

Legislature

House: 59 Ds – 39 Rs

Senate: 30 Ds – 19 Rs

Dozens of new legislators

New Governor

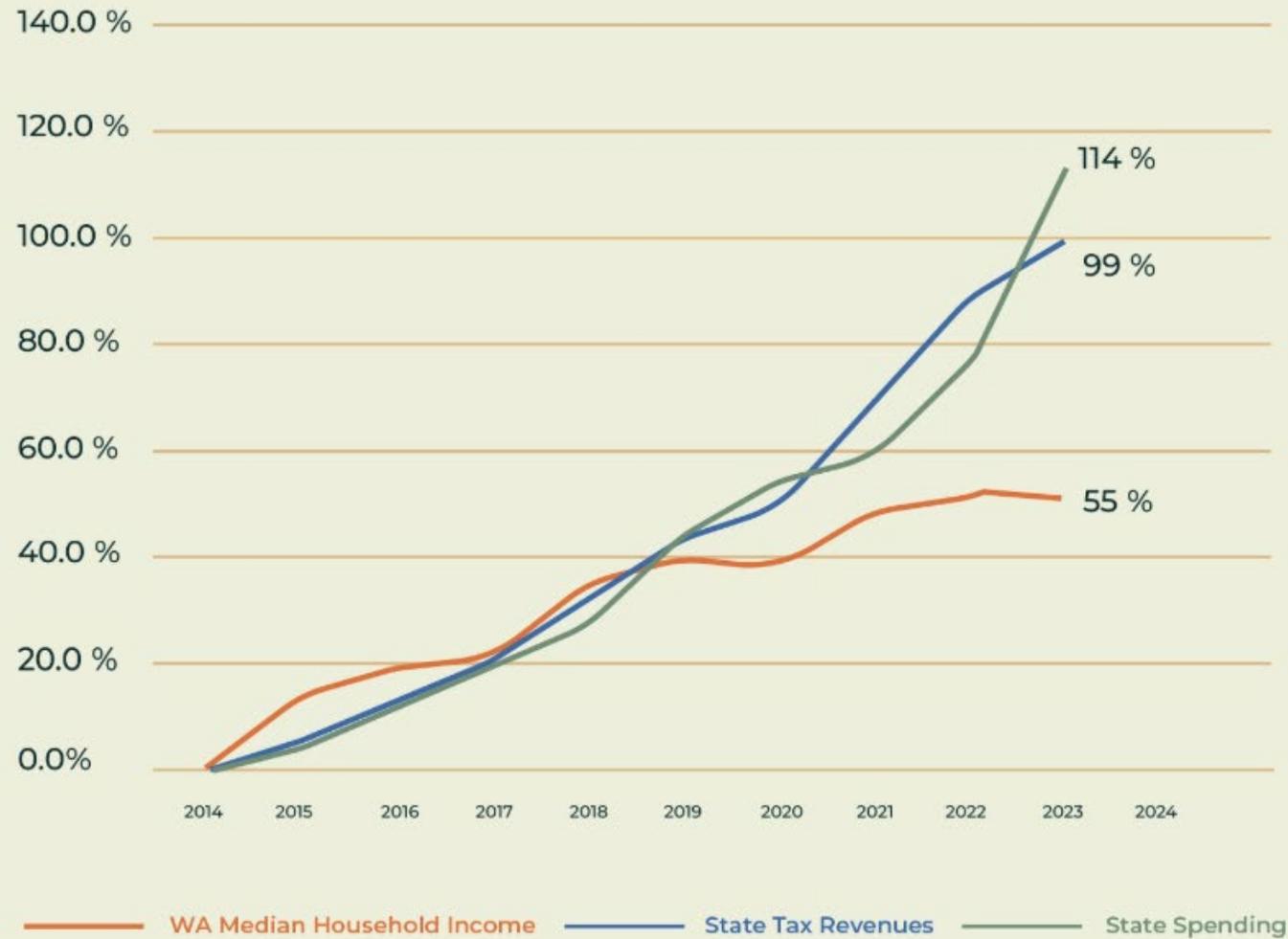
Some Statewide officials (AG, Lands Commissioner, Insurance Commissioner)

Some new agency heads (WSDOT)

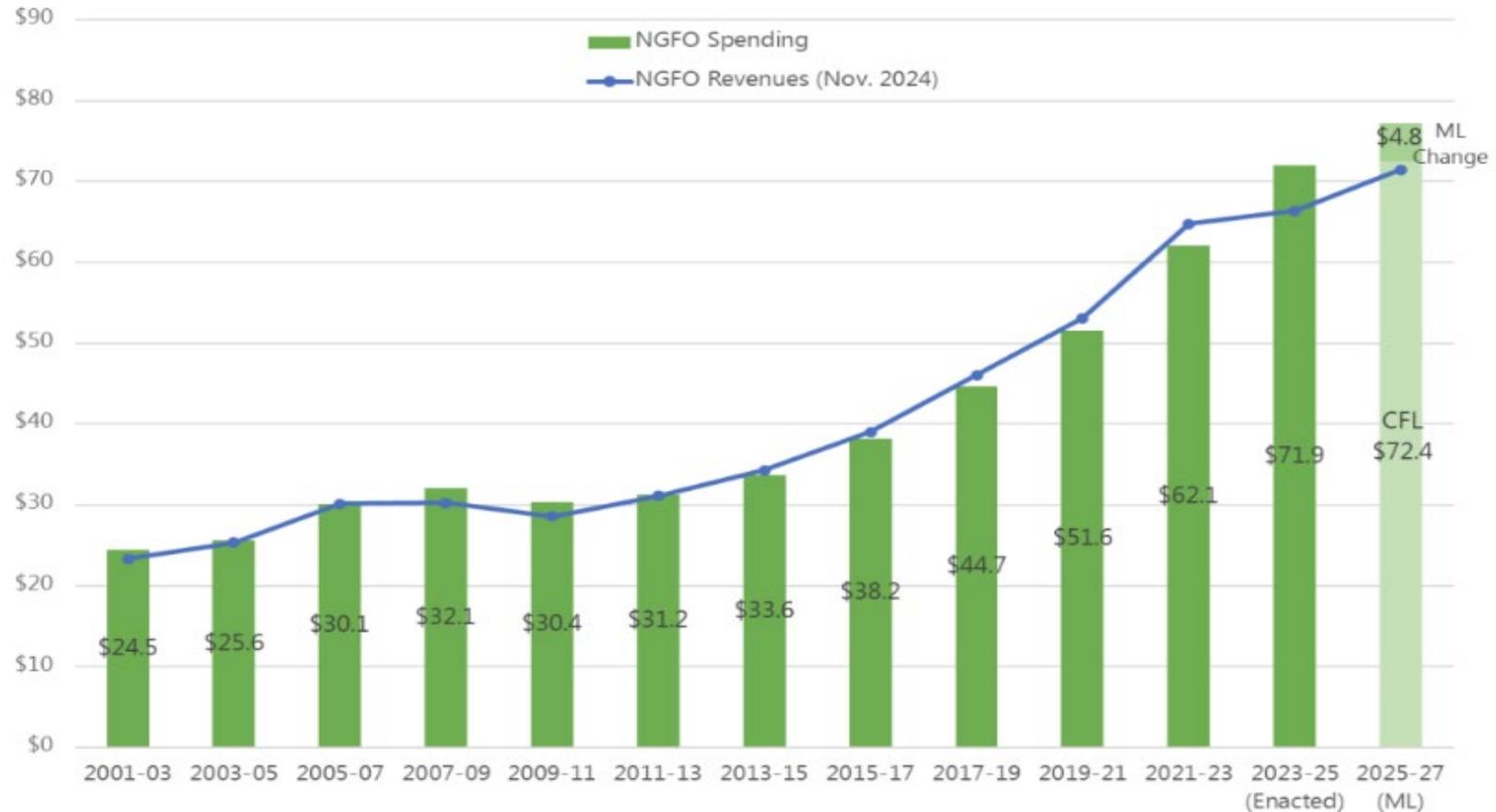
Budget year!



The past decade: comparing average household income, state tax revenue, state spending



Operating Budget



Sources: Fiscal.wa.gov, ERFC

Washington Research Council



AGC
WASHINGTON CHAPTER
 THE CONSTRUCTION ASSOCIATION

Operating Budget

Size of shortfall? \$10-12B over four years

Cuts? Gov. Ferguson says 6%...off the increase

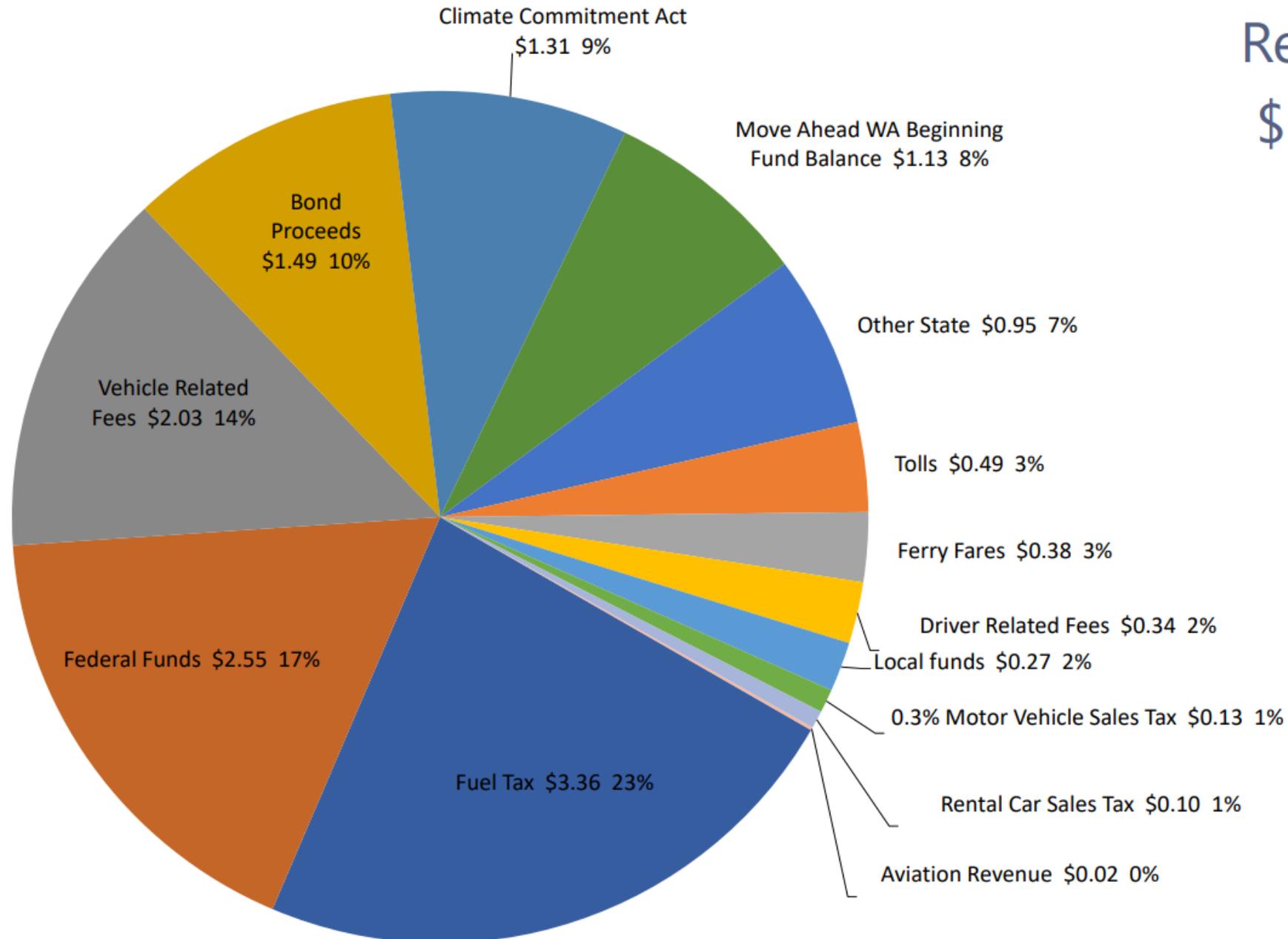
Tax increases?

- B&O increase (1% surcharge on biz with taxable income over \$500M)
- Payroll tax (6.2% on compensation paid to employees above Soc Sec threshold)
- Wealth tax (1% tax on taxable worldwide wealth exceeding \$100M)
- Capital gains increase (from 7% to 9.9%)
- Property tax growth limit (from 1% to 3%)
- REET increase (1% transfer tax on selling price of \$3.025M+)
- Tax on self-storage units (subject to retailing B&O tax and retail sales tax)
- Tax on firearms (11% tax on sales of ammo, firearms, parts)



2024 Supplemental Transportation Budget

Revenues:
\$14.55 Billion



Transportation Budget

UNFUNDED CRITICAL PRIORITIES ADDITIONAL NEED

- Operations and Maintenance - \$350 million ongoing per biennia
- Fish barrier removal - \$5 billion
- Safety - \$2.375 billion over 10 years
- Preservation - \$3 billion over 10 years
- Restoring ferry service - \$5.5 billion



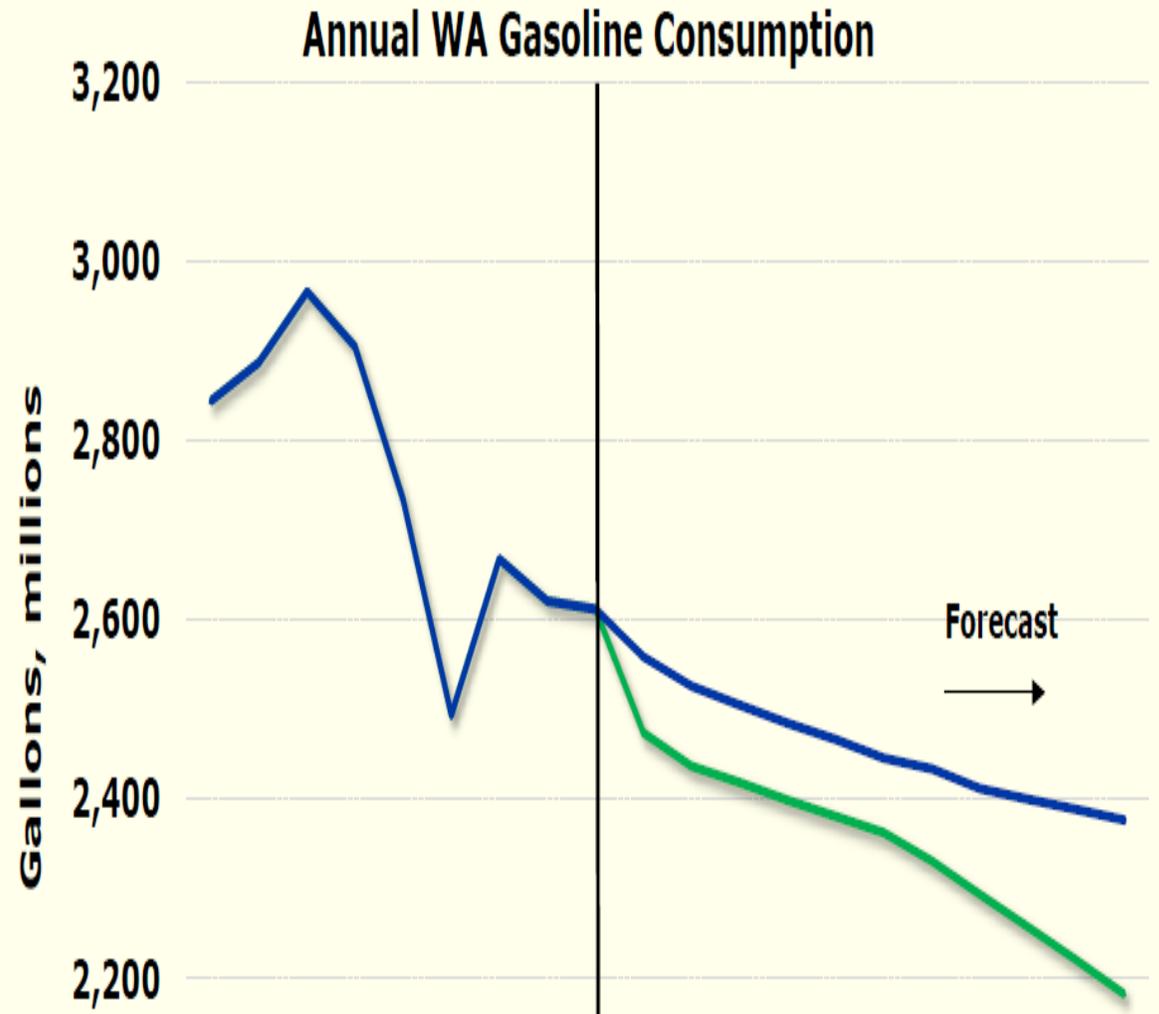
Transportation Budget

Not to mention...

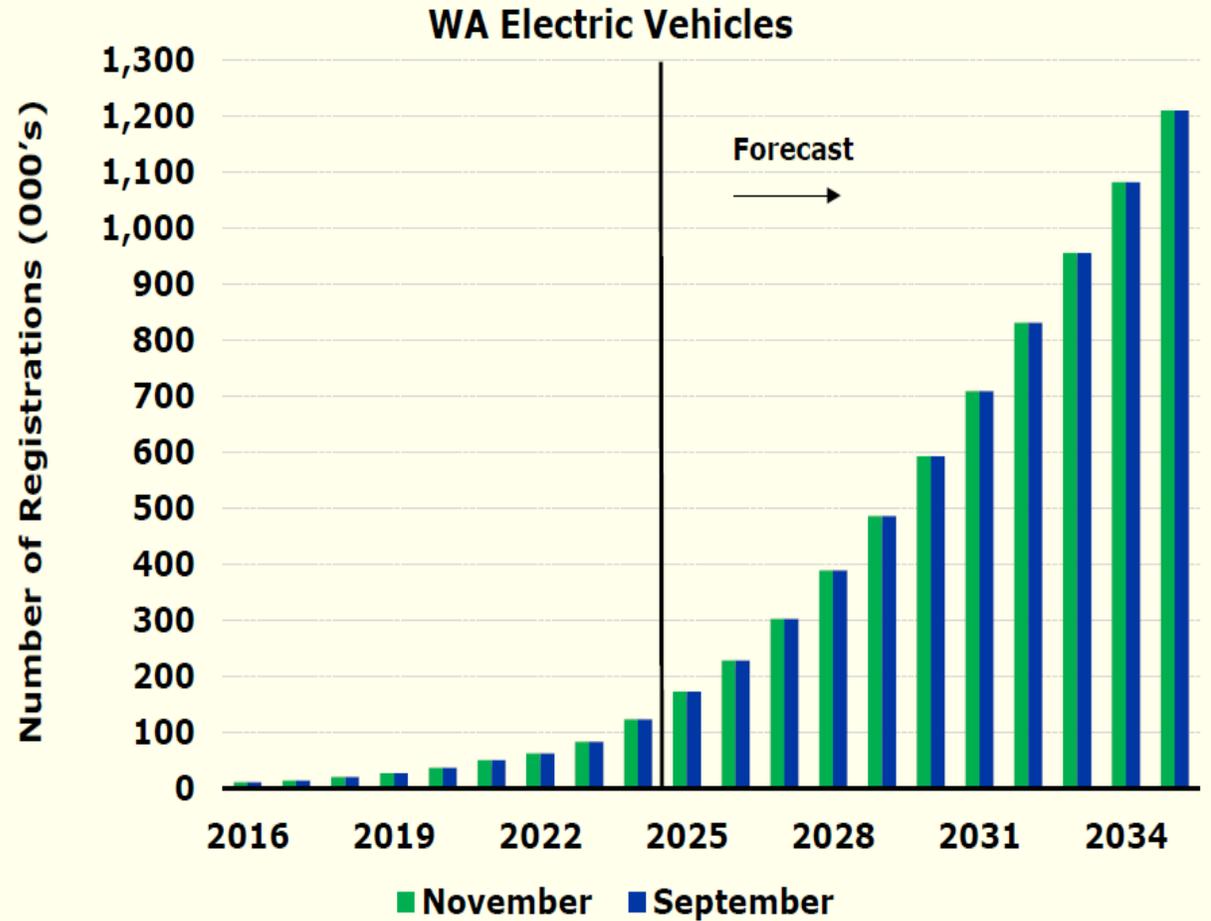
- Known cost escalation on current projects of \$1.2 B
- For projects that have not yet had updated cost estimates, \$2.5 B in extra costs are anticipated (guess)
- Cities/counties have transpo funding challenges too



Gas consumption is expected to fall



Electric vehicle forecast calls for substantial growth that will impact fuel consumption



Source: TERFC November 2024 forecast; historical data through FY 2024

Transportation Budget

Now what?

Initially...Zero new revenue budget proposed (it'll be ugly)

RUC (Road Usage Charge...or pay by mile, HB 1921/SB 5726)

- Replaces gas tax and EV fees (not on top of)
- Stop digging
- 18th Amendment protected
- Preservation and maintenance
- No GPS tracking (unless you want to)
- Years of implementation (voluntary before mandatory)
- Revenue neutral (but not really)

Transportation Budget

New revenue?

Move money from Operating Budget (backfill caveat)?

- Car sales tax

Raise weight fees?

Package delivery tax?

CCA?

Tax on tires?

Gas tax?



Transportation Budget

One more thing...

Alternative procurement:

- P3 bill (SB 5773)
- Some skepticism of DB
- WSDOT – CPARB approval for DB, PDB, GCCM
- WSDOT – CPARB “consultation” on \$100M+ projects
- Study of “alliance contracting procedure”



Policy issues

Labor:

- SB 5061, can't freeze prevailing wage during a project
- SB 5293/HB 1387, "2 CBA" prevailing wage fix
- HB 1173, prevailing wage on private work (refineries)
- SB 5041, unemployment insurance for striking workers
- HB 1723/SB 5572, PLAs in school construction
- HB 1549, apprenticeship utilization plan requirement



Policy issues

Environmental:

- SB 5091, de-link from CA for ZEV trucks emission standards
- HB 1458, embodied carbon emissions of buildings
- HB 1303/SB 5380, environmental justice in SEPA review
- SB 5215, covered loads

Other:

- HB 1256, Buy American...HB 1726, Buy Local Lumber
- SB 5176, prompt pay



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Bill History

2025 REGULAR SESSION

IN THE SENATE

- Dec 13 Prefiled for introduction.
- Jan 13 First reading, referred to Labor & Commerce. ([View Original Bill](#))
- Jan 21 Public hearing in the Senate Committee on Labor & Commerce at 10:30 AM. ([Committee Materials](#))
- Feb 7 Executive session scheduled, but no action was taken in the Senate Committee on Labor & Commerce at 8:00 AM. ([Committee Materials](#))
- Feb 14 Executive action taken in the Senate Committee on Labor & Commerce at 8:00 AM. ([Committee Materials](#))
LC - Majority; 1st substitute bill be substituted, do pass. ([View 1st Substitute](#)) ([Majority Report](#))
Minority; do not pass. ([Minority Report](#))
And refer to Ways & Means.
- Feb 18 Referred to Ways & Means.

Available Documents

For a complete list of documents, go to Online Reports [Text of a Legislative Document](#).

Bill Documents

[Original Bill](#)

[Substitute Bill](#)

Bill Reports

[Senate Bill Report \(Orig.\)](#)

[Senate Bill Report](#)