

State Government Relations Updates

Executive Board

March 27, 2025

Updated
as of
3/26/2025



Puget Sound Regional Council



We are leaders in the region to realize equity for all. Diversity, racial equity and inclusion are integrated into how we carry out all our work.

psrc.org/equity

2025 State Legislative Session

- Over 2,200 bills introduced
- Chambers considering opposite house bills
- April 2 Opposite House Policy Committee Cut-off
- Budget released Monday, March 24



2025 Legislative Session Budget Outlook

- Operating budget deficit of \$12–\$15 billion
- Transportation budget deficit of \$8 billion, \$1–\$1.8 billion in FY 25–27

Budget Pressures:

- Lawsuits and tort claims
- Federal Funds ~ 30% of state budget
- Revenue Forecast March 18

[WA State Standard Article](#)



Senate Democrats Budget Proposal

\$78.5b budget 2 yrs

\$17b in new taxes, \$6.5b cuts 4 yrs

- Delays early learning and childcare programs
- Education - \$2.2b special education and \$422m MSOC over 4 yrs
- Reduces state worker salary by 5%
- Uses rainy day fund
- Does not include \$100m for public safety



Senate Democrats Revenue Proposal

- **Financial Intangibles Tax** – \$10 on every \$1,000 of assessed value of certain financial assets (stocks, bonds, exchange-traded funds, and mutual funds) for individuals with more than \$50 million of such assets
- **Remove Cap on Employer Payroll Taxes** – 5% employer paid payroll tax for employees earning over 176k (includes exemption for those paying Seattle tax)
- **Property tax growth limit**– Remove 1% cap, allowing growth by combined rate of population and inflation
- **Repeal tax preferences**
- **Cut Sales tax from 6.5% to 6%**

[Senate Democrats Revenue Proposal](#)



House Democrats Budget Proposal



\$77.8b budget

\$15b in new taxes

- Delays Early learning and childcare programs
- \$1b less in new \$ for special education and public schools
- Includes \$50m for new police officers and \$50m for crime prevention
- Does not rely on furloughs

[Democrats in Washington Legislature pitch competing budget plans](#) (WA State Standard)



House Democrats Revenue Proposal

- **Financial Intangibles Tax** – \$8 on every \$1,000 of assessed value of certain financial assets (stocks, bonds, exchange-traded funds, and mutual funds) with first \$50 million exempt
- **B & O Tax Increase**– 1% surcharge on businesses with taxable income over \$250m & increases surcharge on specified financial institutions with annual net income of \$1b or more from 1.2% to 1.9%.

Property tax growth

flexibility – maintains 1% cap on property tax growth but allows for increases based on inflation and population changes not to exceed 3%, adjusts school levy equalization methods to ensure equitable funding for historically underinvested areas of state

[House Democrats Revenue Proposal](#)



Transportation Budget: Expected Challenges

- Budget was balanced end of 2024 session
- Revenues down, costs increasing, culverts
- Solutions:
 - Reduce operating and capital
 - Increase Revenue
 - Combination

[House Presentation](#)
[Senate Presentation](#)



Transportation Budget

Senate

- Current Law and New law budget, revenue bill
- Furloughs workers
- \$500m reserve
- Move Ahead Completion Funding

House

- \$1b in reserves
- No reduction in preservation projects
- Delays \$1.3b in transportation projects but none currently under contract

Both invest in:

- Electric vehicles
- Hydrogen infrastructure

- Drayage trucks
- Sustainable aviation



Washington State Ferries

- Preserve resources for new vessels
- Delay hybrid electric ferry conversions, House delays terminal electrification
- House increases preservation by \$100m and \$40m for capital vessel investments
- House funds ferry terminal security increase , Senate does not
- Senate directs to WSF to develop a renewable diesel demonstration project
- Kitsap & King County POF \$847m in Senate and \$2.76m in House



Senate Transportation Revenues

- 0.3% of state sales tax revenue dedicated to transportation budget
- 6 cent increase to state fuel tax indexed to inflation in FY2027
- Electric vehicle fee
- Rental car tax
- Luxury vehicle tax
- Title and registration fees
- Tire disposal fee
- Driver's license fees
- E-bike surcharge
- Large event transportation assessment
- Work zone safety violation 1st offense fine
- Increase traffic infraction assessment
- Washington State Ferries increases of 1.5% per year to ferry fares, impose credit card surcharge

[Senate Transportation Resources Summary](#)



House Transportation Revenues

- 9 cent increase to fuel tax (gasoline and diesel) indexed to inflation beginning in FY2027
- Special Fuel (Diesel) Differential Rate 3 cent increase above gasoline rate in 2026, 3 cent increase in 2028, and indexed to inflation in 2029
- Weight fees for trucks and passenger vehicles
- Title and Registration Service and Filing fees
- Highway use fee (version of Road Usage Charge)
- Tire replacement tax
- Motor vehicle sales and use tax from .03% to 1% and graduated tax on vehicles worth more than \$50,000
- Washington State Ferries increases of 1.5% per year to ferry fares, impose credit card surcharge and increase capital vessel surcharge from 50 cents to \$1

Housing Research Center



- [Sign on Letter](#)
- Budget ask:
\$250,000 FY 2025
and \$750,000 FY
2026 and each
subsequent year
- [One-pager](#)





Thank You!

Robin Koskey

Director, Government Relations and Communications

Rkoskey@psrc.org



Puget Sound Regional Council