



City of
Bellevue

City Manager's
Office

DATE: July 15, 2025

SUBJECT: State Legislative Report, June 2025

Overview

This month's activity largely focused on responses to federal action and the state's June Economic and Revenue Forecast. Below is a recap of the most pressing issues that occurred last month.

Response to Federal Issues

Travel Ban: At a [news conference](#) on June 10, Governor Bob Ferguson addressed President Donald Trump's recently announced federal travel restrictions which heavily target African and Middle Eastern nations. Twelve countries have been banned from entering the United States along with heightened restrictions to seven more.

By way of background, President Trump issued several travel bans during his first administration and Washington was the first state to challenge them - a successful effort that was led by then-Attorney General Bob Ferguson. The Attorney General's Office has filed 21 cases against the Trump Administration this year and is looking at avenues to challenge this current order.

While no direct flights from the countries on the banned list land at SEA airport, 24 percent of King County residents were born outside of the United States, and this order will have far-reaching impacts throughout the Pacific Northwest. As Seattle is set to host the 2026 Fédération Internationale de Football Association (FIFA) World Cup, Mayor Bruce Harrell noted that now is the time for Washington to be a trusted destination that highlights its diversity.

Medicaid: At a [press conference](#) in Kennewick on June 26, Governor Ferguson discussed the potential impacts of the Medicaid cuts included within the "One Big Beautiful Bill" Act. Governor Ferguson warned that the Medicaid cuts will result in approximately 200,000 Washingtonians losing their health care coverage by the next calendar year.

Washington spends about \$21 billion a year on Medicaid, with \$13 billion coming from the federal government. Ferguson, along with healthcare workers and advocates, expressed deep concerns about the proposed cuts and the potential ripple effects on the state's healthcare system, noting that 31 rural hospitals in Washington are at risk of losing services, with 18 at risk of closing and seven facing immediate closure.

June Revenue Forecast

The Washington State Economic and Revenue Forecast Council (Council) unanimously adopted the [latest revenue forecast](#) on June 25. Click [here](#) to watch the presentation on TVW. Compared to the last forecast in March, economic changes to the forecast (excluding the legislative revenue package passed this session) increase revenues by \$407 million in 2023–25 but decrease revenues by \$490 million in 2025–27 and by \$638 million in 2027–29. Legislative impacts such as the Business & Occupation (B&O) tax rate changes have provided a significant boost in revenue, but it is estimated that the state government will collect \$721 million less over the next four years than was predicted when the legislature adjourned in April. The Legislature left \$2.3 billion in reserves, which means this decline will not trigger a special session.

After the forecast was released, Governor Ferguson [issued a statement](#) in which he said that he does not anticipate calling a special session at this time, echoing the sentiments of the Council and reiterating that variables at the federal level are being closely monitored.

The Transportation Economic and Revenue Forecast Council adopted the [latest forecast](#) on June 25. Click [here](#) to watch the presentation on TVW. Overall, the revenue forecast for the current biennium is up 0.2 percent or \$11 million. For the next two biennia combined, it's estimated to be up 19.4 percent or \$2.78 billion relative to what was shown in March. The Climate Commitment Act was highlighted as providing 11 percent of state-generated transportation revenues in the 2023-25 biennium. Washington electric vehicle registrations are projected to be up 29 percent by the end of this fiscal year. Ferry service and ridership have still not fully recovered to pre-pandemic levels, though they are going up year over year. Legislative changes are a major driver of revenue changes across all years.

Association of Washington Cities (AWC) Activities

On June 26, the [AWC Legislative Priorities Committee](#) (LPC) convened for its second meeting during the Association's annual conference held in Kennewick. The Committee reviewed results from the membership-wide survey on preferred priorities for the 2026 legislative session. The top five overarching themes that were selected by the 45 cities that participated in the survey include:

- *Finance, Revenue & Taxes*: Lifting the one-percent property tax, creative/flexible revenue options, reducing tax burdens on citizens.
- *Public works, Infrastructure & Utilities*: Funding, preservation and maintenance, state highways as city streets issue.
- *Public Safety & Criminal Justice*: Public defense costs, alternative response, funding for law enforcement staff.
- *Housing & Homelessness*: Funding, review of recent state policies for effectiveness, reduce cost of construction, address infrastructure backlog to support housing, coordinated response to potential federal cuts.

- *Land Use & Planning:* Urban Growth Area expansion, cost of implementation, state vs. local decision making.

The LPC also discussed issues such as the “double dipping” when using family medical leave from the state and federal government, nutrient permitting, manufactured home parks, unfunded mandates, state shared revenues, and mental health.

The next Committee meeting is scheduled for Thursday, July 24.

Implementation & Emerging Issues

Clean Building Performance Standards: On June 18, the Department of Commerce held its first informational workshop for the rulemaking process related to newly passed legislation, [House Bill 1543](#). By way of background, the bill expands compliance options for building owners under Washington’s clean buildings performance standards. The bill allows the Department of Commerce to develop alternative metrics for energy use and greenhouse gas emissions, alongside existing energy use intensity (EUI) targets, and provides conditional compliance pathways for building owners who meet these alternative metrics. It broadens exemptions for compliance, including historic preservation and financial hardship, and introduces requirements for Tier 2 buildings, such as benchmarking and operations planning, while prohibiting penalties from being passed on to tenants.

Commerce will conduct additional workshops over the next several months, diving into specific components of the rulemaking efforts (i.e., extensions, exemptions, alternative compliance metrics) with the hope of having finalized rules by December of this year. The rulemaking process begins with the filing of a CR-101. After, Commerce will hold three to four workshops to receive public feedback, input, and carry out draft reviews. After every workshop, draft rules are emailed to registrants and later posted online; individuals will have two weeks to comment on the draft texts, and feedback will be summarized at the subsequent workshop. Next, a CR-102 is submitted, including draft rules and a small business economic impact statement. A formal public comment period, usually lasting 30 days, will follow, and a public hearing will also take place. The finalized rules are filed as a CR-103 and will be adopted 30 days after filing.

Joint Transportation Committee: On June 24, the [Joint Transportation Committee](#) met in conjunction with the AWC conference to discuss several topics related to cities. Below are highlights of the meeting:

- *Recommendations for transit-oriented development policies:* In 2024, the Legislature funded a study to develop policy recommendations to advance transit-oriented development (TOD). This included reviewing TOD conditions in cities in King, Pierce, Spokane, Clark, and Snohomish counties that have populations of more than 12,500 and have at least one major transit stop. While completing this work, the Legislature passed TOD legislation this session, [House Bill 1491](#). Given that, the study also builds upon the passage of House Bill 1491 and identifies best practices around TOD. The

[Urban Institute](#) (UI), a nonprofit research organization, was hired to complete the study.

The [draft findings](#) show that although people and development are concentrating near transit, it is occurring in cities with high housing costs, while low-housing-cost cities are not attracting more projects near transit. The UI suggests increased investment in neighborhood infrastructure near transit, including expanding the state's existing Community Housing to Infrastructure Program (CHIP), funding the grant program established in House Bill 1491, and directing a portion of WSDOT's capital funds for neighborhood infrastructure. The UI also suggests expanding direct affordable housing funding and purchasing of public lands. They suggest further upzoning near light rail stations with a focus on taller buildings and refining the Multifamily Tax Exemption (MFTE) Program to meet the needs and economic realities of different cities. The UI has been given further direction from the Legislature to build upon the study and provide further details on the MFTE project in different submarkets in TOD areas, and an analysis of the density requirements established in House Bill 1491. They will present these topics to the Legislature later in 2025.

- *WSDOT project delivery and innovative practices:* In 2024, the Legislature funded a study to review the Washington State Department of Transportation's (WSDOT) project delivery practices, analyze alternative methods, conduct stakeholder outreach, and recommend changes that could reduce costs, improve competition, and shorten delivery schedules. The recommendations are divided into programmatic and project level, and organized into five categories: cost estimating, competition, procurement practices, project delivery method selection, and project administration. Many of the recommendations will require additional funding to implement. Click [here](#) to view the slides from the presentation and [here](#) to view the final draft report.
- *Streamline Local Project Delivery Study:* This study was funded in 2024 by the Legislature and focused on convening a project delivery streamlining work group to review options and recommend practices that support expedited local project delivery. The final report outlines six key recommendations to improve the efficiency and effectiveness of local transportation project delivery and aims to address the most significant barriers identified by local jurisdictions: complex federal funding requirements and protracted state agency review processes. The recommendations are: 1) Improve Federal Funding Allocation & Create a Permanent Federal Fund Exchange Program, 2) Improve Timeliness of WSDOT Review, 3) Coordinate and Simplify Interagency Environmental Review, 4) Continue Refining Disadvantaged Business Enterprise Requirements, 5) Offer Technical Assistance to Local Jurisdictions, and 6) Collect project-level data across regions. Click [here](#) to view the slides from the presentation and here to [view](#) the report.

Puget Sound Nutrient General Permit: Several years ago, the Department of Ecology (Ecology) issued a permit requiring wastewater treatment plants to reduce the amount of

nutrients (nitrogen) being discharged into the Puget Sound – also known as the Nutrient General Permit. That permit was found invalid by the Pollution Control Hearings Board in March. Ecology released a [proposed voluntary general permit](#) for public comment through August 27 and intends to implement it by the end of the year.

If a wastewater treatment agency does not opt-in to the voluntary permit, then similar regulations will be enforced through individual National Pollution Discharge Elimination System (NPDES) permits. These individual permits will drive the same type of improvements as included in the voluntary Nutrient General Permit. The general consensus from impacted agencies is that - even if all wastewater treatment plants derived nutrients were removed - there would still be significant nutrient contamination in the Puget Sound from other sources, and that any requirement around nutrient discharges needs to be rooted in recent science and modeling (the early 2000's is the source of most of Ecology's data).

AWC has been working on advocacy strategies with King County to engage Ecology, the Governor's Office, and Legislators to ask for a different process to regulate nutrients and emphasize the scale of investment with little environmental return. AWC and involved communities plan to develop a collective request letter to extend the comment period deadline to September.

Liquor and Cannabis Board Buffer Zones Proposal: The Washington Liquor and Cannabis Board (LCB) has proposed a rule change that could shrink the buffer zones between cannabis stores and sites such as schools, parks, and libraries. Currently, buffer zones are measured as a radial distance from the restricted locations' property line. The proposed change would alter that measurement to instead be the path of travel, which has the potential to reduce the size of a buffer zone if the path to a restricted site follows an indirect route. By way of background, licensed cannabis retailers cannot be within 1,000 feet of the property perimeter of an elementary school, playground, recreation center or facility, childcare center, public park, public transit center, library, or all-ages arcade. By enacting an ordinance, cities can reduce that buffer to 100 feet. Click [here](#) for more background shared by AWC. AWC plans to send a letter to the LCB objecting to the rule change prior to the comment deadline period. The City of Bellevue also sent a letter in response.