

WSLHA Washington Priorities

[HB 1589](#), our **fair contracting bill**, is scheduled for a hearing in the Senate Health & Long Term Care Committee on Tuesday! Watch for a call to action if your senator is on this committee! And [CLICK HERE](#) to sign in PRO!

Health Care Bills of Interest

[HB 1686](#), the bill creating a **health care entity registry**, passed the Senate Health & Long Term Care Committee on Thursday and has been referred to the Ways & Means Committee.

[HB 1392](#), the bill that creates the Medicaid Access Program to **increase Medicaid reimbursement rates**, has been designated “necessary to implement the budget” or NTIB. As a result, it was not subject to the House of Origin cutoff and remains alive. It passed the House on Friday with a vote of 56-39.

General News

Regular legislative activity resumed this week, with committees reviewing and debating bills that have advanced from the opposite chamber. Some of these include high profile bills like Unemployment Insurance for Striking Workers (5041), Waste Management (5284), Firearm Restrictions in Sensitive Places (5098) and Rent Stabilization (1217). These hearings are part of the lead up to the April 2nd deadline for bills to be passed out of policy committees.

Budget writers received bad news on Tuesday with the latest revenue forecast. In the upcoming two-year budget beginning July 1, projections indicate a decline of \$479 million, bringing the total to just under \$71 billion. For the 2027-2029 biennium, the latest forecast anticipates a \$420 million decrease, with revenue expected to reach \$76.4 billion. Washington’s chief economist, Dave Reich, noted that the state’s revenue collections have yet to fully stabilize since the pandemic.

Majority Democrats will release their proposed budgets on Monday and vote them out of committee on Thursday. The budgets will then move to the floor, with Senate action likely on Saturday the 29th, and House floor action likely on March 31st. More on budget details next week.

The House and Senate Democrats released their respective revenue proposals this week. These proposals identify their revenue solutions to address the state’s substantial budget deficit. The Senate proposals include:

- **SB 5797 (Frame, D-36) [Financial Intangibles Tax](#)** — a tax of \$10 on every \$1,000 of assessed value of certain financial assets (stocks, bonds, exchange-traded funds, and mutual funds) held by individuals with more than \$50 million of these assets, paid by about 4,300 individuals. It would generate approximately \$4 billion per year starting in fiscal year 2027 for public schools.
- **SB 5796 (Saldana, D-37) [Removing the Cap on Employer Payroll Taxes](#)** — a 5% tax on large employers on the amount of payroll expenses above the Social Security threshold — currently \$176,100 per year. This tax is limited only to companies with \$7 million or more in payroll expenses— about 5,289 companies. The proposal is similar to the city of Seattle’s “JumpStart” tax and includes a full credit for businesses already paying that tax. It would raise about \$2.3 billion per year once fully implemented, going to public schools, health care, and services for seniors and individuals with developmental disabilities.
- **SB 5798 (Pedersen, D-43) [Allowing Property Tax to Grow by Population and Inflation](#)** — raising the property tax growth limit for the state’s common schools levy and for cities and counties, as well as special purpose districts, from the current 1% cap to the combined rate of population growth plus inflation. Local governments have the option to take a lower growth rate if they so choose. Instead of being tied to an arbitrary number, it would allow the growth limit to reflect the actual cost of providing public safety and related services. The proposal also completely exempts participants in the “Property Tax Exemption for Senior Citizens and People with Disabilities” program from paying the state property tax. The state property tax is dedicated to public schools, with about \$779 million in additional funding over the full four-year budget cycle, while increased funding in cities and counties would go to public safety, criminal justice, and community protection.
- **SB 5794 (Salomon, D-32) [Repealing Tax Preferences](#)** — repealing 20 tax exemptions where the public policy objective was not met, it is unclear whether the policy objective was met, or the exemption is legally obsolete, according to nonpartisan auditors at the Joint Legislative Audit & Review Committee, including for in-state hauling, gold bullion, prescription drug wholesalers, and more. This would generate just over \$1 billion over the full four-year budget cycle for public schools, health care, and social services.
- **SB 5795 (Krishnadasan, D-26) [Cutting Sales Tax](#)** – a half-point sales tax reduction, from 6.5% to 6% – a decrease in revenue of approximately \$1.3 billion per year.

House proposals include (these have not been assigned numbers yet):

- **[HB 2046](#) (Berg, D-44) – Financial Intangibles Tax-** imposes a property tax of \$8 on every \$1000 of assessed value on certain financial intangible assets, such as stocks, bonds, mutual funds, and index funds, with the first \$50 million in assessed value exempt from the tax. Other exemptions include pensions, retirement accounts, and education savings accounts. The Department of Revenue estimates around 4,300 Washingtonians would pay the tax, generating approximately \$2 billion per year, beginning in fiscal year 2027, which will be dedicated to the Education Legacy Trust Account.

- [HB 2049](#) (Bergquist, D-11)– **Increasing State and Local Flexibility to Fund Schools and Public Safety** - would modify the state and local property tax authority and adjust the school funding formula. The bill maintains the 1 percent cap on property tax growth but allows for increases based on inflation and population changes, not to exceed 3 percent. The bill also adjusts levy equalization methods. The Department of Revenue estimates the change would increase funding for state investment in K-12 schools by \$50 million in fiscal year 2026 and \$150 million in fiscal year 2027.
- [HB 2045](#) – (Fitzgibbon, D-34) - **Surcharge on High-Grossing Corporations and Financial Institutions** - would impose a 1% Business & Occupation (B&O) tax surcharge on businesses with taxable income over \$250 million. This surcharge applies to approximately 400 businesses statewide. The bill also includes an increase to the surcharge on specified financial institutions (approximately 200) with annual net income of \$1 billion or more from 1.2% to 1.9%. Under this proposal, Washington would generate nearly \$600 million in fiscal year 2026 and nearly \$2 billion in fiscal year 2027.

Ferguson Administration Updates

Just two months into his first term, Governor Bob Ferguson's administration is experiencing significant staffing challenges. Key staff members, including Legislative Director Joyce Bruce, Deputy Legislative Director Shawn Lewis, Chief Strategy Officer Mike Webb, and several others in his office have resigned. These departures follow reports of internal concerns, including complaints about a hostile work environment. In response, Governor Ferguson's office indicated they plan to restructure their leadership approach to address these issues. The timing of these leadership changes presents unique challenges, especially given the current stage of the legislative session.