

CITY COUNCIL AGENDA TOPIC

2025 State Legislative Session Update

Genesee Adkins, Deputy City Manager, 452-7849

Katie Kuciemba Halse, Assistant Director of Intergovernmental Relations, 452-2860

City Manager's Office

Briahna Murray

Gordon Thomas Honeywell - Government Relations

EXECUTIVE SUMMARY**INFORMATION
ONLY**

Staff will present a mid-session update on the Washington State 2025 Legislative Session, now underway, including updates on the identified priorities that are part of the 2025 State Legislative Agenda adopted by the Council in October 2024.

RECOMMENDATION

N/A

BACKGROUND & ANALYSIS

The Washington State Legislature convened for a 105-day ("long") session on January 13. One of the primary tasks of legislators during a long session is to adopt the State's biennial budgets for 2025-27: Operating, Capital, and Transportation. More than 2,000 bills have been introduced so far, and the Legislature will continue to consider hundreds of bills that remain viable this legislative session.

To guide the work of the City during session, Council adopted the City of Bellevue 2025 State Legislative Agenda in October 2024. Since that time, the City's intergovernmental relations team has reviewed hundreds of bills and councilmembers have had multiple touchpoints with the legislative work. Councilmembers hosted legislators before session to discuss the City's priorities, attended the Inaugural Ball for Governor Bob Ferguson, and testified on key legislation in House and Senate committees. On February 7, Mayor Lynne Robinson, Deputy Mayor Mo Malakoutian, and Katie Kuciemba Halse (Intergovernmental Relations Assistant Director) met with the City's legislators.

Below is a synopsis of the status of top priorities and ongoing hot topics in the Legislature.

Key Legislative Priorities

- **Grand Connection:** The City anticipates ongoing design and construction will require partnership across all levels of government, corporate and individual philanthropy, and value capture. The following elements are being advocated for in the 2025 session:
 - *Grand Connection Crossing:* The City recently completed preliminary design for a signature half-mile crossing over I-405, providing a safe, protected option for people walking, biking, and rolling to and from downtown Bellevue. The City is requesting \$50 million be included in

any transportation package this session. Staff are still waiting to determine if a new transportation package will be proposed this session (see additional information on budgets below).

- *Downtown Integration Project*: The City is requesting \$900,000 in the Capital Budget to reconfigure City Hall Plaza. This project will improve safety and access of the public gathering space for more than 40,000 daily users at the intersection of 110th Avenue NE and NE 6th Street when the Bellevue Grand Connection I-405 Crossing is complete. Senator Vandana Slatter and Representative Amy Walen each submitted these requests in their respective chambers, with support from other members of the legislative delegation.
- **I-405/SR 167 Corridor**: \$94 million is needed to finish components of the I-405/167 Corridor that are already under construction. The City joined other communities along the corridor to submit a letter to transportation leadership making this request, and provided testimony to the House and Senate Transportation Committees.
- **SR 520/124th Interchange**: The City is requesting \$225-275 million be included in any transportation package that is developed for construction of the interchange at SR 520/124th. Senator Slatter and Representative Walen submitted this request in their respective changes with support from other members of the legislative delegation.
- **Digital Permitting**: The City is joining other communities to request \$2.7 million in the Operating Budget for the eCityGov Alliance to improve digital permitting. Representative Walen has submitted this request in the House along with a letter of support signed by more than a dozen representatives and senators, including legislators from the 41st and 48th legislative districts. The letter urges budget writers to prioritize funding for this important investment. Click [here](#) to view the letter.
- **Affordable Housing**: Bellevue continues to prioritize addressing the affordable housing crisis – and ask that the Legislature provide adequate funding, resources, and time necessary to implement recent state land use and housing policy. At the time of this writing, there are still bills in motion on the following topics: transit-oriented development (House Bill 1491), lot-splitting (House Bill 1096), state review of housing elements (Senate Bill 5148), parking preemption (Senate Bill 5184), STEP housing (House Bill 1195), mobile dwellings (HB 1443), and more.

Meanwhile, lawmakers are assessing several funding options to resource more housing in Washington. Three proposals were introduced this year providing cities flexibility with the use of real estate excise tax (REET) funds. The House of Representatives approved [House Bill 1791](#), sponsored by Rep. Dave Paul (D-10th LD), which expands the permissible uses of REET revenues to include affordable housing, homelessness facilities, and community services, in addition to traditional capital projects.

Budget Deliberations

The Legislature is facing a significant operating budget shortfall that ranges from \$10 – \$15 billion over the next four years. Budget writers continue to undertake the significant task of evaluating what elements of former-Governor Inslee's and current-Governor Ferguson's budget proposals will be

integrated into their respective budget proposals. The House of Representatives and the Senate will release their respective operating, capital, and transportation budget proposals in late March. The Senate is scheduled to release its budget proposals first, followed by the House of Representatives. Budget writers have indicated that there is constrained funding in two of the three budgets: operating and transportation.

Most recently, Governor Ferguson proposed a budget plan to save approximately \$4 billion. The Ferguson proposal maintained full funding for K-12 education and public safety. He also maintained investments in most housing and homelessness programs, current cash benefit assistance programs, and Medicaid. Governor Ferguson stated that his budget savings proposals are built on four key principles:

1. Good government efficiencies and reductions.
2. Pausing or phasing-in new spending.
3. Scaling back recent spending decisions.
4. Limiting replacement of one-time federal funding.

These savings are in addition to Governor Inslee's proposal, which reduced the shortfall by an additional \$3 billion. Combined, those proposals reduce the shortfall by \$7 billion. Governor Ferguson acknowledged that there is more work to be done and intends to work with the Legislature as they develop their own ideas for the budget. While the [January 14 Council Memo for the 2025 State Legislative Session Kick-Off](#) identifies a series of tax and revenue proposals, they have not been formally introduced to the Legislature as of this writing. It is anticipated that revenue proposals will be released alongside budgets at the end of March.

Additionally, legislative leadership has begun signaling that a special session may be needed if the United States Congress reduces federal funding for programs like Medicaid, requiring states to backfill the potential cuts.

Transportation Funding Challenges

On February 27, both the House and Senate Transportation committees received a briefing from nonpartisan staff about transportation budget development. Staff presented the six-year budget outlook, which includes a funding shortfall to be \$1 billion in 2025-27, \$2.7 billion in 27-29 and \$3.9 billion in 2029-31.

Staff presented three scenarios to address the shortfall over the next six years:

1. *Reductions/Delays of Major Projects*: Even with the delay of ten large highway improvement projects throughout the state, there is only a savings of \$843 million in the upcoming biennium and not sufficient savings over six years to achieve a balanced budget.
2. *New Revenue*: Seven different revenue options were presented for the committee's awareness. They included a gas tax increase, increases in vehicle registration fees, passenger vehicle weight fees, light duty truck fees, freight project fees, ferry fares, and drivers' license fees. If all the revenues were adopted, it would generate \$908 million in the upcoming biennium.
3. *Combination of Reductions/Delays and New Revenue*: The most likely scenario is both a reduction of capital expenditures and raising new revenue.

Additional costs that are not yet accounted for in the transportation budget include \$5 billion for the state's culvert replacement program, \$1.5 billion per year for maintenance and preservation, cost increases associated with currently planned projects, and ferry fleet replacements in the future.

Upcoming Engagement and Next Steps

With its anticipated release at the end of the month, the budget process will take center stage for the remaining month of session. The next committee cutoffs are April 2 for policy committees and April 8 for fiscal committees in the opposition chamber. The next floor cutoff is April 16 for the opposite chamber, and on-time adjournment is scheduled for April 27. The City's intergovernmental team will call upon councilmembers during the waning weeks of session to help advocate for city priorities both in policy and in the budget.

POLICY & FISCAL IMPACTS

Policy Impact

City Council adopted its 2025 State Legislative Agenda on October 22, 2024.

Fiscal Impact

The fiscal impacts will be determined by the cumulative actions of the Legislature at the close of session.

OPTIONS

N/A

ATTACHMENTS

A. Bellevue 2025 State Legislative Agenda

AVAILABLE IN COUNCIL LIBRARY

N/A