



2021 SESSION – GENERAL LEGISLATIVE RECAP

WEEK OF MARCH 5, 2021

This is the **54th** day of the **105-day** session.

The House and Senate are currently on the floor debating and voting on bills to pass out of the House of origin by **Tuesday, March 9**. All bills except those that deal with fiscal impacts will be dead for the 2021 session if they do not pass by this cutoff date.

Below is a summary of what occurred this week for your general update.

DRUG POSSESSION FIXES

Since last week when the **Washington State Supreme Court** declared the **state's entire law against simple drug possession to be invalid**, there have been calls on Legislators to create legislation that would allow law enforcement to conduct investigations, collect evidence, and to take a second look at allowing the state to basically do what Oregon has done by a vote of the people regarding the possession of illicit drugs. Drug decriminalization while controversial among some has been criticized by many in how it occurred in the courts and not in the Legislature.

[SB 5468](#) simply adds the word “knowingly” to RCW 69.50.4013 which Senator Mullet believes will remedy the situation in Washington State and not hinder those in Law Enforcement who have been asking for a fix to the current situation.

*“It is unlawful for any person to **knowingly** possess a controlled substance unless the substance was obtained directly from, or pursuant to, a valid prescription or order of a practitioner while acting in the course of his or her professional practice, or except as otherwise authorized by this chapter.”*

Another remedy has been offered by Senator Padden, [SB 5471](#), which goes much further than Senator Mullet's bill. It not only adds the word “knowingly” but also adds with certain types of drugs with corresponding penalties and fees, both for knowing and unknowing of their possession.

CAPITAL GAINS TAX

There have been many different bills introduced this session with new revenue proposed, but one of the more serious and furthest along the legislative journey to the Governor's desk is [SB 5096](#), which imposes a **7.0 percent capital gains tax** beginning **January 1, 2022**. This bill sponsored by Senator Robinson had passed out of Senate Ways and Means on February 16th and had not seen movement out of Senate Rules since. Then on March 3rd, it was placed on the 2nd Reading which gets it ready to be pulled to the Senate Floor for a vote.

The current version is slightly different from the original with the following changes:

- Lowers the tax rate from 9 percent to 7 percent;
- Increases threshold exclusion to \$250,000;
- Exempts all sales or exchanges of real estate – however there is an amendment to include back real-estate;
- Replaces sole proprietor deduction with a family-owned small business deduction;
- Exempts the value of goodwill received when a car dealership is sold;
- Deposits the first \$350 million in revenues collected each year into the Education Legacy Trust Account and deposits the remainder into a new Taxpayer Relief Account;
- Makes other technical clarifications and corrections.

PRODUCING, DISTRIBUTING, AND PURCHASING GENERIC PRESCRIPTION DRUGS

[ESSB 5203](#) allows the **Health Care Authority (HCA)** to **enter into partnerships with other states, state agencies, or nonprofit entities** to produce, distribute, or purchase generic prescription drugs and purchase and distribute insulin.

State purchased health care programs must purchase the generic prescription drugs and insulin through the partnership, unless the state purchased health care program can obtain the generic prescription drug or insulin at a cost savings through another purchasing mechanism. Local governments, private entities, health carriers, and others may choose to voluntarily purchase the generic prescription drugs and insulin from the HCA as available quantities allow.

This bill passed off the Senate Floor on March 4th with a 28-21 party line vote and now heads to House.

