

# State Policy and Budget Updates

Executive Board

January 22, 2026

Updated  
as of  
1/21/2026



Puget Sound Regional Council



*We are leaders in the region to realize equity for all. Diversity, racial equity and inclusion are integrated into how we carry out all our work.*

[psrc.org/equity](http://psrc.org/equity)

# Governor Ferguson's Proposed Operating Budget

- Supports Millionaire's Tax
- Taps \$1b of Rainy Day Fund
- \$569m Climate Commitment Act for Working Families Tax Credit
- Ends tax exemption for data center replacement equipment and prescription warehouses
- Cuts to agencies, higher ed, education, childcare



# Housing Investments



- **\$225m** Housing Trust Fund
- **\$500k** Housing Agency task Force
- **\$5m** Multifamily building efficiency grants
- **\$5m** Low-income home rehabilitation grants for flood victims
- **\$4m** Home Futures Institute

Housing Highlights



# Impacts of Federal Funding Changes

- 48 lawsuits
- \$15b in federal funding at risk
- \$165m federal funding shifts
- 1 million Washingtonians affected



# Transportation Budget



- Gas tax revenues continue trend down, CCA funds cover in short term
- General Fund Transfer

## **Governor's Proposed Budget**

- \$1b for 3 new ferries
- \$2.1b for maintenance & preservation

Press Release

Budget Summary (p.35)



# Support Letters

- **Support Governor's Supplemental Transportation Budget Investments**
- **Support Governor's \$1b Investment in ferries**



# Revenue Proposals

- **Excise tax on payroll expenses**  
[HB 2100](#) (Scott)/[SB 6093](#)  
(Saldaña)
- **Advanced computing surcharge**  
[HB 1839](#) (Reed)
- **Authorizing Counties to Impose B&O** [HB 2097](#) (Scott)
- **Enacting a tax on stocks, bonds, and other financial intangible assets** [SB 5797](#) (Frame)



# Residential Development in Commercial Zones



## **SB 6026** (Alvarado)/**HB 2480** (Street)

- Requires residential development to be allowed in commercial zones
- Prohibits requiring ground floor commercial as condition of residential development in commercial/mixed use zones

## Analysis



# Resources to Address Continuum of Care

## **Allowed Uses for Funding for Affordable Housing and Services [SB 6067](#) (Alvarado) [HB 2359](#) (Petersen)**

- Flexibility for HB 1590 sales tax
- Extends REET exemption for affordable housing to 24 months

**Budget Request \$120m** for funding for operations and maintenance for PSH



# Regional Transit Authority Bond Issues



- **SB 6148** (Liias)

Extends maximum term for bond issuance for a Regional Transit Authority from 40 years to 75 years



The background image is an aerial photograph of a coastal city, likely Bremerton, Washington. It shows a large industrial area with several large buildings and cranes, a marina filled with boats, and a bridge spanning a body of water. The city is surrounded by green hills and mountains in the distance.

# Thank You!

**Robin Koskey**

Director, Government Relations and Communications

[Rkoskey@psrc.org](mailto:Rkoskey@psrc.org)



Puget Sound Regional Council