

## Biggest tax increase in state history, other setbacks for small business approved by 2025 legislature

NFIB scores 92% kill rate on bills most harmful to small businesses

### SESSION OVERVIEW

The 2025 session of the 69<sup>th</sup> Washington State Legislature was a challenging one for small business owners, but could have been far worse had it not been for NFIB's efforts.

- **105-day session**, adjourned on time, Sunday, April 27
- **150 bills tracked**; supported 39 (26%), opposed 66 (44%), and monitored 45 (30%)
- Five priority oppose bills signed into law despite our objections, resulting in an **92% success rate killing bills** most harmful to small business, and 82% for all bills we opposed
- **Two NFIB priority bills signed into law** by Gov. Bob Ferguson: HB 1382 and HB 1483
- The state director **testified more than 40 times** on bills and amendments
- NFIB members **contacted legislators more than 2,400 times** about bills we opposed



HB 1483, Right to Repair, bill signing ceremony, May 19, 2025.

### VICTORIES

Two longtime priorities finally became law this session, due in large part to NFIB's efforts.

- **HB 1382 – All Payer Claims Database (APCD) modernization.** The bill updates state law to reflect federal rules introduced during the first Trump Administration and finalized during the Biden Administration to provide greater cost transparency for medical procedures. Importantly, the bill finally repeals a decade-old prohibition on the use of health insurers' "proprietary financial information," which will better inform researchers and policymakers about population health, cost and utilization variations and trends, and other metrics. In addition, the database will allow some employers to access information to better educate healthcare and health-insurance purchasing and utilization decisions.

- **HB 1483 – Right to Repair digital electronic devices.** NFIB has been the leading business voice advocating for this law which will allow individuals and small repair shops greater access to the parts, tools, instructions, and other components necessary to service and repair digital electronic devices from all manufacturers. This has been a multi-year effort, involving extended negotiations with various manufacturers, trade associations, and individual businesses, as well as consumer, environmental, and other interest groups.

NFIB also played a leading role in defeating several bills that could have been devastating to small businesses in our state.

- **HB 1002 – Allowing workers’ compensation claims for PTSD by coroners and medical examiners, and HB 1070, SB 5043 – Allowing workers’ compensation claims for PTSD by corrections officers.** The workers' compensation system generally excludes post-traumatic stress disorder claims from coverage; however, a growing number of exceptions have been made in recent years. The cost of these claims and the rate that they are becoming pensions is alarming. One in five (20%) first responders filing a PTSD claim never returns to work, receiving a lifelong pension instead. In contrast, less than 0.5% of all other injured worker claims are awarded pensions. PTSD claims average \$650,000 in medical costs before becoming a pension. Those pensions now average \$1.05 million. The year-over-year cost increase was 30% for these claims from 2024 to 2025, but the Department of Labor & Industries bought down 50% of those costs using reserve funds. Basically, every employer and worker in the state subsidized these claims in 2025. This is unsustainable.
- **HB 1128, SB 5062 – Establishing childcare workforce boards.** These bills would have empowered the governor to appoint a board with the authority to determine wages, benefits, minimum qualifications, training requirements, and other workplace standards for every childcare business and worker in the state. California has a similar regime regulating the fast-food industry. If approved, this model would quickly spread to other industries, allowing unelected political appointees to determine wages, benefits, and working conditions, removing that power from the Legislature and the people.
- **HB 1181, HB 1764, SB 5578 – \$25 minimum wage,** plus three weeks’ paid vacation, and paid bereavement leave. NFIB members sent more than 1,300 emails to lawmakers asking that they oppose these bills. We defeated these proposals this year, but expect to see them return next session.
- **HB 1297 – Requiring employers to report independent contractor payments to the state Division of Child Support.** This bill would have required all business owners to report independent contractors or “service providers” to the Division of Child Support as if they were new hires when a contract or payment equaled \$600 or more. NFIB and other business groups successfully explained the myriad difficulties and potential compliance issues this bill would create. The bill did not advance, but the sponsor indicated meetings would be held during the interim to refine the bill for reintroduction next year.

- **HB 1773, SB 5626 – Wage replacement for undocumented workers.** Undocumented workers are ineligible to receive unemployment insurance benefits. This bill would have created a parallel “wage replacement” system to provide similar benefits to these workers. The program would have been run by a third-party administrator (TPA) selected and funded by the state to shield recipient information from the federal government. The program was estimated to cost roughly \$36 million by 2029.

## DEFEATS

Despite our best efforts, the Legislature passed several bills hostile to small businesses, including:

- **HB 1213 – Paid Family & Medical Leave** job protection and health insurance maintenance mandates. NFIB’s meeting with the Senate Ways & Means chair, and other lawmakers, helped secure an amendment that phases in the new requirements over three years and protects very small employers with eight or fewer employees from the mandates.
- **HB 1308 – Personnel records.** NFIB and other employer groups succeeded in removing a catch-all provision favored by trial lawyers, but were unable to replace the private right of action, which requires workers to sue employers to receive any compensation for violations, with an administrative remedy.
- **HB 1788 – Workers’ compensation benefit increase.** NFIB testimony led bill sponsors to drop sections of the bill that would have included employer contributions to health insurance plans in wage replacement calculations for injured worker time-loss benefits. Those provisions would have cost employers roughly \$300 million over six years. The remaining portion of the bill increases the wage replacement percentage for single parents, an estimated \$30 million cost increase to the workers’ compensation system.
- **HB 2081 – B&O tax increase.** NFIB-requested amendments increasing the Small Business Tax Credit, establishing a gross receipt threshold before tax increases would apply, and creating a new deduction, were all unsuccessful, but comments made during floor debate by the House Finance Committee chair as well as outreach from other legislators indicate that issue will be revisited next session. In addition, NFIB’s amendment directing the state Department of Revenue to recommend tax simplification options was included in the final version of the bill.
- **SB 5041 – Unemployment benefits for striking workers.** The business community was able to limit these new benefits to six weeks, following a waiting period, require the Employment Security Department to annual report on strike activity and the impact of benefits on the Unemployment Insurance Trust Fund, and sunset the program in 2035.

*For more information about our legislative, regulatory, and political efforts, contact NFIB Washington State Director [Patrick Connor](#) at (360) 786-8675.*