



City of Bellevue

City Manager's Office

DATE: August 4, 2025

SUBJECT: State Legislative Update, July 2025

Overview

This month brought a wide array of action with the release of the August primary ballots, the start of the 2026 state supplemental budget process, several implementation and rulemaking progress updates, and other city-related issues.

August Primary Update

As a result of the appointments and elections made at the end of 2024 and the beginning of 2025, there are races for nine Democrat-held legislative seats on the August Primary ballot. Ballots for the Primary have been mailed to voters and must be postmarked by August 5. Only the top two candidates in the Primary will advance to the November General Election.

It's unlikely that these races will substantially change the political composition of the Legislature for the 2026 Legislative Session. However, the results of these races will be an early indication of how voters may vote in November 2026, when all members of the House of Representatives and half the members of the State Senate will seek re-election.

Residents in legislative districts with Primary races are receiving media (mailers, social media, etc.) lobbying criticisms; Democrat candidates are being heavily criticized for the tax increases enacted during the 2025 Legislative Session. The Senate races in the 26th Legislative District and the 5th Legislative District are seeing the greatest political spending. The House race in the 33rd Legislative District and the Senate race in the 48th Legislative District are races where voters will choose between a moderate Democrat candidate and a progressive Democrat candidate. Below is an overview of legislative races in Bellevue during the August Primary:

- **Rep. Janice Zahn** (D-41 LD) was appointed to replace Tana Senn, who resigned from the House position when the Governor appointed 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, Planning Commissioner for the City of Newcastle, and Republican John Whitney of Bellevue.
- **Rep. Osman Salahuddin** (D-48 LD) was appointed to fill 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.
- **Sen. Vandana Slatter** (D-48 LD) is running to keep her appointed seat after Patty Kuderer resigned from the position after being elected as the state's Insurance Commissioner. Her seatmate in the House, **Rep Amy Walen** (D-48 LD), is challenging

her. If either one of them wins, a new representative will be appointed to the House before the 2026 session.

Additionally, the following races are in play:

- **Sen. Deb Krishnadasan** (D-26 LD) is running to keep her appointed seat after the district's former senator, Emily Randall, was elected to Congress. **Rep. Michelle Caldier** (R-26 LD) will challenge 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.
- **Sen. Tina Orwall** (D-33 LD) served in the House until she was appointed following former Senator Karen Keiser's retirement last year. Orwall is running unopposed.
- **Rep. Edwin Obras** (D-33 LD) is running to keep his appointed seat after his predecessor, Tina Orwall, was appointed to the Senate. Kevin Schilling, Democrat and Mayor of Burien, and Darryl Jones, Republican and resident of Kent, are his two opponents.
- **Sen. Emily Alvarado** (D-34 LD) moved from the House to the Senate days into the 2025 session to replace former Senator Joe Nguyen when Gov. Bob Ferguson selected him as Director of the Department of Commerce. Alvarado is running unopposed.
- **Rep. Brianna Thomas** (D-34 LD) is running to keep her appointed seat after Emily Alvarado was appointed to the Senate. Thomas is running unopposed.
- **Rep. Victoria Hunt** (D-5 LD) was appointed to the open Senate position in the 5th Legislative District following the death of Senator Bill Ramos in April and is running to retain the seat. Chad Magendanz, a Republican who served two terms in the House of Representatives from 2013-2017, has also put his hat in the ring. Following Hunt's appointment, a new representative, **Rep. Zach Hall**, was appointed to fill her seat.

2026 Supplemental Budget Underway

Development of the Governor's proposed 2026 supplemental budget process is underway at the budget office, Office of Financial Management (OFM), which sent a letter, [Instructions for 2026 Supplemental Budget Submittals](#), to all state agencies with instructions on developing their budget requests. OFM has requested state agencies submit requests by September 15. In the letter, OFM mentions that budget requests should focus on reducing costs given the challenging state budget environment.

Governor Bob Ferguson will release a 2026 Supplemental Budget proposal in December. His proposal will serve as the starting point for budget discussions during the 2026 session

Since the Governor signed the 2025-27 budgets into law, revenues are anticipated to decline by approximate \$720 million over the four-year budget outlook. Additionally, whether and how to backfill federal cuts to Medicaid, food assistance, and other services is likely to be heavily debated this session. At recent political events, the Governor has indicated that it would be challenging to backfill all the federal cuts while maintaining a responsible budget. Several Democrat legislators have expressed a desire to revisit a wealth tax as a potential revenue source to backfill reductions to federal programs. The Governor has indicated his concerns with the wealth tax remain.

Association of Washington Cities

On July 24, the [AWC Legislative Priorities Committee](#) (LPC) convened for its third meeting to consider a [list of potential issues](#) (starting on page 7) for inclusion in the 2026 legislative agenda. AWC staff provided recommendations on specific areas to focus on and the level of prioritization: Priority, Significant Issue, Support/Oppose Issue.

During the meeting, the LPC did not recommend the 1 percent cap as a legislative priority for 2026 despite continued interest from cities; Governor Bob Ferguson has indicated that he continues to be concerned about the impact that the proposal would have on affordability. The LPC agreed with indigent defense being earmarked as a priority and discussed a strategy to focus on mitigating the burden of the new standards. The LPC also discussed housing and homelessness as significant issues. It was emphasized that to address homelessness, wrap-around services and supportive care are necessary for these programs and pathways to be effective.

Additional topics suggested as potential areas to lean into for the 2026 legislative session include:

- make voter-approved revenue councilmanic;
- streamline Urban Growth Area (UGA) changes and annexations to support housing;
- oppose diversion of funds for fish culverts and monitor mediation efforts with tribes;
- clarify privacy protections regarding automatic license plate readers;
- modernize public notice requirements; and
- identify other efficiencies/cost savings measures.

On August 18, AWC will provide an online update for members on the 2026 legislative priorities process to learn about the priorities being discussed and to provide input. Click [here](#) to register. The Committee will vote on its final recommendations on September 4, and the AWC Board will consider those recommendations during their September meeting.

Implementation & Emerging Issues

House Local Government Committee Discusses Annexation: The House Local Government Committee held a work session on July 9 on city annexations. The City of Ferndale presented to the committee, sharing potential state actions that could improve the process. This included incentives for cities to adopt phased annexation plans, limiting new development in UGAs until annexation conditions are met (e.g. minimum lot size of 20 acres or more, restricting uses to residential, agricultural and forestry, industrial and commercial uses only when served by water and sewer, allowing non-conforming uses, restricting land divisions, applying roadway standards and collecting impact fees). Futurewise also presented on the issue, recommending amendments to the countywide planning policies to require annexation phases and to involve cities when UGAs are designated. Click [here](#) to view the meeting materials and [here](#) to watch the work session on TVW.

Opioid Settlement: On July 10, the Attorney General's office [announced](#) that an estimated settlement of \$16 million is headed to Washington State, just a portion of the nationwide settlements totaling \$720 million between eight companies that manufactured opioid pills. The final amount is still to be determined as it is dependent on the number of eligible cities and counties that join the settlement. Most of the funds from these settlements are required to go toward fighting opioid abuse. For local governments, this encompasses training, crisis response teams, improved drug data visibility, and community-based organizations that specialize in opioid recovery and prevention. Local governments have a 90-day period to sign onto the settlement once it is finalized. The settlement deadline has not been set. Since 2022, the state has collected \$1.3 billion through opioid settlements. Cities can join by [clicking here](#).

Cannabis Social Equity: On July 16, the Joint Legislative Audit and Review Committee (JLARC) released a Cannabis Market Study that highlighted key issue areas with the current regulations in the state and recommendations to the Legislature. By way of background, the Liquor and Cannabis Board (LCB) regulates the state's cannabis industry. The JLARC study identified that there are two to three times more cannabis produced than retailers sold in 2023. Although the LCB regulates production by limiting growing space, it does not have an accurate measure of the amount of cannabis produced. This has created data collection limitations and has prevented the LCB from answering the Legislature's questions about supply and demand. Since 2017, the number of cannabis producer businesses has declined by 31.6 percent, which creates challenging market conditions for new producers licensed through the [Social Equity in Cannabis Program](#). Click [here](#) to view the JLARC study.

Lodging Tax Expenditures: JLARC also released a report focused on the distribution and reporting of lodging tax revenue over the last five years. By way of background, cities and counties may levy a tax on lodging in two ways: collect a tax of up to 2 percent that is taken as a credit against the state sales tax or collect an additional sales tax of up to 2 percent. From there, the Department of Revenue collects the tax and distributes it back to municipalities, which may be spent on tourism-related activities. Of the 213 municipalities that received a distribution of lodging tax in 2024, 91 percent (194) reported information to JLARC, and 9 percent (19) did not.

New Public Safety Funding Tool (House Bill 2015) Implementation Update: [House Bill 2015](#), passed into law in the 2025 session, creates two new funding streams for cities to enhance public safety. To improve staffing, the state's Criminal Justice Training Commission (CJTC) is running a three-year, \$100 million grant program to hire, train, and retain new police officers and co-responders. The new law also empowered the legislative bodies in cities and counties eligible for the grant to each separately enact an ongoing 0.1 percent councilmanic sales tax for criminal justice purposes. CJTC is responsible for determining grant eligibility and allocating the funds, using guidelines still in their formative stages that include requirements for training that are currently only partially available.

With the law taking effect July 27, AWC hosted a webinar on July 29 to provide details on how to benefit from this grant funding opportunity and the local sales tax authority. Materials will be posted on AWC's website after the webinar.

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 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. This means that the former general permit requirements for nutrients are now voluntary for permittees. Ecology has released three different regulations for [feedback](#) through August 27. This includes a Voluntary General Permit, a Nutrient Reduction Plan (Advanced Restoration Plan), and a Salish Sea Modeling Optimization. A small group of cities and King County has [requested](#) an extension to have more time to provide feedback on the three proposals, and would encourage other cities to indicate the need for an extension. They are also developing an alternative approach that would include Ruckelshaus convening a consensus process. AWC is actively involved and has requested time with legislators and the Governor's office to increase engagement on this issue.

Clean Building Performance Standards: The Department of Commerce (Commerce) has held informational workshops 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 (CBPS). The bill allows 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. On July 23, Commerce shared proposed rules on alternative compliance pathways related to the CBPS. The final workshop is scheduled for August 13. Click [here](#) to view previous recordings, submit feedback on the proposed rules and compliance pathways, and register for the next workshop.

Commerce Launches Zoning Atlas: A new tool for comparing zoning data from across the state is now available through the Department of Commerce. [Washington State Zoning Atlas \(WAZA\)](#) is an interactive web-based map and downloadable database that translates local zoning codes into consistent categories. While quite literally offering a way to see the bigger picture at play, some key benefits of this new resource are the ability to view where there are barriers to housing, clarifying where development is likely to occur, and how extensive it may be. The data available through WAZA reflects updates from April 2024 to June 2025 and Commerce plans to update the atlas periodically, provided there is funding to continue the project.

August Look Ahead

- August 18 – AWC 2026 Legislative Priorities Process Webinar (register [here](#))