Capitol News
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WSLHA Priorities

I have bad news to report on **HB 1589, our fair contracting bill.** Despite our strong bipartisan vote in the House and the negotiations with insurers throughout the legislative session, we were unable to overcome concerns that key senators had on our bill. HB 1589 will not advance any further this session.

However, we have the commitment from the chairs of the health care committees, Sen. Cleveland and Rep. Bronoske (who is also our prime sponsor) and the insurers to continue negotiations during the legislative interim, with the goal of an agreement to present to the Legislature in 2026.

I want to thank all of you who advocated for HB 1589. Whether you signed in pro, answered WSLHA's action alerts, or recruited other WSLHA members to advocate in support of HB 1589, that grassroots advocacy was powerful and made a difference. Even though the bill died this session, we will begin our interim work from a position of strength.

Health Care Bills of Interest

HB 1686, the bill directing the Department of Health to study the idea of creating a **health care entity registry,** is scheduled for a hearing in the Ways & Means Committee on Thursday.

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. It's scheduled for a hearing in the Senate Ways & Means Committee on Thursday.

General News

With just one month left of the 2025 regular legislative session, the deadline for bills to be voted out of policy committees is Wednesday, April 2nd (however, many policy committees have finished their work early). After this date, there is a very tight six-day turnaround for bills that have an impact on the state budget to be voted out of fiscal committees by April 8th. This brief window of time means that lawmakers will have to act quickly to ensure that bills with fiscal implications, but are not NTIB, receive the necessary attention before they can move forward in the legislative process.

Speaker Emeritus Frank Chopp Passes Away…The legislative community was shocked this week by the news that former Representative, Speaker Emeritus Frank Chopp (D-43) died on Saturday at the age of 71. Chopp was elected to the Legislature in 1994, a year when his Democratic Party suffered significant losses, dropping from a near supermajority in the House to a 62-36 minority.

In 1997, he became House Minority Leader and when the House was evenly split between Democrats and Republicans in 1999, he served as co-speaker alongside Republican Clyde Ballard of East Wenatchee.

Democrats regained control of the chamber after winning a special election in Snohomish County in 2001, and Chopp was appointed speaker in 2002. He held the position until stepping down in 2019, stating that he wanted to "focus more energy on the issues that matter most and are priorities for the caucus."

Chopp is generally regarded by members of both parties as a giant in Washington politics and is credited with leading the effort to create the Housing Trust Fund, Apple Health and Homes Program, and Apple Health for Kids.

Democrat Operating Budgets Released…Washington's House and Senate Democrats released their operating budgets on Monday. Both budgets hinge on significant new tax revenues over the next four years—$17 billion in the Senate plan and $15 billion in the House plan. The Senate will vote on their budget on Saturday, the House on Monday.

In the Senate, Democrats propose balancing the next two-year budget by delaying expansions to early learning and child care programs, implementing furloughs for state workers, and depleting state reserves to boost funding for public schools, particularly special education.

House Democrats, meanwhile, avoid furloughs and tapping into savings. Like the Senate, they delay the expansion of early learning and child care programs but allocate approximately $1 billion less in new funding for special education and public school operations.

SB 5167 - Senate Democrat Proposal:

- $78.5 billion total budget
- $1.6 billion in new spending, primarily for education and state worker contracts
- Cuts of $3 billion over the next biennium and $6.5 billion over four years
- Contains new revenue from financial intangibles tax on individuals with more than $50 million in publicly traded assets (about 4,300 taxpayers)
- Contains new revenue from a 5% payroll tax on compensation above the Social Security threshold for employers with $7 million or more in annual payroll (about 5,289 businesses).
- Features a property tax reform that allows collections to grow with population and inflation
- Repeals 20 tax exemptions identified as ineffective or obsolete by nonpartisan auditors
- Lowers the state sales tax rate from 6.5% to 6%
- A withdrawal of $1.6 billion from the state's emergency reserves, leaving just $95 million by mid-2026
- Includes a temporary 5% pay cut for state employees, equating to about 13 unpaid furlough days. It also proposes increasing the employee share of health benefits to 20% starting in the 2027–29 budget

HB 1198 - House Democrat Proposal:

- $77.8 billion total budget
- $920 million in new policy spending
- Ends the first fiscal year with $1.7 billion in reserves, growing to $3.2 billion by 2027
- Contains new revenue from legislation to modify the state and local property tax authority

- Includes financial intangible assets tax that imposes a 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
- Contains a one percent Business & Occupation (B&O) tax surcharge on businesses with taxable income over $250 million
- Increase to the surcharge on specified financial institutions with annual net income of $1 billion or more from 1.2% to 1.9%

Revenue bill hearings next week…On Monday, the Senate Ways & Means Committee will hear its five revenue bills (SB 5797 (financial intangibles tax), SB 5796 (large employer payroll tax), SB 5798 (property tax lid lift), SB 5794 (eliminating obsolete and ineffective tax preferences), and SB 5795 (sales tax reduction). The House's three revenue bills, HB 2046 (financial intangibles tax), HB 2049 (property tax lid lift), and HB 2045 (large business B&O tax surcharge) will be heard on Thursday. We also may see Governor Ferguson's revenue preferences next week.