



**COMMISSION
AGENDA MEMORANDUM**

Item No.

11b

BRIEFING ITEM

Date of Meeting

June 24, 2025

DATE: June 24, 2025
TO: Steve Metruck, Executive Director
FROM: John Flanagan, Sr. State Govt Relations Manager
SUBJECT: **2025 State Legislative Session Review**

EXECUTIVE SUMMARY

The purpose of this briefing is to provide the Port of Seattle Commission, Executive Director, and Executive Leadership Team with a summary of the 2025 State Legislative Session, with specific attention given to the Port's 2025 State Legislative Agenda.

On Sunday, April 27, 2025, the Washington State Legislature adjourned, representing the end of the 105-day legislative session. Despite the official end of session in April, the work to ensure that Governor Ferguson signed the Port's various priority bills and the three State budgets continued until May 20th. As a reminder, we walked into session with an estimated \$10-\$15 billion dollar deficit. The Legislature responded by passing more than a dozen new revenue bills. In response, Governor Ferguson publicly challenged the Legislature's strategy on several occasions both publicly and privately. Regardless, the Governor signed the entirety of the passed revenue package with one minor exception related to banking and residential development. During his final 'bill action' press conference of the year Governor Ferguson also alluded to the potential to call the Legislature back for a 'special session' later this Summer.

In total, 1,949 bills were introduced, 431 bills passed the Legislature, the Governor issued partial vetoes on 9 bills, and he vetoed one bill in-full. Although we were forced to 'play defense' on many issues this year due to the difficult fiscal outlook, it was a positive session overall for the Port's priority budget and policy agenda items.

This memo provides a high-level overview of policy and budget items that the Port supported, monitored, and otherwise engaged with. The below is mainly intended to summarize enacted policy, but also occasionally addresses policy items that did not pass if they are expected to re-surface in 2026.

Staff will be joined at the Commission briefing by one of our contract lobbyists, Brooke Davies.

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AVIATION

Sustainable Aviation Fuels (SAF)

- Omnibus SAF legislation (HB1844/SB5601) – **Did not pass** – This bill included the full set of recommendations generated by WSU’s Alternative Jet Fuels work group, which Port staff helped to write. Although the bill did not pass, we were able to ensure that several key provisions made it into the enacted Transportation budget instead. We expect to re-introduce an updated version of this bill during the 2026 session that will include at least the following: property tax & leasehold-excise tax exemptions on SAF projects, directing the office of renewable fuels to establish a SAF infrastructure grant program, and adding SAF projects to an existing sales tax deferral program.
- Duty-free concession sales revenue (HB2061) – **Enacted** – Dedicates a portion revenue generated by a new concession fee on duty-free sales enterprises towards the newly established Sustainable Aviation Fuel Account. Overall, the new fee is estimated to generate \$545k in FY26 and \$1.5M in FY27 into the new SAF account.
- Aerospace workforce development grants - \$3.4M
- WSU SAF research center state match - \$1M
- Cascadia SAF Institute & Accelerator - \$6.85M
- Applied SAF evaluation center - \$5.1M
 - Additionally, \$1.4M re-appropriation
- SAF R&D Center
 - Pre-construction and site readiness activities - \$2M
 - Staffing and support - \$1.2M
- Non-project EIS for SAF facilities - \$1.5M
- SAF infrastructure grants - WSDOT Aviation directed to generate and submit a report to the Legislature by Oct. 2026 identifying sustainable aviation projects suitable for funding in 2026.
- WSDOT sustainable aviation grants - \$1.37M

Aircraft noise repair and replacement

- Program operations - \$134k
- Transfer (sweep) of repair and replace grants – \$1M to general fund

Airport siting

- Commercial aviation work group (CAWG) - \$1.8M

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ENVIRONMENT

Emissions

- Statewide emissions data (SB5036) – **Enacted** – Requiring annual (rather than biannual) reporting of statewide GHG emissions data. Benefits to the Port’s decarbonization planning efforts due to better data tracking.
- Scrubbers (HB1652/SB5519) – **Did not pass** – Creates a de-facto ban on the use of ‘scrubbers’ aboard ocean-going vessels by requiring the use of low-sulfur fuels in all Washington waters. Creates various new prohibitions and requirements related to marine gas oil, marine diesel oil, maintenance and retention of records, etc. and creates new enforcement powers at Ecology related to marine fuel usage and payment of noncompliance fees. Port staff are already in the process of re-engaging with the bill’s sponsor and proponents under the assumption that this issue will re-emerge in 2026.
- Emissions while at-berth / Shore power (HB1689) – **Did not pass** – Essentially creating a shore power mandate by directing Ecology to adopt California’s emissions standards for ocean-going vessels at-berth. Again, Port staff are already in the process of re-engaging with the bill’s sponsor and proponents under the assumption that this issue will re-emerge in 2026.
- Ocean-going vessels study - \$274k
- Air quality
 - AQ assistance in overburdened communities –\$2.5M

Environmental Justice

- “Curb Pollution Act” (HB1303/SB5380) – **Did not pass** – This year’s version of a bill that was introduced during the 2024 session. Broadly, this amended the SEPA process to require local governments (including ports) to improve environmental justice and to include environmental justice considerations in decision-making prior to pursuing various actions. After several rounds of amendments, the bill was pared-back to a few key components. It made ‘environmental justice’ an element of the environment under SEPA and added ‘environmental justice’ to the SEPA checklist. It also created an alternate compliance pathway to allow entities with an internally consistent environmental justice policy to seek to be exempted from the impacts of the bill. Staff expect an updated version to be re-introduced during the 2026 legislative session.

Sustainable waste management

- Food and organic waste (HB1497) – **Enacted** – Trailer legislation related to a bill that the Port supported in 2024. Establishes new requirements and amends current programs related to food waste, organic materials management, and solid waste collection and disposal. Overall, provides indirect benefits to organic waste management programming at SEA.
- Producer responsibility (SB5284) – **Enacted** – Formerly branded as the ‘WRAP Act’. Establishes an extended producer responsibility program for covered packaging and paper products, requires producers of covered packaging and paper products to join a

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producer responsibility organization, and specifies requirements related to planning, funding, enforcement, and tracking outcomes of the overall program. Different iterations of this bill were supported by the Port across the past several sessions. Depending on the amount of revenue generated by new fees established by this bill, we expect to see trailer legislation in 2026.

- Industrial symbiosis program - \$5M

Conservation

- Bull kelp (HB1631) – **Enacted** – Designating bull kelp as the official State Marine Forest.
- Environmental Crimes (SB5360) – **Did not pass** - Creating new provisions related to ‘environmental crimes’ and increasing criminal penalties related to violations of the water pollution control act, the clean air act, and the hazardous waste management act. Given the Attorney’s General Office’s interest in this topic, we are likely to see an updated version reintroduced in 2026.
- Quiet Sound – \$700k

Stormwater, MTCA, and Contaminants

- Industrial Stormwater General Permit (ISGP) implementation – **Did not pass** – Would have established a ‘safe harbor’ from ISGP appeals under certain circumstances and prohibited Ecology from requiring sampling at certain sites. Staff are already in conversation with Ecology and Seaport Alliance about continuing this work through the interim and into the 2026 session.
- 6PPD-q mitigation – \$8.5M
- PFAS investigation and monitoring – \$4.0M
- DFW ‘contaminants of concern’ analysis – \$6.0M
- MTCA Remedial Action Grant Program - \$84.4M
- MTCA transferred (swept) to general fund - \$100M total
 - Operating – \$10M
 - Capital - \$60M
 - Stormwater - \$30M

ENERGY & DECARBONIZATION

Clean energy siting & renewables

- Fusion energy facilities (HB1018) – **Enacted** – Adding fusion energy to the list of facilities that may utilize the EFSEC process to seek permitting approval.
- Targeted urban area tax preferences (HB1210) – **Did not pass** – Would have expanded an existing tax credit that benefits nuclear, hydrogen, energy storage, and transmission projects. As it currently exists, the tax credit only benefits projects in the Tri-Cities. In 2026 and beyond, staff will continue to work with the proponents to ensure that the same tax incentives can apply to projects identified as priorities for the Port.
- Utility joint use agreements (HB1253) – **Enacted** – Expands the types of agreements that cities, utilities, and joint operating agencies may enter regarding electricity plants, energy

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storage, and transmission facilities Henceforth, any entity or person (including the Port) may enter a joint venture or LLC agreement with an existing energy provider.

- Industrial symbiosis & utility connection fees (HB1302) – **Did not pass** – Would have allowed municipal utilities to waive connection fees on properties engaged in industrial symbiosis work.
- Low carbon thermal energy networks (HB1514) – **Enacted** – Enabling operations of thermal energy networks and companies throughout the state. As introduced, the bill included a new grant program for local governments to assess the feasibility of creating these networks. Staff anticipates that trailer legislation will run in 2026 to create resources for local government entities (including ports) to explore creation of thermal networks.
- Clean energy planning guidebook – \$719k
- Offshore wind supply chain study – \$500k
- Battery energy storage systems (BESS) guidance - \$456k
- EFSEC clean energy development - \$2.09M
- Clean energy pre-development grants – \$5M
- Federal tax incentive assistance – \$10M
- Port electrification (shore power) grants – \$26.2M
- NWSA shore power demonstration project – \$24.8M
- Clean energy community grants – \$10M
- Green Jobs and Infrastructure grants - \$24M
- Clean energy fund - \$26M
- Hard-to-decarbonize grants - \$47.3M

Transmission

- Increasing capacity / reconductoring (HB1819) – **Did not pass** – Requiring electric utilities to include reconductoring in existing plans for infrastructure, creating an incentive for reconductoring, and making reconductoring work categorically exempt from SEPA. Overall, this represented the utility industry’s preferred approach to increasing transmission capacity throughout the State and we are likely to see this effort re-introduced in 2026.
- Omnibus & State Transmission Authority (SB5466) – **Did not pass** – This bill was a ‘grab-bag’ of the various recommendations to improve the State’s ability to build transmission infrastructure. Notable highlights included: creating a State Transmission Office, establishing online tools and information tracking, and providing various incentives. We will see a version of this bill reintroduced in 2026 and ongoing until the State makes substantial progress to improve our ability to build transmission infrastructure.
- Increasing transmission capacity – \$300k

Climate Commitment Act Updates

- Ag fuels (HB1912) – **Enacted** – Providing remittances on agricultural fuels exempted under the climate commitment act (CCA). Requires Ecology to post and periodically update an online directory tool for retail fuel sales of ag fuels that are exempt. Alters various

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exemptions and extends the temporary exemption for fuels used to transport ag products on public highways. No direct impact to the Port, but provides important benefits to ag industry partners being impacted by federal trade policy.

- Linkage & auctions (HB1975) – **Enacted** – Amends various CCA price containment mechanisms, requires Ecology to provide economic modeling and analysis of the CCA allowance and offset credit markets, and gives Ecology new flexibility around certain timelines. Overall, this legislation helps to ensure that the State is prepared to link with the carbon markets in California and Quebec.

Clean Fuels

- CFS Update (HB1409) – **Enacted** – Various changes to the State’s existing clean fuels program to accelerate the existing decarbonization pathway timelines and to provide market analysis. Overall, this will help to boost the value of Washington’s clean fuels credits, which currently lag behind credit values in comparable states.
- Sustainable maritime fuels work group – Operating - \$250k

Clean Buildings

- Increasing clean buildings compliance pathways (HB1543) – **Enacted** – Updates to the State’s existing clean buildings standard to help the regulated community come into compliance. Exempting additional buildings from the energy performance standard and allowing Commerce to develop and authorize alternative metrics for Tier 1 building compliance and to approve requests for extensions to comply. The increased flexibility at Commerce and creation of new compliance pathways will mainly benefit work at SEA as we work to bring those facilities into compliance.
- Public building energy audit grants – \$13M

Clean Trucking

- NWSA drayage demonstration project – Transportation - \$5.27M
- ZEV & alternative fuels charging / refueling infrastructure - \$25M
- Hydrogen truck refueling - \$15M
- MHD ZEV point-of-sale vouchers - \$125.8M

TRANSPORTATION

Freight, Cargo, Supply chain

- Supply Chain Competitiveness Infrastructure Program (HB1860/SB5649) – **Did not pass** – Creating a supply chain competitiveness infrastructure program providing grants and loans to port districts to ensure successful and efficient operation of the supply chain. Open-ended and flexible program parameters were included to ensure that the program would be useful to ports of varying size and circumstance. Due to the difficult fiscal environment and unanswered questions about how this program differs from existing

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programs at FMSIB, it did not advance. However, we expect to see an amended version of the bill re-introduced in 2026.

- Freight railroad infrastructure (HB1059/SB5063) – **Did not pass** – Providing tax credits (B&O, PUT, sales and use) on certain activities by short-line railroad owners and operators to incentivize construction of infrastructure serving freight railroads.
- FMSIB capital program - \$44.3M
- Truck parking notification system - \$6.87M

Contracting & Permitting

- Design-build project bonds (HB1967) – **Enacted** – For design-build projects, a performance and payment bond is no longer required for the portion of the contract that includes design services. I tended to help reduce the overall cost of major transportation projects and to streamline part of the process for public works projects across the State.
- Alternative contracting on state highway projects (HB1970) – **Enacted** - Authorizes WSDOT to use new and alternative public works contracting procedures. Includes design build, progressive design build, and general contracting / construction manager processes. Should generally benefit the health of the State’s transportation network and reduce overall project timelines.
- Project permitting work group (HB1902) – **Enacted** – Creates a state-level work group to develop recommendations to streamline permitting of transportation projects. At the Port’s request, includes appointment of a work group member representing Ports.
- Alternative procurement and delivery models (SB5773) – **Did not pass** – Broadly, creating a framework for public-private partnerships on transportation projects. Although this bill did not pass, a portion was included in the Transportation Budget. Staff expect to see the remainder re-introduced for consideration in 2026.

Alternate transportation for SEA workers

- Commute trip reduction tax credit
 - HB1043 – **Did not pass** – Extends the existing commute trip reduction tax credit until 2035, increases the credit value to \$100 per employee (from \$60), raises the program cap to \$4.3M per year (from \$2.75M), and lowers the individual employer credit from \$100,000 to \$50,000. Likely to see an updated version introduced during the 2026 session.

Passenger Rail

- Intercity passenger rail (HB1837) – **Enacted** - Establishing updated targets for WSDOT to use as it develops plans for the Amtrak Cascades route. Includes things like: number of roundtrips per day, trip reliability, improvements to first and last mile connections, and

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emissions reduction. WSDOT required to prioritize new goals as it makes decisions about project development.

Transportation Revenue

- Road Usage Charge (HB1921/SB5726) – **Did not pass** – Establishing the process and procedures around operations of a road usage charge to gradually replace the gas tax. Staff expect negotiations on this legislation to re-convene soon, and for updated legislation to be introduced in 2026.

EVs

- EV sales
 - SB5377 – **Did not pass** – Repealing the Tesla-Sen trip exemption for direct sales of zero-emission vehicles under current law. Mainly a statement bill to generate conversation and support for the other major legislation aimed at EV sales.
 - SB5592 – **Did not pass** – Omnibus bill dealing with direct-to-consumer EV sales, broadening the numbers of eligible manufacturers, and creating new training and infrastructure grants benefitting existing car dealerships.
- Incentives
 - Commerce program and incentives for alternative fuel vehicles - eliminated

Tolling

- Toll rate setting process (SB5702) – **Enacted** – Establishing a new process for setting toll rates at the Transportation Commission. Guarantees similar public outreach and open public meeting requirements as current law, with possibility for expedited and emergency adoption.

Major projects

- Puget Sound Gateway Program – \$902.2M
- SR 18 Widening - \$15M

ECONOMIC DEVELOPMENT, WORKFORCE, AND LABOR

Traditional support for business & trade

- Associate development organization (ADO) funding formula (SB5677) – **Enacted** – As introduced, this bill would have altered and increased the overall amount of funding provided to ADOs, and re-structured the use of those funds slightly. As enacted, the legislation has a much smaller overall impact and mainly removes reporting requirements for ADOs. Port staff assume that trailer legislation will run in 2026 to pursue the full set of policies in the bill as it was introduced.
- Creating a statewide economic development plan (HB1595) – **Did not pass** – Requiring the Department of Commerce to prepare a five-year statewide economic development plan, creating an advisory committee, and directing action by the committee and department to effectuate the plan. Although the bill did not advance, the director of

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Commerce still plans to have staff undertake much of the work that would have been required. Commerce staff within the Office of Economic Development and Competitiveness are currently working on a first draft of the plan and plan to include the Port as an advising stakeholder.

- Small business export assistance – \$2.67M
- Commerce sector lead program – \$2.44M
- Associate Development Organization operations – \$8.3M
- Microenterprise Development - \$2M
- Manufacturing site readiness grants – eliminated
- Small business development center – eliminated
- Small business assistance & training – eliminated
- CERB grants and loans - \$75M

Tourism

- Sustainable tourism promotion (SB5492) – **Enacted** – Requiring the Washington Tourism Marketing Authority to pull together an advisory group to study and make recommendations regarding the creation of an industry-driven self-supported fee. Port staff will continue to closely follow the work of that advisory group and the recommendations published by the group with the assumption that the Port will support any policy recommendations during the 2026 legislative session.

World Cup 2026

- Alcohol service in public (HB1515) – **Enacted** – Updating various laws related to consumption of alcohol in public places. Creates a process for local governments (including Ports) to file a request with the State Liquor & Cannabis Board to temporarily expand outdoor alcohol service in public places.

Childcare

- Childcare center siting (SB5509) – **Enacted** – Broadly requiring cities and towns to allow the siting of childcare centers and conversion of existing building into childcare centers as an outright permitted use in all zones (with reasonable exceptions for industrial and high-hazard areas).
- Childcare centers in existing buildings (SB5655) – **Enacted** – Allows existing buildings seeking to site a childcare facility within the building to calculate occupancy load for childcare facilities without factoring in other uses of the building.

Benefits for workers

- Expanding fertility services (HB1129/SB5121) – **Did not pass** – Requiring all group health plans and those issued through the Health Care Authority to prospectively include coverage for standard fertility preservation services.
- Paid Family & Medical Leave (HB1213) – **Enacted** – Numerous broad changes to the State's PFML system to broaden eligibility and increase enrollment. Lowers employer size

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thresholds, alters timelines for eligibility, provides some flexibility for employers to prevent stacking benefit accrual, and provides compliance grants.

- Deferred compensation (HB1270) – **Enacted** – Authorizes local governments (including ports) that operate deferred compensation programs to automatically enroll new employees in accordance with plan rules unless the employee opts out.
- Self-insurer withdrawal (HB1275) – **Enacted** – Requires LNI to fulfill worker’s comp obligations for any decertified self-insurance group of a municipal employer, and for the decertified self-insurer to reimburse LNI. This is trailer legislation to the ‘three-strike decertification’ bill passed in 2023. Mainly serves to give LNI the ability to seek reimbursement for payments obligated after a decertification occurs.
- Pregnancy accommodations (SB5217) – **Enacted** – Trailer legislation to a bill that the Port supported in 2024 to provide accommodation on construction sites. Requires employers to compensate employees for any break or travel time spent to express milk during work hours (in addition to any meal or rest periods).

Apprenticeship & Career-Connected Learning

- Responsible bidder criteria (HB1549) – **Enacted** – Generally, modifies the criteria for a vendor to qualify as a ‘responsible bidder’ on public works projects. Ensures that bidders have either completed at least one project within the past 3 years or that they have at least one current employee trained on the State’s updated public works / prevailing wage procedures. Also requiring bidders to submit an apprentice utilization plan to LNI before receiving a notice to proceed with work, which is a standard that the Port already adheres to voluntarily.
- Maritime careers task force (HB1167) – **Enacted** – Requires that an existing career and technical college education taskforce make recommendations for opportunities that lead to higher ed programs approved by the Coast Guard for awarding the standards of training, certification, and watchkeeping credentials.
- CTE Careers Work Group (HB1414) – **Enacted** - Directing the statewide Career and Technical Education task force to make recommendations affecting the training, certification, and employment of 16 and 17 year-olds enrolled in or completing CTE programs.
- CTE 6th Grade (SB5358) – **Enacted** – Allows school districts to enroll 6th grade students in exploratory career and technical education courses.
- Customized employment training credit (SB5982) – **Enacted** – Extends the expiration date of the Washington Customized Employment Training Program B&O credit to July 1, 2031.
- Maritime skills center - \$5M
- OSPI Core Plus Maritime Workforce Training - \$0

Labor relations & worker protections

- Collective bargaining / Employer use of A.I. (HB1622/SB5422) – **Did not pass** – Would have prospectively required public employers (including ports) to collectively bargain over

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any decision to adopt or modify use of AI technology affecting employees' wages, hours, or other terms and conditions of employment.

- Unemployment insurance benefits for striking workers (SB5041) – **Enacted** – Provides unemployment benefits to striking workers for a maximum of six weeks. Delayed effective date of January 1, 2026. Annually, the Employment Security Dept. will report on the prevalence of strikes in Washington and the impact of those strikes on the State's Unemployment Insurance Trust Fund.
- Prevailing wage (SB5061) – **Did not pass** – Requiring that wages paid on public works contracts be adjusted, as necessary, so that the hourly minimum is never less than the latest set prevailing wage in effect when the work is performed. Likely to be re-introduced during the 2026 legislative session.
- Prompt pay (SB5176) – **Did not pass** – Implementing various prompt pay recommendations from CPARB. Likely to see an updated version of broader 'prompt pay' legislation in 2026.
- Public employee bargaining (SB5503) – **Enacted** – Altering procedures related to representation petitions, hearings, and the merging of bargaining units under current law. Prohibits public employers from requiring a worker to waive any statutory right to make a claim as a condition of settling a grievance under a CBA. Likely to alter the Port's ability to enter settlement agreements with former employees.

OTHER ISSUE AREAS OF NOTE

Land use

- Transit-Oriented Development (HB1491) – **Enacted** – Updated version of the residential development / TOD legislation that the Port supported in 2023 and 2024. Overall, requires cities to allow more and denser residential development within a certain proximity of identified transit station areas. Will help to preserve industrial lands and prevent encroachment on Port industries by ensuring adequate housing supply in areas better suited to residential development. At the Port's request, the enacted legislation includes language specifically intended to prevent implementation of the bill from resulting in the de-designation and alteration of industrial lands.

Marinas

- Aquatic lease inflation rates (SB5656) – **Enacted** – Maintaining the rate for leases on aquatic lands to meet inflation. Previously, lease rates were based on the producer price index. This change ties lease rates to the consumer price index.
- Derelict vessel removal – \$16.6M total (operating and capital)
- Derelict structure removal - \$4.39M

Public Safety & Policing

- Civil forfeiture proceedings (HB1440) – **Enacted** – Broadly reforms the process and procedures followed by law enforcement around the seizure and forfeiture of property held by individuals implicated in the commission of a crime. Includes a minor section

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granting POSPD explicit authority to use net proceeds of forfeiture proceedings to provide substance abuse education, to work on human trafficking interdiction, and reinforce responsible gun ownership.

- Public safety funding (HB2015) – **Enacted** – Creates a local law enforcement grant program, creates an account to disburse appropriated funds to qualifying jurisdictions, and authorizes a new local sales and use tax at 0.1% for criminal justice purposes.

ATTACHMENTS

- (1) Presentation

PREVIOUS COMMISSION ACTIONS OR BRIEFINGS

December 10, 2024 - The Commission voted to adopt the Final 2025 State Legislative Agenda
November 19, 2024 – The Commission was briefed on the Draft 2025 State Legislative Agenda
January 9, 2024 – The Commission voted to adopt the Final 2024 State Legislative Agenda
December 12, 2023 – The Commission was briefed on the Draft 2024 State Legislative Agenda