

# **Federal & State Budget and Policy Update**

## Growth Management Policy Board

February 13, 2026



Puget Sound Regional Council

# DC Updates

- Appropriations bills pass!
- Surface Transportation Reauthorization
- Grant issues
- FY 27 Approps



# Appropriations



- 11 of 12 appropriations bill enacted
- Short partial government shutdown ended on Feb. 3
- Dept of Homeland Security Shut Down



# HUD Funding in FY26 THUD Appropriations Bill

- **\$34.9b** for Tenant-Based Rental Assistance, ensures 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 (permanent housing)
- No new funding for Emergency Housing vouchers, but \$264m for transitions



# Housing for the 21<sup>st</sup> 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](#)



# 2025 State Legislative Session



- Day 39 of 60
- Past house of origin cut off this week
- February 25 opposite house policy committee cut off
- Budgets coming
  - Operating Sunday
  - Transportation Monday



# Supplemental Transportation Budget



- Governor proposed \$2b for maintenance & preservation  
\$1b for ferries
- 67 local elected officials sign Supplemental Transportation Budget investment letter
- Keep WA Rolling Organizational Sign-on letter  
--Deadline Thursday 2/19  
COB



# Revenue Forecast

- Improved since November
- FY 25-27 Revenue up by \$827m
- FY27-29 up by just over \$1b
- Increases due to increased revenue adopted by legislature, revenue collections returning to normal levels including sales tax & real estate taxes, tariff buying to get ahead
- Tariffs impacts continue, uncertainty
- Governor -- improvement, but still have budget issue, caseloads, costs associated with HR 1

[Link: Revenue Forecast](#)

['Absolutely good news': WA financial outlook brightens as budget talks heat up](#) (WA State Standard)



# Tax on Millionaires



[SB 6346](#) (Pedersen) / [HB 2724](#) **dead**  
(Fitzgibbon)

- 9.9% tax on income over \$1m
- Senate Changes:
  - Roll back expanded tax on services
  - Sunset B&O surcharge
- Governor's Demands:
  - Increase Working Families Tax Credit eligibility
  - More small business relief
  - 2 Sales tax Holidays
  - Eliminate sales tax diaper & baby products



# Other Revenue Proposals

- **Moving forward** -- Requiring Arbitration for Tort Claims [SB 6239](#) (Dhingra)

Did not pass before cut off:

- Tax on Sugar Sweetened Beverages [HB 2734](#) (Street)
- Excise Tax on Cigarettes [SB 6129](#) (Robinson) / [HB 2382](#) (Parshley)
- Excise tax on payroll expenses [HB 2100](#) (Scott) / [SB 6093](#) (Saldaña)
- Advanced computing surcharge [HB 1839](#) (Reed)



# 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
- Amended to allow ground floor in 20% commercial zones & main street areas

## [Analysis](#)



# Resources to Address Continuum of Care

Allowed Uses for Funding for Affordable Housing and Services [SB 6027](#) (Alvarado) [HB 2359](#) **dead** (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



# Encouraging PSH, Transitional Housing, Shelter



[SB 6069](#) **dead** (Alvarado)

[HB 2266](#) (Petersen)

- Must allow transitional housing, PSH, shelter in any area in the UGA not zoned industrial
- Amendments to allow additional health and safety requirements:
  - 500 ft of school or other shelter
  - Donate real property or capital or operating investment



# Housing Bills of Interest

- [HB 2418](#) Permitting Reform
- [HB 2304](#) Stacked Flats Condo Reform
- [HB 1974](#) Coordinated Land Banking
- [HB 1717](#) Affordable Housing Sales & Use Tax Remittance
- [SB 6091](#) Ensuring Public Marketing of Housing Opportunities
- [HB 2151](#) Factory Built Housing Standards



# 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

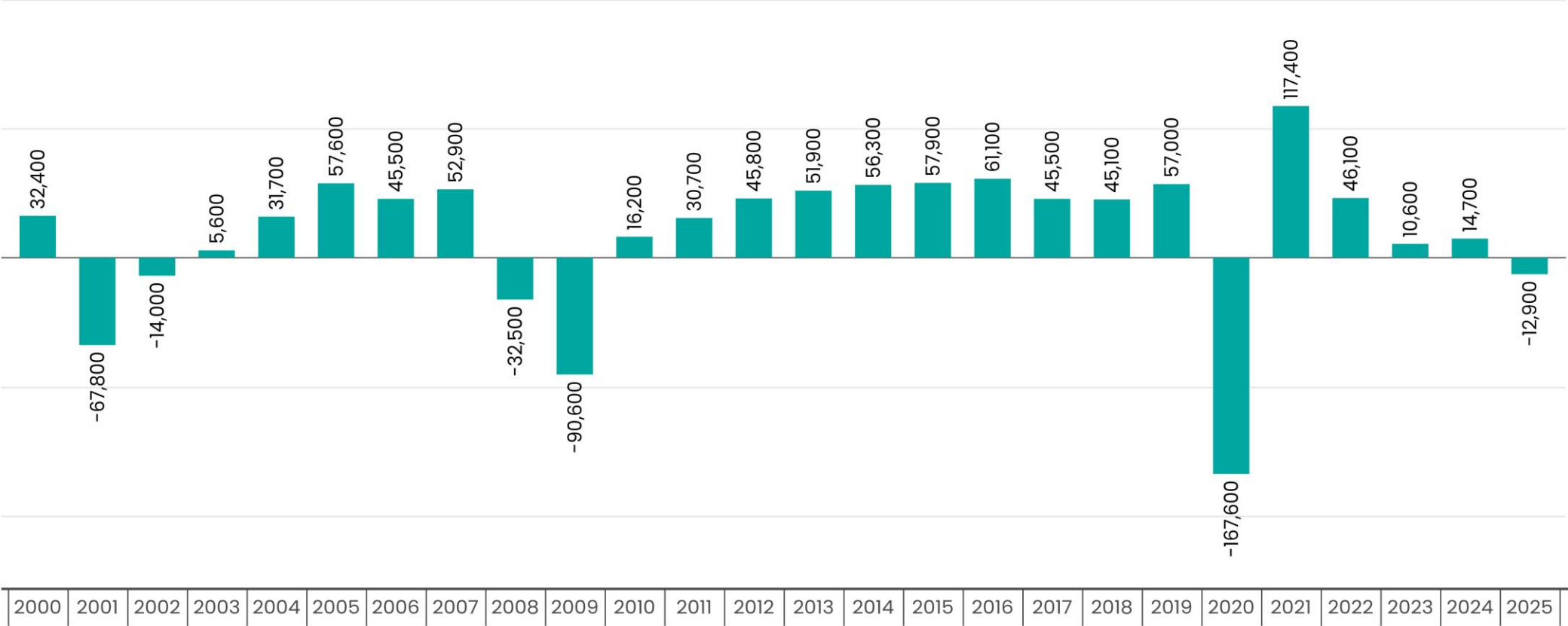
[Westneat Seattle Times](#)

[PSRC Blog Post](#)



# Jobs Changes -

## Job Change: Year Over Year



Source: Washington State Employment Security Department





# Thank You!

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