

# Federal & State Budget and Policy Update

Regional Staff Committee

March 5, 2026



Puget Sound Regional Council

# 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:** DHS (FEMA, TSA)
- **FY 2027 Approps process has begun**



# 21st Century ROAD to Housing Act

- Bipartisan bill, with Senate and House housing priorities
- Includes provisions from the ROAD to Housing Act (S. 2651) and the Housing for the 21st Century Act (H.R. 6644)
- Section-by-section summary



# Continuum of Care

- Judge denied HUD's request to lift injunction
- HUD stated they are "committed to executing on our vision to overhaul and reinvigorate America's strategy for addressing homelessness," and will continue to pursue legal action
- Congress required HUD to renew expiring grants throughout the year in THUD Approps bill



# 2025 State Legislative Session



- Day 53 of 60
- Opposite house fiscal committee cutoff Monday, 3/2
- Opposite house cutoff Friday, 3/6

# 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)



# Supplemental Operating Budget

**House - \$79.9b FY25-27**

## **Fund Transfers:**

- \$880m Budget Stabilization Account
- \$75m Public Works Assistance
- \$394m adjusted capital gains
- \$764m agency reversions

## **Spending:**

- \$962m Tort liability
- \$25.5m Immigrant refugee supports
- Caseload increases
- \$15m Permanent Supportive Housing/CoC

**Senate - \$80.1b FY25-27**

## **Fund Transfers:**

- \$750m Budget Stabilization Account
- \$375m Public Works Assistance
- \$395m adjusted capital gains
- \$71m tobacco settlement

## **Spending:**

- \$1b Tort liability
- \$190m Immigrant refugee supports due to HR 1
- Caseload increases
- \$15m Permanent Supportive Housing/CoC



# House & Senate Supplemental Operating Budget Revenue

## House:

- \$2.09b Millionaire's tax
- \$55.6m Insurer Taxes
- \$203m Data Center Equipment tax exemption repeal
- \$181m Prescription drug wholesalers

[House Budget Summary](#)

## Senate:

- \$2.3b Millionaire's tax
- \$300m Data Center Equipment tax exemption repeal
- \$200m Prescription drug wholesalers

[Senate Budget Summary](#)



# Supplemental Capital Budgets

## House \$910m

\$400m new bonds

\$640m Climate Commitment Act funds

\$164.6m Housing Trust Fund

\$57m other housing programs

## Senate \$723m

\$382m new bonds

\$219m Climate Commitment Act

\$128m Housing Trust Fund

\$21.7m other housing programs



# Tax on Millionaires



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

- 9.9% tax on income over \$1m
- House Finance Changes:
  - Eliminates roll back expanded tax on services
- Governor – hopeful, passage may slip to 2027

[Clock ticks on WA income tax proposal amid Democratic divisions](#)  
(Seattle Times)



# Supplemental Transportation Budget Letter

67 local elected officials  
sign Supplemental  
Transportation Budget  
investment letter

49 local elected officials  
sign Ferry Funding Support  
Letter



# Supplemental Transportation Budgets



## House \$16.5b

- No new bonds, funds through reappropriation

## Senate \$17b

- \$1.1 in new bonds
- Safety Investments

## Both:

- Regional Mobility & Transportation Demand Management



# Supplemental Transportation Budgets

## Maintenance and Preservation Investments

### Senate - 3 biennia plan

New Maintenance & Facilities	45m	90m	90m	225m
New preservation/flood recovery	465m	410m	500m	1,375m

### House - 2 biennia plan

New Maintenance	35m	90m	90m
New preservation	300m	430m	730m

## Preservation & Maintenance Funding Comparison



# Ferries - Supplemental Transportation Budgets

## House

- Accelerates funding for 3 new boats
- \$4m preservation over 4 years
- \$500k for work group to develop long range plan
- \$500k for state owned dry-dock study

## Senate

- Accelerates funding for 3 new boats
- \$100m preservation over 6 years
- \$31m for electrification of 3 terminals
- \$250k study leasing hydrogen vessels
- \$100k assess credit for in-state bids
- \$500k for state owned dry-dock study



# Residential Development in Commercial Zones



## [SB 6026](#) (Alvarado) / [HB 2480](#) **dead** (Street)

- Requires residential development to be allowed in commercial zones
- Prohibits requiring ground floor commercial
- Amended to allow ground floor in 40% commercial & mixed-use zones

## [Analysis](#)



# Statewide Economic Development & Competitiveness Plan

## SB 6289 Kauffman **dead**

- \$325k in Senate budget
- House proposal us \$150k of existing resources
- Could be included in final budget



# 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



An aerial photograph of a coastal city, likely Everett, Washington, featuring a large bridge crossing a body of water. The city is densely packed with buildings and houses, with a marina filled with boats on the left. The background shows forested hills and mountains under a clear blue sky.

# Thank You!

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