

2025 Legislative Session Updates

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WPPA Finance and Administration Seminar
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Overview

- Your WPPA Lobby Team!
- Session context
- WPPA Priority Issues
- Policy highlights and challenges
- Budget, budget, and more budget
- Issues of particular interest to F&A Seminar
- Interim work underway





WPPA Lobby Team

Chris Herman- Aviation, Broadband, Procurement/Prevailing Wage, Tax, Transportation, , Workforce

Eric ffitch- Governance

Carly Michiels- Energy, Environment, Natural Resources, Land Use

James Cockburn- Governance, Marinas, Labor & Workforce, Procurement/Prevailing Wage, Tourism & Recreation, Transportation

Mandy Lill- Ports Day, Logistics, Lobbyist Meeting Support, Positive Vibes



2025 Legislative Session

2025 Session lasted 105 days: January 13, 2025 – April 27, 2025

Democrats controlled the agenda with *expanded* majorities

New players: new Governor, new cabinet officials – *New DC Dynamics!*

Focus going into session: \$12-15b budget gap; prospect for major cuts OR new taxes OR both...

Outcome?: \$9+ billion in new revenue; significant tax impacts



WPPA – 2025 Policy Priorities of Note

From our legislative agenda, adopted December 2024:

- Transportation investments:
 - Transportation Budget;
 - Supply Chain Competitiveness Grant Program;
 - Rail Modernization Tax Credit
- Energy and environment:
 - Permitting reform
 - Port decarbonization grants
 - MTCA funding
 - Stormwater concerns
- Other items of interest:
 - Public Records Act
 - Property tax cap
 - Port district elections



Policy Highlights and Challenges

POLICY HIGHLIGHTS

- Defensive highlights:
 - ❑ *Avoided new taxes on cargo movement; stevedoring;*
 - ❑ *New proposals on scrubbers and shorepower did not advance*
- Small victories!:
 - ❑ *Rural port infrastructure program*
 - ❑ *Port Election Terms*
 - ❑ *Outdoor event hosting*
 - ❑ *Vessel Length Permitting*

POLICY CHALLENGES

- Port Competitiveness Grant Program (SB 5649) stalled
- Stormwater concerns not addressed
Introduction of new regulatory challenges
- EJ and environmental crimes
- NO new port decarb funding
- NO progress on energy generation
- CONTINUED diversion of MTCA funding





Washington State 2025 Legislative Session

The 2025 Legislative Session was a long, 105-day session that began Monday, January 13, 2025, and concluded on time on Sunday, April 27th. It was an action-packed session that saw large Democratic majorities in both chambers take on some enduring issues – like housing supply and affordability; K-12 school funding; and public safety – while at the same time tackling a budget gap that was estimated at between \$12 and \$15 billion dollars going into session. All through session, the negotiation of the three budgets and the push-pull between deep cuts to existing programs and the prospect of raising new revenue was a theme that colored most interactions on the Capitol Campus, from the Governor's inaugural address to day-to-day committee activity.

Democrats continued to control the agenda in Olympia with majorities of 60 percent in both the House (59-39) and Senate (30-19) in 2025. These large majorities enabled the Democrats to pass bills without needing the votes of every single member of their caucus, a dynamic which played out frequently on votes related to revenue and policy bills that had strong opposition.

1,949 bills were introduced, and 431 bills passed the legislature and have now been sent to the Governor to be signed into law. As a reminder, during the two-year biennium, all bills that do not pass during the 105-day session, are technically *alive* again for the 60-day session. While not all will receive further consideration, more than 1,000 bills from 2025 will still be eligible to be advanced next year.

Between now and May 20th, the Governor will review bills passed by the legislature and choose one of four options: 1) sign the bill into law 2) veto the entire bill 3) partially veto the bill by removing entire sections – the Governor does not have line-item veto authority which means removing sentences or words is not allowed. 4) take no action – the bill will become law without signature. The Governor released [this statement](#) as to how he will proceed in reviewing the budgets passed by the Legislature.

2025	Bills Introduced	Passed the Legislature
House	1107	238
Senate	842	193
Total for 2025	1949	431

Port Priorities in Conclusion

Make sure to check out our final legislative report, and the final wrap-up including details budget charts!



Quick Budget Issues:

Operating Budget:

- *Cuts to many economic development programs: sector leads; ADOs; international export assistance; manufacturing site readiness; small biz assistance/training*
- *Some retained: small business export assistance; Gov. strategic reserve fund; grants to help access federal funds*
- *Major new tax implications primarily to fund Operating Budget*

Transportation Budget:

- *Funding for US12 in Walla Walla; Puget Sound Gateway; SR18 widening; - Fish barrier removal remains a major budget item: \$1.09b in the 25-27 transportation budget*
- *New gas tax, diesel tax, and truck weight fees with escalators built in for future budget stability*
- *Funds port decarb grant program FLAT (no new projects); retains drayage truck pilot; rail projects at Ports of Quincy and Moses Lake*

Capital Budget:

- *Healthiest of the budgets, based on bond proceeds and funds from cap and trade and from Model Toxics Control Act*
- *Funds for Local and Community Projects cover many port interests*
- *MTCA sweep continues, more projects could be funded*



Operating Budget and New Revenue

Tax	Summary of Effects	Revenue Generated
Capital Gains and Estate Tax	A surcharge on sale of stocks, bonds, and assets. Graduated estate exclusion.	\$341 million for 2025-27
B&O Surcharges; temporary increase for largest businesses	Increases B&O Tax rates; in addition to a B&O Surcharge on large companies.	\$2.06 billion in 25-27 and \$3.56 billion in 27-29
Excise Taxes	Expands sales and use tax to certain services.	\$2.8 billion in 25-27 and \$1.8 billion in 27-29
EV Pooling Credits	New excise tax on the pooling, banking and sale of ZEV credits.	\$77.9 million FY27 and \$202.9 million in FY29
Ineffective & Obsolete Tax Preferences	Repeals 14 discreet tax exemptions.	\$800 million between 25-29

Issues of particular note...

Property tax cap – “Coalition to Revise!”

HB 1960 – “highest lawful levy permanently reduced...”

TIF is *back!* OR is it...

HB 1042, County Treasurers cost recovery effort

AI and collective bargaining



Property tax cap

WPPA part of a coalition of local governments, long pursuing a revision of the 1 percent cap on property tax increases

The ask: tied to inflation, not to exceed 3 percent (2025 session: SB 5798/HB 2049)

Last year: passed Senate Ways and Means Cmte., no further action

This year?: Last minute amdt., ends the effort at final step

Next year?: Fate of this proposal is now uncertain



Tax Increment Financing – latest Oly update

HB 1786, TIF for public safety

- Brought forward at the request of Spokane County
- Would've added "public safety facilities" to list of infrastructure improvements
- Did NOT advance

City of Bellevue proposal – final Transportation Budget proviso

- LATE in session, word came out that Bellevue was pursuing a change to the TIF statute
- Specifically, wanted an allowance for an increase in the valuation cap from \$200m to \$500m in assessed value
- ONLY for state fiscal year 2026; ONLY for Bellevue



Renewable energy/personal property tax (HB 1960)

WPPA participated in interim calls to address a new issue: perceived “tax shift” from the presence of clean energy projects

Counties convened a group in the 2024 interim to dive into their report on “Clean Energy Property Tax Impacts” - WPPA participated in discussions

Then...HB 1960 came forward, included some concerning elements – required reduction in local jurisdiction tax levy

In the end: made it to House Rules Committee; no floor vote



AI/Collective Bargaining; County Treasurers

Artificial Intelligence and Collective Bargaining:

- SB 5422/HB 1622, employers covered under PECBA and PSRA must bargain on use of AI (either adoption of new AI, or modification of existing)
- Specifically, when such adoption/modification impacts wages/hours
- WPPA joined other local governments in expressing concern
- Died at FINAL committee stop; back next year!

County treasurers cost recovery:

- HB 1042, introduced at request of WA Assn. of County Officials (WACO) and WA Assn. of County Treasurers
- Would authorize county treasurers to charge local taxing districts for the services provided in collection of property taxes
- WPPA joined a range of other taxing districts – led by Hospital Districts and Fire Districts – in opposing



Interim Work

WPPA's interim work plan consists of follow-up on legislative action taken during the 2025 session and preparation for the 2026 session.

Legislative studies, agency rule-making

JTC Shore Power Study

LSRD Transportation ALT Study

Tax Increment Financing Study

MTCA – outreach

Federal Funding Impacts



EXCITING: Economic Revenue Forecast

Economic Forecast updated monthly

- Uses a “basket” of broad state and federal indicators
- Includes actual receipts to the state General Fund

Revenue Forecast updated quarterly – **JUNE 27th!**

- Council includes legislative “budget writers” and the Office of Financial Management
- Revenue Forecasts directly influence budget development



How can WPPA help?

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