

Federal & State Budget and Policy Update

Transportation Policy Board

March 12, 2026



Puget Sound Regional Council

Federal



- Partial gov't shutdown: DHS (FEMA, TSA)
- FY 2027 Approps process has begun
- Surface Transportation Reauthorization
- \$8.4m FIFA World Cup Funding



BASICS Act

HR 7437 Bridges And Safety Infrastructure for Community Success

Makes targeted updates to existing federal transportation programs to:

- Strengthen safety
- Fix poor condition bridges
- Improve accountability
- Speed delivery of local and regional projects



LOT
LOCAL OFFICIALS
IN TRANSPORTATION
COALITION

[BASICS Act Website](#)

2025 State Legislative Session



- Sine Die Today!
- All 3 budgets released yesterday



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
- Uncertainty, volatility, Tariffs impacts continue,
- 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
- Expands working families tax credit
- 5% for childcare and early learning
- Exempts businesses grossing less than \$300k from B&O
- Exempts hygiene, diapers & baby products
- Ends retail sales tax increases 1/1/29 except advertising services
- Exempts public schools from paying sales tax July 1, 2026



Supplemental Operating Budget

\$79.4b FY25–27

\$621m new spending

Fund Transfers:

- \$880m Budget Stabilization Account/Rainy Day Fund
- \$375m Public Works Assistance
- \$394m adjusted capital gains
- \$764m agency reversions

Spending:

- \$1b Tort liability
- HR 1 implementation
- Immigrant refugee supports
- Caseload increases
- \$15m Permanent Supportive Housing/CoC
- \$1.3m Transit Oriented Development implement HB 1491

[Operating Budget Summary](#)

[Operating Budget Documents](#)



Supplemental Operating Budget Revenue & Cuts

Revenue

- Millionaire's tax (2029)
- \$55.6m Insurer Taxes
- \$63m Data Center Equipment tax exemption repeal
- \$24m Prescription drug wholesalers
- -\$5m estate taxes

Cuts

- -\$143m childcare, changes way providers get paid
- -\$27m Transition to Kindergarten
- Rolls back \$100 per student increase LEA or Local Effort Assistance



Supplemental Capital Budget



- \$436m new bonds
- \$300m Climate Commitment Act funds for new appropriations, \$539.9m CCA fund swap
- \$123m Housing Trust Fund
- \$77m other housing programs
- Local & community projects

[Supplemental Capital Budget Summary Document](#)

[All Supplemental Capital Budget Documents](#)



Supplemental Transportation Budget

\$16.6 billion

- \$1.2b increase
- \$800m in new bonds ([SB 6225](#))
- 6 years
- Preservation and maintenance focus – \$1.53b investment

[Budget Summary](#)
[All Budget Documents](#)



Supplemental Transportation Budget Letter



67 local elected officials
sign Supplemental
Transportation Budget
investment letter

49 local elected officials
sign Ferry Funding Support
Letter



Maintenance and Preservation Investments

3 biennia/6-year plan

Program	25-27	27-29	29-31	Total
Highway Maintenance	40m	80m	80m	200m
Preservation/flood recovery	300m	500m	500m	1,375b
Ferry Preservation	4m	8m	16m	28m

- **\$400k** for WSDOT report to joint transportation committee by 9/1/26, on maintenance and preservation needs, including cost-effective delivery utilizing public-private partnerships & public education program
- Requires WSDOT report on project costs & timeline for priority bridge preservation & replacement projects



Supplemental Transportation Budget

- Safety Investments
 - \$100m safety-focused preservation
 - \$500k Tribal safety support grants
 - \$250k develop megaproject safety program
- Restores regional mobility & rideshare grants
- \$3.1m for King County Metro and \$200k Kitsap transit pilot program for affordable transit pass for community and technical colleges
- \$30m counties and \$15m cities for weather events



Ferries - Supplemental Transportation Budget



- \$29m Accelerated funding for 3 new boats
- \$31m for electrification of 3 terminals
- \$28m preservation over 6 years
- \$2m Emergent preservation response team
- \$750k for work group to develop long-term plan for vessel preservation and replacement, terminal improvements:
 - Evaluation of leasing hydrogen powered ferry
 - Assessing in-state bid credit
- \$500k state owned dry-dock feasibility study
- \$17m vessel conversion wind down
- \$1.9m Eagle Harbor preservation capacity



Transportation Revenue

- At end of 2025 session new revenue was projected to yield \$4.4 billion over 6 yrs
- Each forecast since June projection lowered, decreased \$842.5m
- 20% of increase in resources has been offset
- Declining fuel consumption



Enhanced Permitting Tools for High Capacity Transit



SB 6309 (Lias)

Provides additional flexibility and certainty in the planning and permitting of high-capacity transit projects, to deliver light rail and bus rapid transit faster and more efficiently



Bills that did not make it

- RTA Bonding authority increase
- DUI/Blood Alcohol Limit
- Safe Systems Approach Strategies
- Commute trip reduction definitions
- Vulnerable Users of public ways
- Passenger Rail Advisory Committee
- Autonomous Vehicles





Thank You!

Robin Koskey

Director, Government Relations
and Communications

Rkoskey@psrc.org

Alyssa Quinn

Senior Government Relations
Specialist

AQuinn@psrc.org



Puget Sound Regional Council