

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

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](#) (Lias)

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





Thank You!

Robin Koskey

Director, Government Relations and Communications
Rkoskey@psrc.org



Puget Sound Regional Council