

# HOUSE BILL REPORT

## HB 1296

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**As Reported by House Committee On:**  
Local Government

**Title:** An act relating to consolidating local permit review processes.

**Brief Description:** Concerning consolidating local permit review processes.

**Sponsors:** Representatives Peterson, Tharinger, Senn, Bateman, Lekanoff, Ramel, Reed, Pollet and Leavitt; by request of Office of the Governor.

**Brief History:**

**Committee Activity:**

Local Government: 1/25/23, 1/27/23 [DP].

**Brief Summary of Bill**

- Requires local governments to exclude interior alterations from site plan review, except under certain conditions.
- Requires the Department of Commerce (Department) to establish a Consolidated Permit Review Grant Program to administer grants to local governments that agree to comply with a specified residential permit application timeline and that establish a fee structure to enable the local government to continue providing review within that timeline.
- Requires the Department to administer a grant program for local governments that are transitioning from paper permit review systems to digital systems.
- Requires the Department to convene a Digital Permitting Process Work Group to examine aspects of digital permitting systems, with a report to the Legislature and the Governor due August 1, 2024.

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### HOUSE COMMITTEE ON LOCAL GOVERNMENT

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*This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not part of the legislation nor does it constitute a statement of legislative intent.*

**Majority Report:** Do pass. Signed by 7 members: Representatives Duerr, Chair; Alvarado, Vice Chair; Goehner, Ranking Minority Member; Jacobsen, Assistant Ranking Minority Member; Berg, Griffey and Riccelli.

**Staff:** Kellen Wright (786-7134).

**Background:**

Prior to developing land, a developer must obtain permits from the local government with jurisdiction over the land that approve the development. These permits can include land use permits, environmental permits, building permits, and others, and are known as project permits.

Site plan review can be one part of the permitting process. Site plan review generally involves the review of the physical details and the type of use of a proposed project for compliance with site-specific requirements. These requirements can deal with subjects like building design, landscaping, parking, compatibility with adjacent land uses, access to and from the development, and utility standards. Site plan review may be required prior to, or concurrent with, other types of review. It is generally required on projects involving commercial or industrial uses, or on residential projects involving multifamily housing. Site plan review can apply to new developments as well as to the remodeling or expansion of existing developments.

The Growth Management Act (GMA) requires that certain counties, and the cities within those counties, engage in planning for future population growth. Counties that do not meet the standards for automatic inclusion in the GMA may nevertheless choose to plan. Currently, 18 counties are required to plan, 10 have chosen to plan, and 11 are not subject to the full GMA planning requirements. When a county or city planning under the GMA is reviewing a project, its comprehensive plan and development regulations must serve as the basis for the project permit review. In determining if a proposed project is consistent with the comprehensive plan and development regulations, the local government must consider the type of land use, the level of development or density proposed, and the availability of infrastructure needed to service the development.

All local governments, including those not planning under the GMA, are required to combine the environmental review process with the project permit review process. Local governments must hold no more than one open record hearing and one closed record appeal on a project permit application, excluding a determination of significance under the State Environmental Policy Act. An open record hearing is a hearing that creates a record through testimony and submission of evidence. An open record hearing can be held prior to the local government's decision on a project permit, or held after the decision if the decision is appealed. A closed record appeal is an administrative appeal from the decision on the project permit application that is held on the record that was established in the open record hearing with little or no new evidence allowed.

Local governments planning under the GMA must comply with additional project permit processing requirements, including establishing an integrated or consolidated permit process that:

- provides for a written determination to an applicant of whether a project permit application is complete within 28 days of receipt of the application;
- provides for notice of the application to the public, and to relevant departments and agencies, within 14 days of the determination of completeness;
- provides for an optional consolidated process for reviewing two or more project permit applications relating to a proposed project as part of a single process, with a designated permit coordinator for all of the project permits and allowing no more than one open record hearing and one closed record appeal on the project;
- allows any required open record hearing or public meeting on the project to be combined with any other public meeting or hearing that may be held on the project by another agency;
- provides for a single report containing all of the decisions made on all project permits included in the consolidated process, as well as any recommendations on project permits that do not require an open record pre decision hearing and any mitigation required under the State Environmental Policy Act;
- requires no more than one consolidated open record hearing on appeal if the local government allows appeals; and
- requires a notice of decision on the project permit within 120 days, unless the local government has adopted a longer time period after making written findings that a longer time period is required to process a specific application or project type.

Local governments can, by ordinance or resolution, exclude certain project permits from the required permitting processes. These project permits include street vacations, landmark designations, approvals related to the use of public areas or facilities, lot line adjustments, building or construction permits, other permits subject to administrative approval, or other project permits that the local government has determined warrant a different review process.

Local governments can impose fees on project permit applications. These fees often correspond to the nature of the project, the valuation of the project, and the type of permit. These fees must be reasonable, and are limited to the recovery of the costs of processing applications, inspecting or reviewing plans, or preparing detailed statements under the State Environmental Policy act.

The International Residential Code (IRC) is a comprehensive building code published by the International Code Council that applies to new one- and two-family dwellings and townhouses of up to three stories. It has been adopted by Washington through the state building code.

The Federal Emergency Management Agency (FEMA) defines substantial improvement as

any improvement of a structure that costs equal to or more than 50 percent of the market value of the structure.

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### **Summary of Bill:**

Interior alterations are construction activities that do not modify an existing building's layout or its current use, and do not involve work on the exterior that adds to the building's footprint.

Local governments must, through an ordinance or resolution, exclude project permits for interior alterations from site plan review requirements, as long as the interior alterations do not add sleeping quarters or bedrooms, lead to nonconformity with FEMA substantial improvement thresholds, or increase the total square footage or valuation of the structure sufficiently to require upgraded fire access or fire suppression systems.

Subject to funding from the Legislature, the Department of Commerce (Department) must establish a Consolidated Permit Review Grant Program (Program). The Program may award grants to local governments that commit to the following permitting requirements by passing an ordinance, resolution, or by other action:

- issuing final decisions on residential building permit applications within the scope of the IRC within 45 business days or 90 calendar days; and
- establishing a fee structure sufficient to allow the local government to continue to offer consolidated permit review within 45 business days or 90 calendar days.

Local governments in the Program must provide for consolidated permit review for building permits, which can include an initial technical peer review of the application by all departments of the local government with jurisdiction over the project. Local governments may consult with local building associations in developing the fee structure, and must determine the fee structure by no later than August 1, 2023. Local governments in the Program may contract with a third-party business to conduct the consolidated review or to operate as inspection staff. The funds used for such a contract are eligible for reimbursement through the Program.

Any local government that is awarded a grant must provide a quarterly report to the Department that includes the average and maximum time for permit review during the local government's participation in the Program. If a local government fails to satisfy the terms of the Program, it must enter a 90-day probationary period. If it is still out of compliance at the end of the probationary period, it is no longer eligible to receive grants through the Program.

Subject to funding from the Legislature, the Department must establish a program to provide grants to local governments to update their permit review processes from paper systems to software systems capable of processing digital permit applications, virtual

inspections, electronic review, and with capacity for video storage.

Subject to funding from the Legislature, the Department must also convene a digital permitting process work group to examine potential licensing and permitting software that local governments can use to make permit review more streamlined and efficient. The Department, along with the Association of Washington Cities and the Washington State Association of Counties, must appoint members to the work group, including a representative of cities and counties, a representative of building industries, and a representative of building officials.

The work group must convene by August 1, 2023, and must issue a final report to the Governor and the appropriate committees of the Legislature by August 1, 2024. This report must evaluate the need for digital permitting systems; the barriers preventing access to, or adoption of, digital permitting systems; the costs and benefits of a statewide system; and provide budgetary, policy, and legislative recommendations to increase the adoption of digital permit review systems, or to establish a statewide system of digital permit review.

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**Appropriation:** None.

**Fiscal Note:** Available.

**Effective Date:** The bill takes effect 90 days after adjournment of the session in which the bill is passed.

**Staff Summary of Public Testimony:**

(In support) This bill creates tools and incentives for local governments to speed up the permitting process. The grant funding for technological improvements is a good idea, as there is a need for new technology, especially in smaller jurisdictions. Improvements like online permitting can lead to faster permit processing. It is worth looking at other ways that permitting can be improved. There is no need for site plan review when doing something like remodeling a bathroom or other interior remodels. These kinds of permits should be streamlined. It is important to increase the housing supply in Washington, and this requires reducing the costs of affordable housing. Making permitting processing more efficient and expedited is one of the keys to reducing costs. To the extent that permitting can be more efficient without lowering standards, this should be done. Having residential permitting review completed within 45 business days or 90 calendar days would be a big improvement, and this bill incentivizes making those needed changes.

(Opposed) None.

**Persons Testifying:** Paul Jewell, Washington State Association of Counties; Josie Cummings, Building Industry Association of Washington; Scott Hazlegrove, Master

Builders Association of King and Snohomish Counties; and Cynthia Stewart, League of Women Voters of Washington.

**Persons Signed In To Testify But Not Testifying:** None.