-front cash is attractive to some consumers, the result has seen people lose significant sums of money as homes increase in value. The bill did not advance but more research and analysis are planned, and the topic should come up again next year as more companies enter this space.

SB 5570 (failed) – would have created a residential home energy revolving loan fund to be deployed through utility providers. While GoWest did not weigh in on the general concept we ensured that these potential loans would not receive priority lien status as requested by utility providers both to protect the primary position of the lender and especially given the fact that the state would be backing the loans.

SB 6136 (failed) – Would have required property owners to report rental payments to credit bureaus. GoWest did not weigh in on that element and generally appreciates the goal of helping more consumers build credit through their existing payments channels. We provided technical feedback and perspective to bill proponents along the way to help avoid issues.

However, as proposed the legislation would have only included reporting of successful payments, but not missed payments, which would have presented some legal and logistical challenges to consumers, lenders, and maybe most significantly landlords furnishing incomplete information.

Budget Matters

The most important piece of work lawmakers tackle any given year is keeping state operations funded by putting in place an operating budget. This is also coupled with infrastructure budgets for capital and transportation projects.

By recent standards 2024 saw the most truly “supplemental” budget in recent history without major changes.

While the budget passed on a party-line vote in the House, it did receive bipartisan support in the Senate passing by a 39-8 margin with the majority of Senate Republicans joining in support.

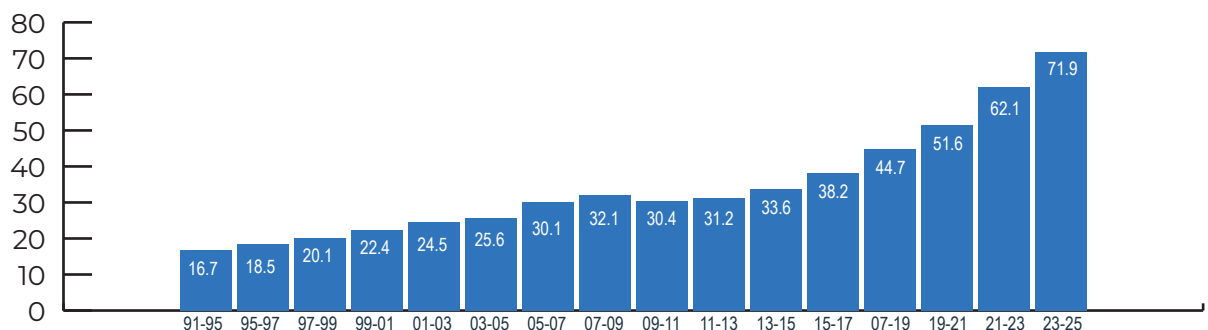
In alignment with the operating budget priorities the capital infrastructure budget focused on building behavioral health treatment facilities and affordable housing, while the transportation budget prioritized investments in the state ferry system which has been facing significant challenges in recent years.

While the single-year spending increase remains relatively muted, it does continue an overall long-term trend that has seen state spending rapidly increase in recent years. For reference, when accounting for this year’s changes, we see a 16% increase in the current budget cycle (2023-25) over the previous (2021-23) compared to an average of 10% growth budget-to-budget over the previous few decades.

Priorities for legislators included:

- 1 Mental health treatment
- 2 Public Safety
- 3 Health care
- 4 K-12 Education

Operating Budget in Billions by years



Taking initiative

While Washington citizens have had the opportunity to present citizen-led initiatives to the Legislature for more than 100 years, prior to this year lawmakers have only directly approved six of them.

In the 2024 session alone the Legislature approved three citizen initiatives to the Legislature, while not acting on three others that will go directly to the ballot.

As a reminder, all six of the initiatives this year were driven by conservative organizations seeking to roll back recent priorities of majority Democrats.

The Legislature held hearings on and passed into law:

- Initiative 2111 prohibits the state or any municipalities from adopting an income tax.
- Initiative 2081 addresses parental rights when it comes to information from their child's school.
- Initiative 2113 modifies the criteria used when police can pursue a suspect in response to limits put in place in 2022.

Three other initiatives saw no action and will now be included on the November 2024 ballot for state voters to decide. They include:

- Initiative 2117 that would repeal the Climate Commitment Act.
- Initiative 2109 that would repeal the state capital gains tax.
- Initiative 2124 which would make the state's Long Term Care program optional instead of mandatory.

Expect to hear a great deal about each of those remaining initiatives from organized campaigns in support and opposition heading into November.

Credit union advocates make impact at the Capitol

Nearly 200 advocates visited Olympia in January to hold 93 meetings with state lawmakers and share the great work credit unions do every day to serve their members and meet the needs of local communities.

Whether it was to build a new or enhance an existing relationship, Washington lawmakers now have more information on the critical work and priorities of Washington credit unions and will look forward to continuing hearing from you in the future.

Thank you to everyone who made the trip – these events are incredibly valuable to our ability to advance credit union priorities and we recognize that the time away from doing your daily work is a significant contribution and commitment.



High legislator turnover not slowing down

While there are likely more retirement announcements to come, other officials that may win a new statewide or federal office, or lose in the upcoming election, turnover remains significant due to already made announcements. This is coupled by a March court decision that changes the legislative district boundary maps in response to a Voting Rights Act claim. While there are too many to document here, below are a few key changes relevant to credit unions.



Senate Majority Leader Andy Billig, D-Spokane, has been incredibly supportive of credit union priorities working to help advance major initiatives in the Senate. He will step down after serving in the Legislature since 2010 and as the top-ranking Senate official since 2019.



Part of being a good leader is knowing when it is time to step aside and let others lead. I have been incredibly lucky to have served Spokane in the Legislature and fortunate to have the strong support of my family and so many friends and neighbors throughout our community."



Sen. Lynda Wilson, R-Vancouver, championed credit union issues over multiple years drawing on her experience as a former credit union employee even when that meant standing up to the rest of her caucus. Sen. Wilson will retire after ten years in the Legislature, mostly in the Senate.



We had one grandchild when I ran for office the first time, now we have six. I'm coming up on being cancer-free for five years. We have a family business that is transitioning into the third generation and I want to be more involved in the process. Part of me doesn't want to go, because there are more things needing to be done, but the other part knows it's a good time to step away."



Rep. J.T. Wilcox R-Yelm, stepped down as head of the House Republican Caucus last year ahead of this year, his final in office, after 14 years in the Legislature. While credit unions and the House Republican Caucus did not always agree on policy objectives, Wilcox was always transparent and accessible and consistently engaged with credit union advocates and often praised the work of credit unions.



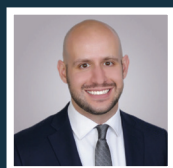
Sen. Mark Mullet, D-Issaquah, is currently running for governor and regardless of the outcome will see his decade plus service in the Senate come to an end. Mullet served as ranking member and chair of the Senate Financial Services Committee over several years and was directly involved in advancing multiple credit union priority bills and received the 2023 Community Impact Award from Washington's Credit Unions.



Rep. Frank Chopp, D-Seattle, served as Speaker of the House from 1999 until 2019, and was a staunch advocate and proud credit union member believing strongly in the not-for-profit cooperative structure. During that time, he ensured many credit union priorities advanced quickly through the House with significant support from his caucus.

What lies ahead

With the end of the 2024 legislative session lawmakers now turn their attention to a major election year that will see most legislative seats on the ballot alongside statewide and national elections. Credit unions will engage in that process and also continue ongoing legislative work as well as plan for future initiative



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