



City of  
Bellevue

City Manager's  
Office

**DATE:** June 10, 2025

**SUBJECT:** State Legislative Update, May 2025

### **Overview**

Following the 105-day 2025 Legislative Session, the Governor had until May 20 to sign bills and budgets into law. Over 400 bills were signed into law, with one fully vetoed and nine partially vetoed. For more information, check out Governor Bob Ferguson's [bill action](#) webpage.

On the afternoon of May 20, the Governor completed final action on budgets. While the Governor was heavily lobbied to veto significant portions of the budget and its associated tax package, he largely signed off on the Legislature's work, noting that he plans to work with stakeholders over the interim to revisit some of the tax policy decisions for next session. Governor Ferguson approved \$78 billion in spending over two years and vetoed about 55 items in the state budget worth a combined \$22.3 million. Below are direct links to the partial veto messages for each of the budgets.

Operating: <https://governor.wa.gov/sites/default/files/2025-05/5167.pdf>

Capital: <https://governor.wa.gov/sites/default/files/2025-05/5195.pdf>

Transportation: <https://governor.wa.gov/sites/default/files/2025-05/5161.pdf>

The lone bill the governor entirely vetoed was [House Bill 1108](#), which directed the Washington State Institute for Public Policy to determine the primary cost drivers for owning or renting a home in the state. This veto was one of the many studies and work groups cancelled. The Governor noted the cost of such work groups and studies during challenging budget times as the reason for the veto.

### **Proposed Cuts to Medicaid**

On May 22, Governor Bob Ferguson held a [press conference](#) at Harborview Medical Center in Seattle to address the proposed Medicaid cuts being discussed at the federal level, which have passed the U.S House of Representatives. The broader reconciliation package is now being considered in the U.S. Senate, where Republicans hold a slim majority. It's anticipated that U.S. Senate leaders will adjust the legislation to secure the necessary votes for passage by the end of summer.

By way of background, House Republicans have proposed budget reductions ranging from \$600 billion to \$880 billion over 10 years, as estimated by the Congressional Budget Office. These cuts are part of a broader effort to offset tax cuts and reduce federal spending. One of the primary targets is the Medicaid expansion under the Affordable Care Act (ACA). The federal government currently pays 90 percent of the costs for adults covered through the expansion. Proposed changes include reducing this match rate or eliminating it altogether, which could lead

to a significant loss of federal funds for states, like Washington, that have expanded Medicaid. The Legislation also includes new work requirements for Medicaid recipients, a freeze on provider tax, and coverage restrictions.

Approximately two million Washingtonians rely on Medicaid, known as Apple Health. This represents about 20 percent of the state's population. Potential cuts could lead to a significant number of people losing their coverage. For instance, it is estimated that at least 200,000 people could lose Medicaid coverage by the end of 2026 if the proposed cuts are implemented. Washington State is already facing a multibillion-dollar budget shortfall. Medicaid cuts could exacerbate this issue, forcing the state to either cut health care services or find alternative funding sources.

During the press conference, Governor Ferguson was joined by Harborview CEO Sommer Kleweno Walley, Seattle Mayor Bruce Harrell, SEIU 775 and SEIU 1199 members. The state spends approximately \$21 billion on Medicaid annually, with \$13 billion coming from federal funds and \$8 billion from the state. Governor Ferguson emphasized that the recently passed state budget, which protected the rainy-day fund, would not be sufficient to cover the anticipated changes in federal Medicaid reimbursements. Depending on the outcome of Congressional deliberations, the Washington State Legislature may need to reconvene for a special session before the new year. This was further emphasized in recent media where the House Majority Leader Joe Fitzgibbon also mentioned the potential need for a special session. [Click here](#) to view the article.

### **Election Season**

Due to a series of appointments made in late 2024 and early 2025, nine Democrat-held legislative seats are now up for election this campaign season. Candidate filing took place from Monday, May 5, through Friday, May 9, resulting in the following lineup for the August primary: -

- **5<sup>th</sup> Legislative District: Rep. Victoria Hunt** (D) announced she is running to fill the open Senate position in the 5th Legislative District following the death of Senator Bill Ramos in April. Chad Magendanz, a Republican who served two terms in the House of Representatives from 2013-2017, is also running. If Hunt wins, a new representative will be appointed to the House before the 2026 session.
- **26<sup>th</sup> Legislative District: Sen. Deb Krishnadasan** (D) is running to keep her appointed seat after the district's former senator, Emily Randall, was elected to Congress. **Rep. Michelle Caldier** (R) will be challenging her for the seat. If Caldier wins, her House seat will be open for appointment. If Caldier loses, she can continue to serve in the House.
- **33<sup>rd</sup> Legislative District:**
  - o **Sen. Tina Orwall** (D) served in the House until she was appointed following former Senator Karen Keiser's retirement last year. Orwall is running unopposed.
  - o **Rep. Edwin Obras** (D) was appointed to fill Tina Orwall's House seat, which she vacated to accept an appointment to the Senate. Kevin Schilling, Democrat and Mayor of Burien, and Darryl Jones, Republican and resident of Kent, will be challenging Obras in the race.

- **34<sup>th</sup> Legislative District: Sen. Emily Alvarado** (D) moved from the House to the Senate days into the 2025 session to replace former Senator Joe Nguyen, who resigned once he was selected as the Department of Commerce Director by Governor Ferguson. Alvarado is running unopposed.
- **41<sup>st</sup> Legislative District: Rep. Janice Zahn** (D) was appointed to replace Tana Senn, who resigned from the House position when the Governor selected her to lead the Department of Children, Youth and Families. Zahn is now running to secure her appointment. She is up against two opponents – Democrat Vinita Kak, City of Newcastle Planning Commissioner, and Republican John Whitney of Bellevue.
- **48<sup>th</sup> Legislative District:**
  - o **Rep. Osman Salahuddin** (D) was appointed to replace Vandana Slatter's House seat, which she vacated to accept an appointment in the Senate. Salahuddin faces two challengers – Ranga Bondada, a Democrat and business owner in Bellevue, and Dennis Ellis, a Republican and Redmond resident.
  - o **48<sup>th</sup> Legislative District: Sen. Vandana Slatter** (D) is running to keep her appointed seat after former Senator Patty Kuderer resigned from the position after being elected as the state's Insurance Commissioner. Her seatmate in the House, **Rep Amy Walen** (D), is challenging her. If either one of them wins, a new representative will be appointed to the House before the 2026 session.

### **Association of Washington (AWC) Cities Activities**

The [AWC Legislative Priorities Committee](#) (LPC) kicked off its first meeting on May 16. The Committee recapped the recently concluded legislative session and began discussing what to pursue in 2026. AWC has an [active survey](#) being circulated to get feedback on what to focus on in 2026. The deadline for completing the survey at the link above is **June 5**.

The LPC noted a desire to have their work guided by the survey results, but shared that less than two dozen cities had completed the survey at the time of the meeting. The LPC debated whether to continue to have the Association advocate for lifting the one percent cap on property tax levy growth. Discussion noting that addressing the one percent cap does not generate a significant amount of revenue for many communities, and that it is challenging to educate the public on how local property taxes work.

The LPC also discussed housing and how cities are perceived as slowing down the growth of housing. One of the challenges shared is that when a city implements state mandates or regulations, the city is then blamed as the impediment. Identifying what those state mandates or regulations are could help reshape the dialogue on housing.

The LPC highlighted the need for legislators to reach out to city councils as they consider new policies, and grappled with how communication can be improved amongst local and state elected officials.

AWC staff suggested the following as potential areas to lean into for the 2026 legislative session:

- Making voter-approved revenue councilmanic
- Pursuing retail delivery fee
- Policy or funding changes to address homelessness response
- Streamlining urban growth area (UGA) changes and annexations to support housing
- Removing costly or time-consuming reporting requirements
- Identifying other efficiencies and cost savings measures

The next LPC meeting is scheduled for June 26 at the AWC Conference. The AWC Conference will be held on June 24-27 in Kennewick. Gordon Thomas Honeywell Government Affairs is planning to attend. Click [here](#) for registration details.

In case you wanted to watch [AWC's 2025 Legislative Session Wrap-Up Webinar](#), a recording is available. AWC will also have a federal funding update on June 2.

### **Implementation of Newly Approved Law**

Most laws approved by the 2025 Washington State Legislature, and signed into law by the Governor, become effective on July 27, 2025. Some bills contained “emergency clauses” making them effective immediately, or contained clauses outlining a different effective date. The enacted budgets go into effect at the beginning of the fiscal year, July 1, 2025. State agencies and other stakeholders are beginning to focus on implementation. Below is a highlight of some news around that implementation:

**House Bill 2015 Law Enforcement Funding Grants:** [House Bill 2015](#) creates a new state grant program and a new councilmanic local sales tax option for funding public safety programs. Additionally, the final budget includes \$100 million for the grant program. The Governor signed the bill into law on May 19, and the bill goes into effect on July 27. AWC has developed a helpful breakdown of the bill that can be viewed [here](#). To collect the sales tax, a jurisdiction must meet the requirements of the grant application. The Criminal Justice Training Commission (CJTC) has been tasked with administering the grant and is expected to begin implementing it by the first week of June. AWC is in communication with CJTC and is hoping to coordinate a joint training session to support cities with implementation.

**House Bill 1217 Rent Regulation:** [House Bill 1217](#) restricts annual residential rent increases to 7 percent plus inflation or 10 percent, whichever is lower. The bill had an emergency clause and became effective law immediately. The Washington State Department of Commerce calculated the “7 percent plus inflation” option as equaling 10.8 percent for 2025, therefore, the cap on rent increases in 2025 will be 10 percent. If a landlord raises rent above the caps without an exemption (there are several in the legislation), the renter must give the landlord a chance to fix the error or can terminate

their lease with 20 days' notice. A tenant or the state attorney general can bring litigation to enforce compliance. The attorney general can recover up to \$7,500 per violation.

### **Traffic Safety**

In recent years, traffic fatalities on Washington's roads have spiked. On May 28, the Washington State Traffic Safety Commission released a [preliminary report](#), showing a 9.8 percent decrease in traffic fatalities. 731 people died in vehicle crashes in 2024, which is down from 743 in 2022 and 809 in 2023 (the highest since 1990). Although there is still more work to be done to improve road safety, the data seems to demonstrate it's headed in the right direction. This shift comes after the Legislature passed new laws to increase the penalties for drivers who hurt or kill pedestrians, cyclists, and others traveling on the road, allow speed cameras in roadwork zones to slow drivers down, and require those 21 and under - rather than 18 and under - who want a license to take driver's education. Drivers between the ages of 15 and 24 were involved in about a quarter of last year's traffic deaths.

### **Puget Sound Nutrient General Permit**

The Department of Ecology previously issued a Puget Sound Nutrient General Permit, which regulates wastewater effluent in the Puget Sound and would have required many wastewater treatment plants to undergo significant and expensive upgrades to comply.

In March, the Pollution Control Hearings Board issued a decision that Ecology did not have the authority to issue a mandatory nutrients general permit in addition to the requirements of individual wastewater treatment plant discharge permits. Ecology has announced it is not appealing the decision and that the former general permit requirements for nutrients are now voluntary for permittees. Since then, Ecology plans to release a proposed voluntary general permit for public comment this month and intends to implement it by the end of the year.

AWC and individual communities are making an effort to meet with the Governor's Office to encourage further discussion before Ecology makes any further progress.

### **June Look Ahead**

- AWC Conference in Kennewick - June 24-27