



## 2025 WPPA Legislative Session and Budget Preview

Washington's 2025 Legislative Session will begin on Monday, January 13<sup>th</sup>, 2025, marking the first year of the two-year legislative biennium. Each biennium begins with a "long session," lasting 105 days. In long sessions, lawmakers are tasked with passing the state's biennial budgets: Operating, Capital, and Transportation.

Democrats will continue to control the agenda in Olympia with majorities of 60% in both the House (59-39) and Senate (30-19) for 2025. A majority of this size is referred to as a "bonding supermajority", meaning Democrats will have the ability to pass bonding bills such as the Capital Budget without Republican votes. Notably, this interim the Senate Democrats selected a new Majority Leader, Sen.

Jamie Pedersen (D-43<sup>rd</sup> LD, Seattle) to replace Sen. Andy Billig (D-3<sup>rd</sup> LD, Spokane) who did not run for re-election this fall. There were some additional minor changes to leadership in the House Democratic Caucus and House and Senate Republican Caucuses. Click here to view the full list of leadership positions: [House Leadership](#), [Senate Leadership](#).

Briefly below, we have provided you with an overview of Governor Inslee's Budget proposal for 2025-27. This represents one of his final actions as Governor and has been referred to in the press as a "lame duck budget," since it will not likely have as much influence over the legislative direction as prior budgets he's proposed. Governor-Elect Ferguson, meanwhile, has also released a set of budget priorities that we have highlighted below as well. This has been the typical procedure in recent gubernatorial transitions. The fiscal committees in each Chamber will hold hearings on the Inslee budget proposals in the first week, giving stakeholders the opportunity to tell lawmakers which elements of the budget they support, and which additions or removals should be made.

Lastly, WPPA's 2025 Legislative Priorities were adopted during our Annual Meeting. Our priorities can be found [here](#). Our team is ready to tackle the 2025 session, and in case you're wondering who is working on which issues, here is a reminder your advocacy team's issue areas of focus in the Legislature:

- Aviation: Chris
- Broadband: Chris
- Economic Development: Chris
- Energy: Carly/Chris
- Environment: Carly
- Governance: Eric/James
- Labor & Workforce: James/Chris
- Marinas & Recreation: James
- Natural Resources: Carly

- Procurement/Prevailing Wage: Chris/James
- Recreation: James
- Tax: Chris
- Transportation: Chris/James

The 2025 Legislative Session presents significant opportunities and challenges for Washington's ports. WPPA remains committed to securing necessary investments, modernizing regulatory processes, and advancing energy solutions to maintain competitiveness and support local economies.

We strongly encourage all ports to actively engage this session, starting with Ports and Maritime Day on January 29<sup>th</sup>-30<sup>th</sup>. This event provides a critical opportunity to connect with legislators, share your port's priorities, and ensure your voice is heard in Olympia. Your participation is essential to advancing our collective agenda and shaping Washington's future.

For additional details or to share your port's legislative agenda, please connect with WPPA's advocacy team.

### **Governor-Elect Ferguson's 2025-27 Budget Priorities**

Governor-Elect Ferguson released an outline of budget priorities on January 9<sup>th</sup> ahead of the beginning of the legislative session. These priorities are not a fully developed budget proposal with balance sheets and corresponding bill language but more of a roadmap that he will be asking Legislators to follow as they develop the final budget. Ferguson's budget highlights his four priority areas including public safety, housing, supporting the ferry system, and childcare affordability. Notably, there were no environmental items listed in the priorities document. In addition, Ferguson's prioritization to reduce spending prior to considering additional tax revenue contrasts with leaders in the majority caucus of the legislature which are leading a few new tax initiatives for consideration this session.

[See the Governor-Elect's Budget Priorities summary document here.](#)

### **Governor- Elect Ferguson's Budget Priorities Highlights:**

- The Governor-Elect's Operating Budget priorities would result in \$4.4 billion in general fund savings over the biennium compared to Governor Inslee's proposal. There is a proposed \$800 million in new spending included in that figure.
- The Governor-Elect does not propose adopting wealth tax proposed by Governor Inslee.
- The priorities document calls for investments of \$600 million in the capital budget to increase the supply of housing.
- The Governor-Elect proposes 6% cut to most state agencies and a 3% cut to four-year higher education institutions, the proposal does not call for reductions to basic education, technical and community colleges or public safety agencies such as the state's Department of Corrections, Washington State Patrol and the Criminal Justice Training Commission.

### **Governor Inslee 2025-27 Budget Proposal**

Each year, prior to the start of session, the Governor releases his budget proposal for the Legislature's consideration. This proposal includes a spending plan, highlights top priorities, and lays out the Governor's policy agenda for the upcoming session. The out-going Inslee administration has proposed a budget that focuses on 4 top priorities: Behavioral Health, Housing and homelessness, Climate and energy, and creating additional revenue to fund state priorities. [See the Governor's Budget Highlights document here.](#)

Over the duration of the session, the House and Senate will each produce their own budget proposals, and then the two chambers will negotiate their differences. Typically, House and Senate budget proposals are released in early March.

### **Top Budget Highlights:**

- Operating Budget Proposal spends \$79.5 billion, which is a nearly \$10 billion increase in spending from the budget passed last biennium.
- Inslee proposes raising \$3.4 billion over the next two years via a 1% tax on an individual's wealth over \$100 million.
- Additionally, businesses in the "services and activities" category making over \$1 million would be levied a 20% surcharge on their business and occupation (B&O) tax through the end of 2026. This would raise around \$1 billion over the next two years.
- Inslee also proposes using \$1.6 billion from the Budget Stabilization Account ("rainy day fund") and \$1 billion in surplus from the Law Enforcement Officers' and Fire Fighters' retirement system to help balance the budget.
- The Governor proposes new investments of \$2 billion into climate and energy projects, including \$120 billion for clean energy siting, development, and transmission.
- The proposed transportation budget focuses on investing in continued fish barrier removal and recruitment and retention for Washington State Ferries.

### **Budget Areas of Potential Port Interest in Governor Inslee's Budget Proposal**

*Port Decarbonization:* The Governor proposes reappropriating \$13.2 million for the competitive port electrification grant program which was introduced in 2023. The recognizes that many of the port projects which received funding through the program will not expend funds until next biennium's budget.

*Zero emission Medium & heavy-duty vehicles:* The Governor proposes allocating \$87.1 million to incentivize the adoption of zero emission buses, trucks, and delivery vans.

*Truck Parking:* The Governor proposes \$6.8 million for the development and implementation of a system to maximize utilization of existing truck parking infrastructure to promote safety for truck drivers along the I-5 corridor.

*Broadband:* The Governor proposes \$230 million in matching funds to ensure that the state's \$1.2 billion allocation from the federal BEAD program is delivered.

*Workforce:* The Governor proposes \$7.4 million to provide support services for those interested in joining the maritime or highway construction workforces.

*Offshore Wind:* The Governor proposes \$2.3 million to fund a study by the Department of Ecology to understand the potential environmental impacts of offshore wind in Washington State. Funding is also provided to continue the Department of Commerce's study on the potential impacts of Washington's participation in the offshore wind supply chain.

*Growth Management Act Study:* The Governor proposes \$149 thousand to complete a report on how integrate special purpose districts into the state's growth management planning framework. This would build on the work of a task force created from funding in the previous biennium's budget.

*Snake River Dams Transportation Study:* The Governor proposes a reallocation of \$1.9 million to study the "highway, road, and freight rail transportation needs, options, and impacts from shifting the movement of freight and goods that currently move by barge through the lower Snake River dams to highways, other roads, and rail". Funding for this study was initially approved during the 2023 session.

### **Governor Inslee's 2025-2027 Budget Documents**

- [Operating Budget Language, link.](#)
- [Transportation Budget Language, link.](#)
- [Capital Budget Language, link.](#)

Everything above references the priorities articulated by outgoing Governor

Inslee in his final budget transmitted to the Legislature. Those priorities may not be closely followed by the Legislature, but they will at least comprise the budget outlines that the legislature replaces with their own priorities. Governor-Elect Ferguson has communicated high-level budget priorities, which don't supplant what's in the Inslee budget, but that do indicate where he differs from what Inslee proposes in his final budget.

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Washington Public Ports Association  
1501 Capitol Way S, Suite 304  
Olympia, WA 98501 US

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