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**SENATE BILL 5964**

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**State of Washington 67th Legislature 2022 Regular Session**

**By** Senators Mullet, Kuderer, Gildon, and Saldaña

AN ACT Relating to consolidated local permit review processes; amending RCW 36.70B.140; adding new sections to chapter 36.70B RCW; and making appropriations.

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

**Sec.**  RCW 36.70B.140 and 1995 c 347 s 418 are each amended to read as follows:

(1) A local government by ordinance or resolution may exclude the following project permits from the provisions of RCW 36.70B.060 through 36.70B.090 and 36.70B.110 through 36.70B.130: Landmark designations, street vacations, or other approvals relating to the use of public areas or facilities, or other project permits, whether administrative or quasi-judicial, that the local government by ordinance or resolution has determined present special circumstances that warrant a review process different from that provided in RCW 36.70B.060 through 36.70B.090 and 36.70B.110 through 36.70B.130.

(2) A local government by ordinance or resolution also may exclude the following project permits from the provisions of RCW 36.70B.060 and 36.70B.110 through 36.70B.130: Lot line or boundary adjustments and building and other construction permits, or similar administrative approvals, categorically exempt from environmental review under chapter 43.21C RCW, or for which environmental review has been completed in connection with other project permits.

(3) A local government must, by ordinance or resolution, exclude project permits for interior alterations from site plan review, provided that the interior alterations do not result in the following:

(a) Additional sleeping quarters or bedrooms;

(b) Nonconformity with federal emergency management agency substantial improvement thresholds; or

(c) Increase the total square footage of the structure thereby requiring upgraded fire access or fire suppression systems.

(4) For purposes of this section, "interior alterations" include construction activities that do not modify the existing site layout or its current use, and involve no exterior work adding to the building footprint.

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

(1) Subject to the availability of funds appropriated for this specific purpose, the department of commerce must establish a consolidated permit review grant program. The department may award grants to any local government that provides, by ordinance, resolution, or other action, a commitment to the following building permit review consolidation requirements:

(a) Issuing final decisions for residential permit applications within 45 business days or 90 calendar days.

(i) To achieve permit review within the stated time frame, a local government must provide consolidated review for building permit applications. This may include an initial technical peer review of the application for conformity with the requirements of RCW 36.70B.070 by all departments, divisions, and sections of the local government with jurisdiction over the project.

(ii) A local government may contract with a third-party business to conduct the consolidated permit review or as additional inspection staff. Any funds expended for such a contract may be eligible for reimbursement under this act;

(b) Establishing an application fee structure that would allow the jurisdiction to continue providing consolidated permit review within the 45 business day or 90 calendar day time frame.

(i) A local government may consult with local building associations to develop a reasonable fee system.

(ii) A local government must determine, no later than August 1, 2023, the specific fee structure needed to provide permit review within the timeline specified in this subsection (1)(b).

(2) A jurisdiction that is awarded a grant under this section must provide a quarterly report to the department of commerce. The report must include the average and maximum time for permit review during the jurisdiction's participation in the grant program.

(3) If a jurisdiction is unable to successfully meet the terms and conditions of the grant, the jurisdiction must enter a 90 day probationary period. If the jurisdiction is not able to meet the requirements of this section by the end of the probationary period, the jurisdiction is no longer eligible to receive grants under this section.

NEW SECTION. **Sec.**  The sum of $40,000,000, or as much thereof as may be necessary, is appropriated for the fiscal year ending June 30, 2023, from the general fund to the department of commerce for the purposes of section 2 of this act.

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

Subject to the availability of funds appropriated for this specific purpose, the department of commerce must establish a grant program for local governments to update their permit review process from paper filing systems to software systems capable of processing digital permit applications, virtual inspections, electronic review, and capacity for video storage.

NEW SECTION. **Sec.**  The sum of $10,000,000, or as much thereof as may be necessary, is appropriated for the fiscal year ending June 30, 2023, from the general fund to the department of commerce for the purposes of section 4 of this act.

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

(1) Subject to the availability of amounts appropriated for this specific purpose, the department of commerce must convene a digital permitting process work group to examine potential license and permitting software for local governments to encourage streamlined and efficient permit review.

(2) The department of commerce, in consultation with the association of Washington cities and Washington state association of counties, shall appoint members to the work group representing groups including but not limited to:

(a) Cities and counties; and

(b) Building industries.

(3) The department of commerce must convene the first meeting of the work group by August 1, 2022. The department must submit a final report to the governor and the appropriate committees of the legislature by August 1, 2023. The final report must:

(a) Evaluate the existing need for digital permitting systems;

(b) Review barriers preventing local jurisdictions from accessing or adopting digital permitting systems;

(c) Evaluate the benefits and costs associated with a statewide permitting software system; and

(d) Provide budgetary, administrative policy, and legislative recommendations to increase the adoption of or establish a statewide system of digital permit review.

NEW SECTION. **Sec.**  The sum of $200,000, or as much thereof as may be necessary, is appropriated for the fiscal year ending June 30, 2023, from the general fund to the department of commerce for the purposes of section 6 of this act.

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