

Federal & State Budget and Policy Update

Executive Board

March 26, 2026



Puget Sound Regional Council

Federal

- Partial gov't shutdown:
DHS (FEMA, TSA)
- FY 2027 Approps process has begun, President's Budget week of March 30
- 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](#)



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**](#)



FERRIES Act – Please sign support letter



- Introduced by Rep. Randall (D, WA) and Rep. Begich (R, AK), John Garamendi (D, CA), and Nicole Malliotakis (R, NY)
- Increases funding for federal ferry programs
- Definition changes to increase access to ferry programs

FERRIES Act Support Letter



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 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 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

[PSRC Summary](#)

[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



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
- **\$148k** to implement



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





Thank You!

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Puget Sound Regional Council