

Federal & State Budget and Policy Update

Regional Staff Committee

February 5, 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

DC Updates

- Appropriations bills pass!
- Surface Transportation Reauthorization
- Grant issues
- 21st Century Housing Act



Housing for the 21st Century



- Bipartisan – sponsored by Hill, Waters, Flood and Cleaver
- House Financial Services Committee Mark-up Wednesday, Dec 17
- [Section-by-section summary](#)
- [One-pager](#)



ROAD to Housing Act

- Bi-partisan – sponsored by Senator Warren and Senator Tim Scott
- Includes over 40 provisions
- Passed unanimously by Senate Banking Committee

[Line-by-line summary](#)



Appropriations



- **Enacted:** Commerce-Justice-Science, Energy-Water, Interior-Environment, Agriculture, Military Construction-VA, Legislative Branch, Defense, Labor-HHS-Education, Transportation-HUD, Financial Services and General Government, National Security-State
- Partial gov't shutdown ended on Feb. 3
- Homeland Security funding extended through Feb. 13



Transportation Funding in Approps Bill

- Senate won out over House & President – no drastic cuts
- \$25.1b for DOT discretionary funding
- \$22.2b for FAA
- \$64.3b for FHA, \$1.34b increase
- \$16.5b for FTA
- PSRC's Household Travel Survey Earmark



HUD Funding in THUD Approps Bill



- \$34.9b for Tenant-Based Rental Assistance, ensure renewals
- \$4b for Continuum of Care, \$300m increase
- Provisions for FY 24-25 Continuum of Care
 - HUD must renew all projects expiring in Q1
 - If awards not made before April must renew Q2 projects
 - If awards not made by July, must renew all projects expiring in Q3 & Q4
- Requires 60% of FY 26 COC funding go to Tier 1/local priorities
- No new funding for Emergency Housing vouchers, but \$264m for transitions



2025 State Legislative Session

- Day 25
- Policy cutoff yesterday 2/4
- Fiscal cutoff Monday 2/9



Senate Resolution: Mariners and Cal Raleigh



[SR 8676](#)

Congratulations
to the Mariners!

Big Dumper was
robbed of the
MVP!



Transportation Budget



Governor's Proposed Budget

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

[Press Release](#)

[Budget Summary](#) (p.35)



Support Letter

Please encourage elected officials to sign!

[Support Governor's Supplemental Transportation Budget Investments](#)

[Support Governor's \\$1b Investment in ferries](#)



Revenue Proposals

- Tax on Millionaires [SB 6346](#) (Pedersen) / [HB 2724](#) (Fitzgibbon)
- Excise tax on payroll expenses [HB 2100](#) (Scott) / [SB 6093](#) (Saldaña)
- Advanced computing surcharge [HB 1839](#) (Reed)
- Enacting a tax on stocks, bonds, and other financial intangible assets [SB 5797](#) (Frame)
- Excise Tax on Cigarettes [SB 6129](#) (Robinson) / [HB 2382](#) (Parshley)



Local Government Revenue Proposals

- Authorizing Counties to Impose B&O [HB 2097](#) (Scott)
- Local Gov't Fund Use [HB 2442](#) (Berg)



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



Impaired Driving



SSB 5067 (Lovick)

Decreases the blood or breath alcohol concentration limit for operating a vehicle or watercraft from 0.08 to 0.05.



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



2025 Jobs Data - 12,900 Decline

- First time region has seen decline in jobs since 2008, excluding pandemic
- Construction & service industry sectors, including tech lost most jobs

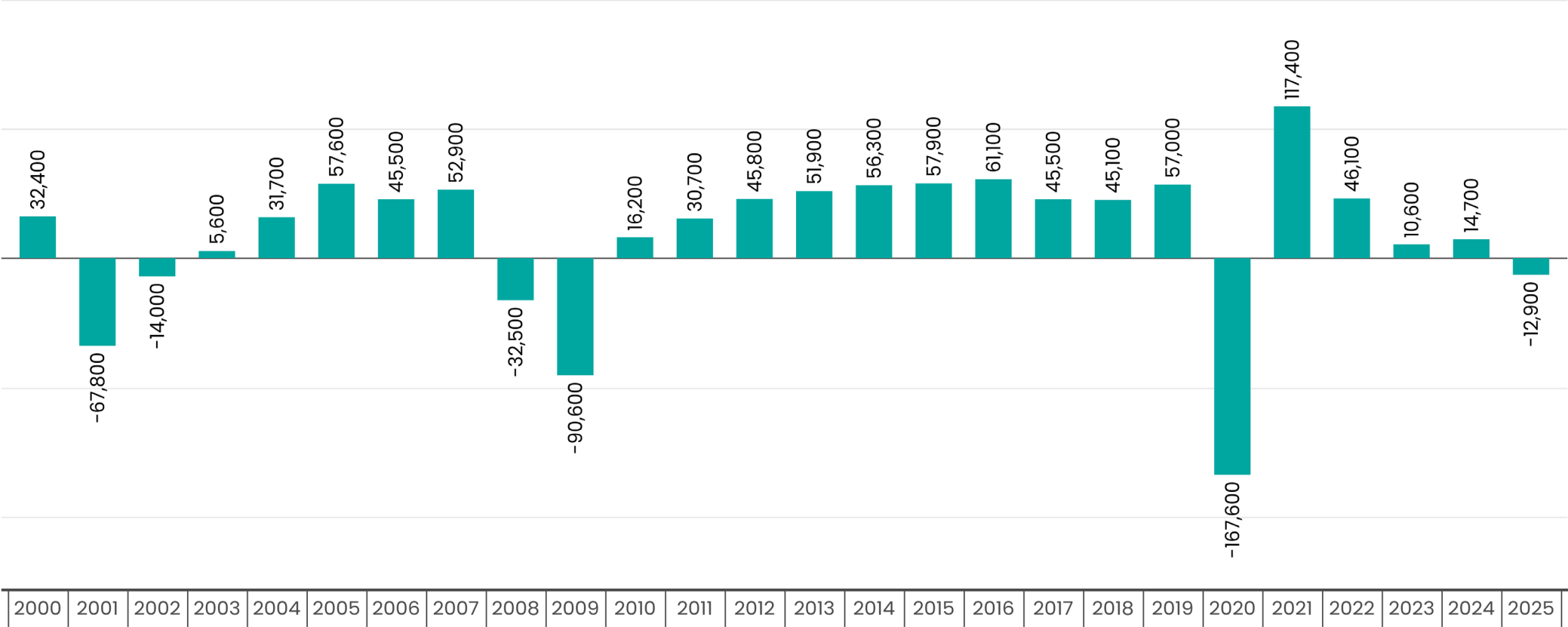
[Westneat Seattle Times](#)

[PSRC Blog Post](#)



Jobs Changes –

Job Change: Year Over Year

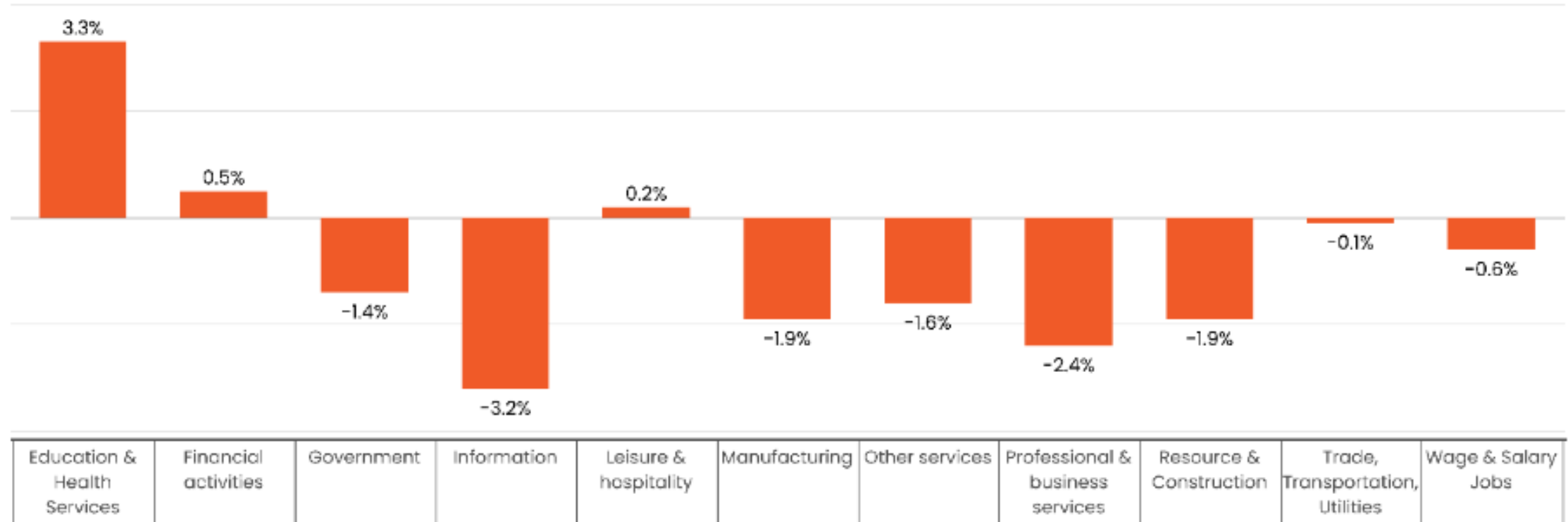


Source: Washington State Employment Security Department



Jobs Data

% Change in Jobs by Sector, 2025/2024



Source: Washington State Employment Securities Department





Thank You!

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Puget Sound Regional Council