

# Federal & State Budget and Policy Update

## Growth Management Policy Board

March 19, 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



# 21st Century ROAD to Housing Act

- Senate passed on March 12, now House will consider
- 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



# 2026 State Legislative Session



Sine die March 12

Themes:

- Budget
- Millionaire's Tax



# Tax on Millionaires

## SB 6346 (Pedersen)

- 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 Operating Budget Housing Investments

- \$15m Permanent Supportive Housing Continuum of Care
- \$313k Department of Housing Task Force to implement [Executive Order 25-12](#)
- \$3m Right to Counsel for tenants involved in eviction proceedings



# Supplemental Operating Budget Local Government

- \$386k to implement [SB 6026](#) Commercial Zoning
- \$159k to implement [SB 5184](#) minimum parking requirement
- \$174k to implement [HB 2418](#) permit review requirements
- \$150k study to reduce financial burden of seismic retrofit for Unreinforced Masonry buildings
- **-\$21.2m** GMA Implementation Grants
- \$133k implement [HB 1183](#) Building Codes
- \$406k guidelines housing and climate plans required by [HB 1241](#)
- \$500k to increase speed of project permit applications are processed by [SB 5290](#)
- \$79k to implement [HB 1096](#) lot splitting requirements



# Supplemental Operating Budget TOD Investments

- **\$1.3m** for Commerce to provide technical assistance and review regulations to implement HB 1491 Transit Oriented Development
- **\$1m** for WSDOT SEPA review and final EIS for zoning changes for jurisdictions implementing TOD
- **\$148m** to implement [SB 6309](#) which provides enhanced permitting tools for high-capacity transit



# 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](#)



# 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



# Encouraging PSH, Transitional Housing, Shelter



## [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



# Residential Development in Commercial Zones

## SB 6026 (Alvarado)

- 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



# Funding Flexibility/Resources to Address Continuum of Care



## [SB 6067](#) Allowed Uses for Funding for Affordable Housing and Services (Alvarado)

- Flexibility for HB 1590 sales tax

## [HB 2442](#) Providing local governments tax resources and fund flexibility

- Expands uses of several taxes
- Creates new local sales tax for children & families



# Other Housing Related Bills

- [HB 2418](#) Permitting Reform
- [HB 2304](#) Stacked Flats Condo Reform
- [HB 1974](#) Coordinated Land Banking
- [HB 2151](#) Factory Built Housing Standards
- [HB 1859](#) Expanding opportunities for affordable housing on religious organization owned properties owned





# Thank You!

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