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**HOUSE BILL 1735**

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**State of Washington**

**68th Legislature**

**2023 Regular Session**

**By** Representatives Lekanoff and Fitzgibbon

1 AN ACT Relating to adding net ecological gain as a voluntary  
2 element of comprehensive plans adopted under the growth management  
3 act; amending RCW 36.70A.080, 36.70A.030, and 43.88.090; adding new  
4 sections to chapter 36.70A RCW; adding new sections to chapter 77.04  
5 RCW; and creating a new section.

6 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF WASHINGTON:

7 NEW SECTION. **Sec. 1.** Washington state is invested in climate  
8 change, carbon reduction, and clean fuel standards, thus reducing  
9 carbon emissions and investing in renewable energy. Climate change  
10 comes with a large toolbox of responses, from prevention to  
11 adaptation and mitigation. While the state is focused on reducing  
12 carbon emissions, the state can also invest in restoring habitat to  
13 absorb the carbon that exists today and may exist in the future due  
14 to unforeseen circumstances. Investment in net ecological gain for  
15 local and state infrastructure projects in urban and rural areas  
16 enhances the habitat needed to absorb unforeseen carbon and restores  
17 a healthy ecosystem for salmon biomes. The state can also recognize  
18 that investment in an entire biome is an approach to addressing a  
19 biodiversity approach to recovering an entire environment and natural  
20 resources up and down river, through watersheds and into land areas.  
21 Net ecological gain is a commonsense approach for infrastructure and

1 building projects that simply provides additional habitat to a  
2 location and results in an environmentally healthy place for natural  
3 resources and humans.

4 **Sec. 2.** RCW 36.70A.080 and 2011 c 318 s 801 are each amended to  
5 read as follows:

6 (1) A comprehensive plan may include additional elements, items,  
7 or studies dealing with other subjects relating to the physical  
8 development within its jurisdiction, including, but not limited to:

- 9 (a) Conservation;
- 10 (b) Solar energy; (~~and~~)
- 11 (c) Recreation; and
- 12 (d) Net ecological gain.

13 (2) A comprehensive plan may include, where appropriate, subarea  
14 plans, each of which is consistent with the comprehensive plan.

15 (3)(a) Cities that qualify as a receiving city may adopt a  
16 comprehensive plan element and associated development regulations  
17 that apply within receiving areas under chapter 39.108 RCW.

18 (b) For purposes of this subsection, the terms "receiving city"  
19 and "receiving area" have the same meanings as provided in RCW  
20 39.108.010.

21 **Sec. 3.** RCW 36.70A.030 and 2021 c 254 s 6 are each amended to  
22 read as follows:

23 Unless the context clearly requires otherwise, the definitions in  
24 this section apply throughout this chapter.

25 (1) "Adopt a comprehensive land use plan" means to enact a new  
26 comprehensive land use plan or to update an existing comprehensive  
27 land use plan.

28 (2) "Affordable housing" means, unless the context clearly  
29 indicates otherwise, residential housing whose monthly costs,  
30 including utilities other than telephone, do not exceed (~~(thirty)~~) 30  
31 percent of the monthly income of a household whose income is:

32 (a) For rental housing, (~~(sixty)~~) 60 percent of the median  
33 household income adjusted for household size, for the county where  
34 the household is located, as reported by the United States department  
35 of housing and urban development; or

36 (b) For owner-occupied housing, (~~(eighty)~~) 80 percent of the  
37 median household income adjusted for household size, for the county

1 where the household is located, as reported by the United States  
2 department of housing and urban development.

3 (3) "Agricultural land" means land primarily devoted to the  
4 commercial production of horticultural, viticultural, floricultural,  
5 dairy, apiary, vegetable, or animal products or of berries, grain,  
6 hay, straw, turf, seed, Christmas trees not subject to the excise tax  
7 imposed by RCW 84.33.100 through 84.33.140, finfish in upland  
8 hatcheries, or livestock, and that has long-term commercial  
9 significance for agricultural production.

10 (4) "City" means any city or town, including a code city.

11 (5) "Comprehensive land use plan," "comprehensive plan," or  
12 "plan" means a generalized coordinated land use policy statement of  
13 the governing body of a county or city that is adopted pursuant to  
14 this chapter.

15 (6) "Critical areas" include the following areas and ecosystems:  
16 (a) Wetlands; (b) areas with a critical recharging effect on aquifers  
17 used for potable water; (c) fish and wildlife habitat conservation  
18 areas; (d) frequently flooded areas; and (e) geologically hazardous  
19 areas. "Fish and wildlife habitat conservation areas" does not  
20 include such artificial features or constructs as irrigation delivery  
21 systems, irrigation infrastructure, irrigation canals, or drainage  
22 ditches that lie within the boundaries of and are maintained by a  
23 port district or an irrigation district or company.

24 (7) "Department" means the department of commerce.

25 (8) "Development regulations" or "regulation" means the controls  
26 placed on development or land use activities by a county or city,  
27 including, but not limited to, zoning ordinances, critical areas  
28 ordinances, shoreline master programs, official controls, planned  
29 unit development ordinances, subdivision ordinances, and binding site  
30 plan ordinances together with any amendments thereto. A development  
31 regulation does not include a decision to approve a project permit  
32 application, as defined in RCW 36.70B.020, even though the decision  
33 may be expressed in a resolution or ordinance of the legislative body  
34 of the county or city.

35 (9) "Emergency housing" means temporary indoor accommodations for  
36 individuals or families who are homeless or at imminent risk of  
37 becoming homeless that is intended to address the basic health, food,  
38 clothing, and personal hygiene needs of individuals or families.  
39 Emergency housing may or may not require occupants to enter into a  
40 lease or an occupancy agreement.

1 (10) "Emergency shelter" means a facility that provides a  
2 temporary shelter for individuals or families who are currently  
3 homeless. Emergency shelter may not require occupants to enter into a  
4 lease or an occupancy agreement. Emergency shelter facilities may  
5 include day and warming centers that do not provide overnight  
6 accommodations.

7 (11) "Extremely low-income household" means a single person,  
8 family, or unrelated persons living together whose adjusted income is  
9 at or below (~~thirty~~) 30 percent of the median household income  
10 adjusted for household size, for the county where the household is  
11 located, as reported by the United States department of housing and  
12 urban development.

13 (12) "Forestland" means land primarily devoted to growing trees  
14 for long-term commercial timber production on land that can be  
15 economically and practically managed for such production, including  
16 Christmas trees subject to the excise tax imposed under RCW 84.33.100  
17 through 84.33.140, and that has long-term commercial significance. In  
18 determining whether forestland is primarily devoted to growing trees  
19 for long-term commercial timber production on land that can be  
20 economically and practically managed for such production, the  
21 following factors shall be considered: (a) The proximity of the land  
22 to urban, suburban, and rural settlements; (b) surrounding parcel  
23 size and the compatibility and intensity of adjacent and nearby land  
24 uses; (c) long-term local economic conditions that affect the ability  
25 to manage for timber production; and (d) the availability of public  
26 facilities and services conducive to conversion of forestland to  
27 other uses.

28 (13) "Freight rail dependent uses" means buildings and other  
29 infrastructure that are used in the fabrication, processing, storage,  
30 and transport of goods where the use is dependent on and makes use of  
31 an adjacent short line railroad. Such facilities are both urban and  
32 rural development for purposes of this chapter. "Freight rail  
33 dependent uses" does not include buildings and other infrastructure  
34 that are used in the fabrication, processing, storage, and transport  
35 of coal, liquefied natural gas, or "crude oil" as defined in RCW  
36 90.56.010.

37 (14) "Geologically hazardous areas" means areas that because of  
38 their susceptibility to erosion, sliding, earthquake, or other  
39 geological events, are not suited to the siting of commercial,

1 residential, or industrial development consistent with public health  
2 or safety concerns.

3 (15) "Long-term commercial significance" includes the growing  
4 capacity, productivity, and soil composition of the land for long-  
5 term commercial production, in consideration with the land's  
6 proximity to population areas, and the possibility of more intense  
7 uses of the land.

8 (16) "Low-income household" means a single person, family, or  
9 unrelated persons living together whose adjusted income is at or  
10 below eighty percent of the median household income adjusted for  
11 household size, for the county where the household is located, as  
12 reported by the United States department of housing and urban  
13 development.

14 (17) "Minerals" include gravel, sand, and valuable metallic  
15 substances.

16 (18) "Moderate-income household" means a single person, family,  
17 or unrelated persons living together whose adjusted income is at or  
18 below 120 percent of the median household income adjusted for  
19 household size, for the county where the household is located, as  
20 reported by the United States department of housing and urban  
21 development.

22 (19) "Net ecological gain" means improvement over current  
23 conditions in ecological functions and values that support  
24 biodiversity and resiliency of native plant, animal, and fungi  
25 species; water quality and quantity; air quality and food security  
26 for all species. Improvement is at a cumulative scale that can be  
27 incrementally implemented through site-specific actions, with any  
28 short-term loss of those functions and values being more than offset  
29 by overall ecological gains.

30 (20) "Permanent supportive housing" is subsidized, leased housing  
31 with no limit on length of stay that prioritizes people who need  
32 comprehensive support services to retain tenancy and utilizes  
33 admissions practices designed to use lower barriers to entry than  
34 would be typical for other subsidized or unsubsidized rental housing,  
35 especially related to rental history, criminal history, and personal  
36 behaviors. Permanent supportive housing is paired with on-site or  
37 off-site voluntary services designed to support a person living with  
38 a complex and disabling behavioral health or physical health  
39 condition who was experiencing homelessness or was at imminent risk  
40 of homelessness prior to moving into housing to retain their housing

1 and be a successful tenant in a housing arrangement, improve the  
2 resident's health status, and connect the resident of the housing  
3 with community-based health care, treatment, or employment services.  
4 Permanent supportive housing is subject to all of the rights and  
5 responsibilities defined in chapter 59.18 RCW.

6 ~~((20))~~ (21) "Public facilities" include streets, roads,  
7 highways, sidewalks, street and road lighting systems, traffic  
8 signals, domestic water systems, storm and sanitary sewer systems,  
9 parks and recreational facilities, and schools.

10 ~~((21))~~ (22) "Public services" include fire protection and  
11 suppression, law enforcement, public health, education, recreation,  
12 environmental protection, and other governmental services.

13 ~~((22))~~ (23) "Recreational land" means land so designated under  
14 RCW 36.70A.1701 and that, immediately prior to this designation, was  
15 designated as agricultural land of long-term commercial significance  
16 under RCW 36.70A.170. Recreational land must have playing fields and  
17 supporting facilities existing before July 1, 2004, for sports played  
18 on grass playing fields.

19 ~~((23))~~ (24) "Rural character" refers to the patterns of land  
20 use and development established by a county in the rural element of  
21 its comprehensive plan:

22 (a) In which open space, the natural landscape, and vegetation  
23 predominate over the built environment;

24 (b) That foster traditional rural lifestyles, rural-based  
25 economies, and opportunities to both live and work in rural areas;

26 (c) That provide visual landscapes that are traditionally found  
27 in rural areas and communities;

28 (d) That are compatible with the use of the land by wildlife and  
29 for fish and wildlife habitat;

30 (e) That reduce the inappropriate conversion of undeveloped land  
31 into sprawling, low-density development;

32 (f) That generally do not require the extension of urban  
33 governmental services; and

34 (g) That are consistent with the protection of natural surface  
35 water flows and groundwater and surface water recharge and discharge  
36 areas.

37 ~~((24))~~ (25) "Rural development" refers to development outside  
38 the urban growth area and outside agricultural, forest, and mineral  
39 resource lands designated pursuant to RCW 36.70A.170. Rural  
40 development can consist of a variety of uses and residential

1 densities, including clustered residential development, at levels  
2 that are consistent with the preservation of rural character and the  
3 requirements of the rural element. Rural development does not refer  
4 to agriculture or forestry activities that may be conducted in rural  
5 areas.

6 ~~((25))~~ (26) "Rural governmental services" or "rural services"  
7 include those public services and public facilities historically and  
8 typically delivered at an intensity usually found in rural areas, and  
9 may include domestic water systems, fire and police protection  
10 services, transportation and public transit services, and other  
11 public utilities associated with rural development and normally not  
12 associated with urban areas. Rural services do not include storm or  
13 sanitary sewers, except as otherwise authorized by RCW 36.70A.110(4).

14 ~~((26))~~ (27) "Short line railroad" means those railroad lines  
15 designated class II or class III by the United States surface  
16 transportation board.

17 ~~((27))~~ (28) "Urban governmental services" or "urban services"  
18 include those public services and public facilities at an intensity  
19 historically and typically provided in cities, specifically including  
20 storm and sanitary sewer systems, domestic water systems, street  
21 cleaning services, fire and police protection services, public  
22 transit services, and other public utilities associated with urban  
23 areas and normally not associated with rural areas.

24 ~~((28))~~ (29) "Urban growth" refers to growth that makes  
25 intensive use of land for the location of buildings, structures, and  
26 impermeable surfaces to such a degree as to be incompatible with the  
27 primary use of land for the production of food, other agricultural  
28 products, or fiber, or the extraction of mineral resources, rural  
29 uses, rural development, and natural resource lands designated  
30 pursuant to RCW 36.70A.170. A pattern of more intensive rural  
31 development, as provided in RCW 36.70A.070(5)(d), is not urban  
32 growth. When allowed to spread over wide areas, urban growth  
33 typically requires urban governmental services. "Characterized by  
34 urban growth" refers to land having urban growth located on it, or to  
35 land located in relationship to an area with urban growth on it as to  
36 be appropriate for urban growth.

37 ~~((29))~~ (30) "Urban growth areas" means those areas designated  
38 by a county pursuant to RCW 36.70A.110.

39 ~~((30))~~ (31) "Very low-income household" means a single person,  
40 family, or unrelated persons living together whose adjusted income is

1 at or below (~~(fifty)~~) 50 percent of the median household income  
2 adjusted for household size, for the county where the household is  
3 located, as reported by the United States department of housing and  
4 urban development.

5 (~~(31)~~) (32) "Wetland" or "wetlands" means areas that are  
6 inundated or saturated by surface water or groundwater at a frequency  
7 and duration sufficient to support, and that under normal  
8 circumstances do support, a prevalence of vegetation typically  
9 adapted for life in saturated soil conditions. Wetlands generally  
10 include swamps, marshes, bogs, and similar areas. Wetlands do not  
11 include those artificial wetlands intentionally created from  
12 nonwetland sites, including, but not limited to, irrigation and  
13 drainage ditches, grass-lined swales, canals, detention facilities,  
14 wastewater treatment facilities, farm ponds, and landscape amenities,  
15 or those wetlands created after July 1, 1990, that were  
16 unintentionally created as a result of the construction of a road,  
17 street, or highway. Wetlands may include those artificial wetlands  
18 intentionally created from nonwetland areas created to mitigate  
19 conversion of wetlands.

20 NEW SECTION. **Sec. 4.** A new section is added to chapter 36.70A  
21 RCW to read as follows:

22 (1) The department of fish and wildlife, with recommendations  
23 from the oversight body established in section 5 of this act, shall  
24 adopt rules that establish criteria for net ecological gain and  
25 consistency with the applicable regional salmon recovery plans that  
26 counties and cities that choose to adopt a voluntary net ecological  
27 gain element in their comprehensive plans must meet through adoption  
28 of their comprehensive plans in order to support salmon recovery. In  
29 adopting rules pursuant to this section, the department of fish and  
30 wildlife must consult on an early and continuous basis with each  
31 federally recognized Indian tribe with property, tribal reservation  
32 land, or usual and accustomed fishing areas in, adjacent to, or  
33 directly affected by the planning jurisdiction. The department must  
34 also communicate with governments planning under RCW 36.70A.040  
35 during the process of adopting rules pursuant to this section.

36 (2) The rules adopted under this section must address the  
37 applicable components of salmon recovery plans that local governments  
38 have authority over, such as the habitat restoration and protection  
39 elements of the recovery plans.



1 (3) The rules adopted under this section must ensure that, where  
2 appropriate, the interjurisdictional coordination process required by  
3 RCW 36.70A.100 addresses the issue of salmon recovery.

4 (4) The rules adopted under this section must not require or  
5 assume that the proponents of individual private projects will be  
6 responsible for achieving net ecological gain. Rules adopted under  
7 this section must ensure that individual private projects achieve no  
8 net loss of ecological function. Rules adopted under this section  
9 must ensure that net ecological gain is advanced through the  
10 appropriate selection of publicly funded projects, and voluntary  
11 projects whose purpose is salmon recovery but which may receive  
12 funding from either public or private sources. Rules adopted under  
13 this section related to net ecological gain must account for the  
14 impact of the urban heat island effect on ecological function.

15 (5) The department of fish and wildlife shall monitor progress  
16 towards the goals set forth in the regional salmon recovery plans,  
17 including parameters that affect salmonid health including, but not  
18 limited to, stream temperature, impervious surfaces, and tree canopy  
19 cover. As part of its monitoring, and as appropriate, the department  
20 of fish and wildlife shall obtain monitoring data from relevant and  
21 reliable sources including, but not limited to, local governments,  
22 state agencies, federal agencies, and Indian tribes. In addition, the  
23 department of fish and wildlife shall also monitor and report the  
24 progress that each jurisdiction planning under RCW 36.70A.040 has  
25 made toward achieving no net loss of ecological function, and the  
26 progress that each jurisdiction that chooses to include a voluntary  
27 net ecological gain element in its comprehensive plan has made toward  
28 achieving net ecological gain. As part of this ongoing monitoring  
29 effort, the department of fish and wildlife, in early and continuous  
30 consultation with each federally recognized Indian tribe with  
31 property, tribal reservation land, or usual and accustomed fishing  
32 areas in, adjacent to, or directly affected by the planning  
33 jurisdiction, and in communication with the affected local  
34 governments, shall first establish the current environmental baseline  
35 conditions within each county and city planning under RCW 36.70A.040,  
36 identify any monitoring data gaps and make recommendations to fill  
37 those gaps, and monitor the degree to which each jurisdiction that  
38 chooses to include a voluntary net ecological gain element in its  
39 comprehensive plan is successful at achieving net ecological gains  
40 and no net losses through individual projects, over time, including,

1 where appropriate, the efforts made by jurisdictions to address the  
2 effect of urban heat islands on salmonid health. The department of  
3 fish and wildlife is encouraged to work with or seek feedback from  
4 local watershed groups in review of the current environmental  
5 baseline conditions and monitoring efforts.

6 (6) The department of fish and wildlife shall facilitate an  
7 ongoing and collaborative process for the purpose of identifying gaps  
8 and targets related to salmon habitat and funding, to be informed by  
9 its monitoring work pursuant to this section.

10 (7) The department of fish and wildlife shall provide a report of  
11 its monitoring under this section to the governor, the appropriate  
12 committees of the legislature, and the local governments subject to  
13 this act no later than October 15th of every even-numbered year,  
14 beginning in 2024.

15 NEW SECTION. **Sec. 5.** A new section is added to chapter 77.04  
16 RCW to read as follows:

17 (1) A joint oversight body on net ecological gain is established  
18 for the purpose of identifying criteria for, and a system for  
19 implementing, net ecological gain on public projects.

20 (2) The oversight body must comply with the consultation  
21 requirements set forth in chapter 43.376 RCW.

22 (3) The oversight body consists of the following members:

23 (a) The director of the department of ecology, or the director's  
24 designee;

25 (b) The governor's senior policy advisor on natural resources;

26 (c) The director of the department of agriculture, or the  
27 director's designee;

28 (d) The director of the department of fish and wildlife, or the  
29 director's designee;

30 (e) The executive director of the state conservation commission,  
31 or the executive director's designee;

32 (f) The commissioner of public lands, or the commissioner's  
33 designee;

34 (g) The secretary of the department of transportation, or the  
35 secretary's designee;

36 (h) The executive director of the Puget Sound partnership, or the  
37 executive director's designee; and

38 (i) The director of the department of commerce, or the director's  
39 designee.

1 (4) There are two cochairs of the oversight body. One cochair of  
2 the oversight body must be the governor's senior policy adviser on  
3 natural resources.

4 (5) The oversight body must, by a majority of the members, adopt  
5 rules to govern its conduct as may be necessary or appropriate,  
6 including reasonable procedures for calling and conducting meetings  
7 of the oversight body, ensuring reasonable advance notice of each  
8 meeting, and providing for the right of the public to attend each  
9 meeting.

10 (6) The oversight body shall convene from time to time at the  
11 call of one or both of the cochairs or upon the request of three or  
12 more members of the oversight body. The oversight body must meet at  
13 least three times each calendar year and the oversight body is  
14 encouraged to hold at least one of its meetings each year at a  
15 location outside of Olympia. Any meeting of the oversight body must  
16 include an opportunity for public comment.

17 (7) The oversight body is responsible for:

18 (a) Determining what actions, projects, and activities count  
19 toward the achievement of net ecological gain;

20 (b) Determining the appropriate number of net ecological gain  
21 credits to be attributed to individual actions, projects, and  
22 activities;

23 (c) Developing a system that guides project proponents'  
24 development of the net ecological gain components of their projects;

25 (d) Developing a tracking system for net ecological gain at the  
26 appropriate scale;

27 (e) Recommending methods to appropriately track or account for  
28 voluntary incentive program contributions to net ecological gain from  
29 private landowners;

30 (f) Identifying, using the appropriate criteria and ecosystem  
31 functions, the current ecosystems baseline;

32 (g) Recommending ecological targets and goals that will serve as  
33 appropriate benchmarks of success; and

34 (h) Suggesting to the legislature key ecological milestones that  
35 should be tracked and reported.

36 (8) The expenses of the operations of the oversight body,  
37 including the expenses associated with the oversight body's meetings,  
38 must be paid by the department of fish and wildlife, except that the  
39 costs of attendance at oversight body meetings incurred by oversight

1 body members, including representatives of other departments, must be  
2 borne by the individual department.

3 (9) A work group is created within the oversight body for the  
4 purpose of providing engagement on matters and tasks as directed by  
5 the cochairs of the oversight body. The cochairs of the oversight  
6 body must appoint members of the oversight body to serve in the work  
7 group.

8 (10) Staff support for the oversight body must be provided by the  
9 department of fish and wildlife.

10 NEW SECTION. **Sec. 6.** A new section is added to chapter 36.70A  
11 RCW to read as follows:

12 A county or city that plans to include within its comprehensive  
13 plan a net ecological gain element that complies with the net  
14 ecological gain rules adopted by the department of fish and wildlife  
15 pursuant to section 4 of this act is eligible to apply to the  
16 department for planning grant assistance of up to \$100,000, subject  
17 to the availability of funds appropriated for that purpose. The  
18 department shall develop grant criteria in cooperation with the  
19 department of fish and wildlife to ensure that grant funds awarded  
20 are proportionate to the level of effort proposed by a county or city  
21 toward the achievement of net ecological gain. Funding may be  
22 provided in advance of, and to support, adoption of policies or  
23 ordinances consistent with this section. A county or city may  
24 request, and the department may award, more than \$100,000 for  
25 applications that demonstrate extraordinary potential to increase net  
26 ecological gain within the county or city.

27 **Sec. 7.** RCW 43.88.090 and 2015 3rd sp.s. c 1 s 409 are each  
28 amended to read as follows:

29 (1) (a)(i) For purposes of developing budget proposals to the  
30 legislature, the governor shall have the power, and it shall be the  
31 governor's duty, to require from proper agency officials such  
32 detailed estimates and other information in such form and at such  
33 times as the governor shall direct. The governor shall communicate  
34 statewide priorities to agencies for use in developing biennial  
35 budget recommendations for their agency and shall seek public  
36 involvement and input on these priorities.

37 (ii) As part of the budget development for the department of fish  
38 and wildlife, the governor must require the director of the

1 department of fish and wildlife to provide an estimated amount equal  
2 to 10 percent of any revenues to the general fund accruing in amounts  
3 exceeding 2022 revenues, and at least 10 percent of any budget  
4 surpluses identified by the economic and revenue forecast council  
5 created under RCW 82.33.010, to be committed to fulfilling the  
6 responsibilities of sections 4, 5, and 8 of this act.

7 (b) The following must be transmitted to the governor and must be  
8 included in the budget without revision: The estimates for the  
9 legislature and the judiciary (~~(shall be transmitted to the governor~~  
10 ~~and shall be included in the budget without revision.)~~) and the  
11 estimates provided by the department of fish and wildlife under (a)  
12 of this subsection for fulfilling the responsibilities of sections 4,  
13 5, and 8 of this act.

14 (c) (i) The estimates for state pension contributions shall be  
15 based on the rates provided in chapter 41.45 RCW. Copies of all such  
16 estimates shall be transmitted to the standing committees on ways and  
17 means of the house and senate at the same time as they are filed with  
18 the governor and the office of financial management.

19 (ii) The estimates shall include statements or tables which  
20 indicate, by agency, the state funds which are required for the  
21 receipt of federal matching revenues. The estimates shall be revised  
22 as necessary to reflect legislative enactments and adopted  
23 appropriations and shall be included with the initial biennial  
24 allotment submitted under RCW 43.88.110. The estimates must reflect  
25 that the agency considered any alternatives to reduce costs or  
26 improve service delivery identified in the findings of a performance  
27 audit of the agency by the joint legislative audit and review  
28 committee. Nothing in this subsection requires performance audit  
29 findings to be published as part of the budget.

30 (2) Each state agency shall define its mission and establish  
31 measurable goals for achieving desirable results for those who  
32 receive its services and the taxpayers who pay for those services.  
33 Each agency shall also develop clear strategies and timelines to  
34 achieve its goals. This section does not require an agency to develop  
35 a new mission or goals in place of identifiable missions or goals  
36 that meet the intent of this section. The mission and goals of each  
37 agency must conform to statutory direction and limitations.

38 (3) For the purpose of assessing activity performance, each state  
39 agency shall establish quality and productivity objectives for each  
40 major activity in its budget. The objectives must be consistent with

1 the missions and goals developed under this section. The objectives  
2 must be expressed to the extent practicable in outcome-based,  
3 objective, and measurable form unless an exception to adopt a  
4 different standard is granted by the office of financial management  
5 and approved by the legislative committee on performance review.  
6 Objectives must specifically address the statutory purpose or intent  
7 of the program or activity and focus on data that measure whether the  
8 agency is achieving or making progress toward the purpose of the  
9 activity and toward statewide priorities. The office of financial  
10 management shall provide necessary professional and technical  
11 assistance to assist state agencies in the development of strategic  
12 plans that include the mission of the agency and its programs,  
13 measurable goals, strategies, and performance measurement systems.

14 (4) Each state agency shall adopt procedures for and perform  
15 continuous self-assessment of each activity, using the mission,  
16 goals, objectives, and measurements required under subsections (2)  
17 and (3) of this section. The assessment of the activity must also  
18 include an evaluation of major information technology systems or  
19 projects that may assist the agency in achieving or making progress  
20 toward the activity purpose and statewide priorities. The evaluation  
21 of proposed major information technology systems or projects shall be  
22 in accordance with the standards and policies established by the  
23 technology services board. Agencies' progress toward the mission,  
24 goals, objectives, and measurements required by subsections (2) and  
25 (3) of this section is subject to review as set forth in this  
26 subsection.

27 (a) The office of financial management shall regularly conduct  
28 reviews of selected activities to analyze whether the objectives and  
29 measurements submitted by agencies demonstrate progress toward  
30 statewide results.

31 (b) The office of financial management shall consult with: (i)  
32 The four-year institutions of higher education in those reviews that  
33 involve four-year institutions of higher education; and (ii) the  
34 state board for community and technical colleges in those reviews  
35 that involve two-year institutions of higher education.

36 (c) The goal is for all major activities to receive at least one  
37 review each year.

38 (d) The consolidated technology services agency shall review  
39 major information technology systems in use by state agencies  
40 periodically.

1 (5) It is the policy of the legislature that each agency's budget  
2 recommendations must be directly linked to the agency's stated  
3 mission and program, quality, and productivity goals and objectives.  
4 Consistent with this policy, agency budget proposals must include  
5 integration of performance measures that allow objective  
6 determination of an activity's success in achieving its goals. When a  
7 review under subsection (4) of this section or other analysis  
8 determines that the agency's objectives demonstrate that the agency  
9 is making insufficient progress toward the goals of any particular  
10 program or is otherwise underachieving or inefficient, the agency's  
11 budget request shall contain proposals to remedy or improve the  
12 selected programs. The office of financial management shall develop a  
13 plan to merge the budget development process with agency performance  
14 assessment procedures. The plan must include a schedule to integrate  
15 agency strategic plans and performance measures into agency budget  
16 requests and the governor's budget proposal over three fiscal  
17 biennia. The plan must identify those agencies that will implement  
18 the revised budget process in the 1997-1999 biennium, the 1999-2001  
19 biennium, and the 2001-2003 biennium. In consultation with the  
20 legislative fiscal committees, the office of financial management  
21 shall recommend statutory and procedural modifications to the state's  
22 budget, accounting, and reporting systems to facilitate the  
23 performance assessment procedures and the merger of those procedures  
24 with the state budget process. The plan and recommended statutory and  
25 procedural modifications must be submitted to the legislative fiscal  
26 committees by September 30, 1996.

27 (6) In reviewing agency budget requests in order to prepare the  
28 governor's biennial budget request, the office of financial  
29 management shall consider the extent to which the agency's activities  
30 demonstrate progress toward the statewide budgeting priorities, along  
31 with any specific review conducted under subsection (4) of this  
32 section.

33 (7) In the year of the gubernatorial election, the governor shall  
34 invite the governor-elect or the governor-elect's designee to attend  
35 all hearings provided in RCW 43.88.100; and the governor shall  
36 furnish the governor-elect or the governor-elect's designee with such  
37 information as will enable the governor-elect or the governor-elect's  
38 designee to gain an understanding of the state's budget requirements.  
39 The governor-elect or the governor-elect's designee may ask such  
40 questions during the hearings and require such information as the

1 governor-elect or the governor-elect's designee deems necessary and  
2 may make recommendations in connection with any item of the budget  
3 which, with the governor-elect's reasons therefor, shall be presented  
4 to the legislature in writing with the budget document. Copies of all  
5 such estimates and other required information shall also be submitted  
6 to the standing committees on ways and means of the house and senate.

7 NEW SECTION. **Sec. 8.** A new section is added to chapter 77.04  
8 RCW to read as follows:

9 (1) The department, in collaboration with the joint oversight  
10 body on net ecological gain established in section 5 of this act,  
11 must conduct a study of current conservation programs including, but  
12 not limited to:

- 13 (a) Fish passage barrier removal;
- 14 (b) Salmon recovery funding;
- 15 (c) Stormwater financial assistance; and
- 16 (d) Model toxics control act capital grants.

17 (2) In the study, the department, in collaboration with the joint  
18 oversight body on net ecological gain, must assess the degree to  
19 which each conservation program achieves a net improvement in  
20 ecological conditions.

21 (3) The department must submit its report to the appropriate  
22 committees of the legislature no later than June 30, 2024.

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