

Federal & State Policy Updates

Transportation Policy Board

May 8, 2025

Updated
4/29/2025



Puget Sound Regional Council



We are leaders in the region to realize equity for all. Diversity, racial equity and inclusion are integrated into how we carry out all our work.

psrc.org/equity

Federal Budget Updates



- Reconciliation
- President's Budget Release
- Surface Transportation Reauthorization

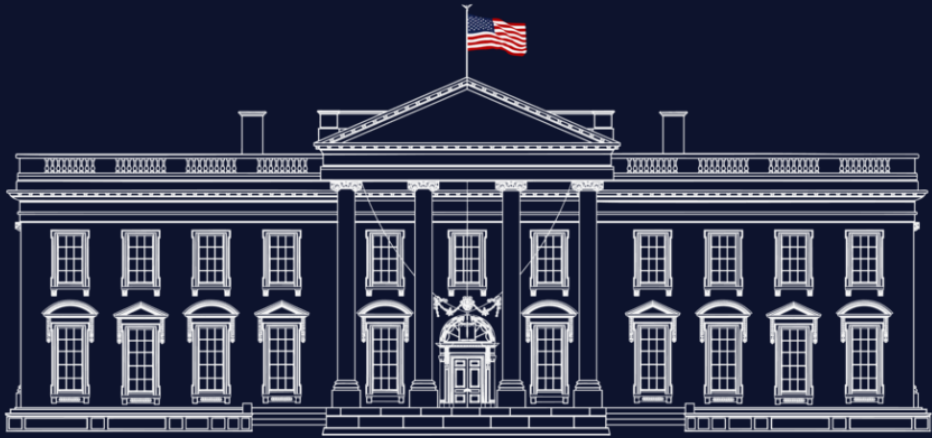


Budget Reconciliation – Transportation

- Budget reconciliation proposal released
- \$10 million in cuts
- Increases budget to coast guard for border control
- Invests \$15b in FAA for air traffic control modernization
- Rescinds unobligated funds for several Inflation Reduction Act programs
- Includes a **\$250** EV fee and **\$100** hybrid electric vehicle fee



President's Budget



Increases:

- Defense and homeland security
- Transportation:
 - FAA air traffic control facility upgrades
 - Infrastructure for Rebuilding America Program (INFRA)
 - Rail Safety
 - Port Infrastructure

Reductions \$163b non-defense discretionary

- Climate and renewable energy
- Housing and Urban Development

Other Federal Updates

- Safe Streets & Roads for All
[NOFO released](#)
- Building Resilient Infrastructure & Communities (BRIC) grants termination
- [PSRC reporting form](#)
- [Executive Order Tracking](#)



2025 State Legislative Session



- Over 2,300 bills introduced
- Legislators faced **\$16b** budget deficit over 4 years
- Sine Die April 27
- Passed Operating, Capital and Transportation Budgets

Operating Budget

- \$77.8b 2025–2027 biennial budget
- Cuts to early learning & childcare
- Education funding for special education and materials, supplies and operating cost increased
- \$100m for grant program to hire new police officers
- No state employee furloughs



Revenue Bills

Raise \$9.4b over 4 years



<u>HB 2081</u>	B&O tax surcharge
<u>SB 5814</u>	Taxes on Services & Nicotine Products & Prepayment of Sales Tax
<u>SB 5813</u>	Capital Gains and Estate Taxes
<u>SB 5794</u>	Eliminating Tax Preferences
<u>HB 2077</u>	Tax on surplus generated by Zero Emission Fuel Program

[Five tax bills lawmakers passed to underpin Washington's next state budget](#) (WA State Standard)



Rejected Revenue Proposals

- Financial Intangibles Tax (aka wealth tax) on financial intangibles
[With symbolic vote, WA Democrats say wealth-tax fight is not over](#) (Seattle Times)
- Property tax growth flexibility
[Plan to raise cap on property tax growth collapses in WA Legislature](#) (WA State Standard)



Capital Budget

\$605m Housing Trust Fund

[Set asides \(link to full list\):](#)

- **\$215m** Multifamily
- **\$95.75m** Apple Health and Home Permanent Supportive Housing
- **\$72.5m** Homeownership
- **\$50m** Intellectual & Developmental Disabilities Community
- **\$27.5m** Mobile/Manufactured Home Infrastructure & Repairs
- **\$50m** Preservation
- **\$10m** Rapid Capital Acquisition

Other housing related investments:

- **\$100m** for Connecting Housing to Infrastructure
- **\$8.2m** for 3 TOD projects
- **\$11m** affordable housing cleanup program

\$23m for EV charging
(\$20m competitive grants)



Transportation Budget

\$15.5b for the 25–27 biennium

- **\$125m** increase for fish passage barrier removal for total of **\$1b** for biennium
- Preservation level funded for biennium, but adds **\$200m** for 27–29
- **\$49.7m** additional funding for local governments in 25–27 and increase of **\$101m** in the 27–29 biennium
- **\$30 million** to support driver safety
- **\$7.6m** for traffic operations & **\$14m** for enhanced transit activities during the 2026 World Cup



Transportation Budget: Project Delays



Projects funded with Move Ahead Washington not under contract were delayed

SR 167

SR3/Gorst Area – Widening funding delayed to beyond 2027-2029 to future



Transportation Budget: Revenue SB 5801

- **Fuel Tax** 6 cent increase in FY 26 and 2% increase each year
- **Special Fuel (Diesel)** 3 cent increase in special fuel tax
- **Vehicle Registration fees** Truck weight, Passenger vehicle weight, filing, title & registration, abandoned recreational vehicle



Transportation Budget: Revenue SB 5801

Sales and Use Taxes

- Motor vehicle sales and use tax from .3 to .5%,
- Rental car tax 5.9 to 11.9%
- Peer to peer car sharing
- Recreational Vessels, Luxury Vehicle, Luxury Aircraft

Other Fees

- Tire disposal
- Large Event Facility
- WSDOT Work Zone Violations
- Driver's License and Identicards
- Remove toll exemption for transit and ride share vehicles

[Revenue Summary SB 5801](#)



Transportation Revenue

SSB 5802

Transfers .1 % sales
tax to transportation
budget



Washington State Ferries Transportation Budget



- **\$894m** capital projects – new vessel construction, vessel preservation & docks
- Delays Jumbo Mark II vessel conversions (decision on conversion will be made after World Cup)
- **\$11.9m** workforce development activities
- **\$6.9m** for overtime incurred by engine, deck and terminal staff
- **\$19.7m** for WSF to increase deck & engine positions across system
- **\$4m** Kitsap and King County POF
- **\$600k** traffic control at Seattle, Fauntleroy, Kingston, Edmonds, Mukilteo, & Bainbridge Island ferry terminals



Washington State Ferries – SB 5801 Revenue

- Requires WSF to contract for 5 or more new vessels (was up to 5)
- Changes design size of Olympic vessels from 144 to 160 vehicles
- Raises vessel replacement surcharge:
 - From 25 cents to 75 cents in 2025
 - 85 cents as of 10/2027
 - 95 cents 10/2029
- Requires WSF to recover at least 3% of credit card fees through fare increases



Transportation Bills



- [HB 1902](#)
Streamlining Permitting for
Transportation Projects
Delivered to Governor
- [HB 1837](#)
Intercity Passenger Rail
Delivered to Governor



PSRC General Assembly

Thursday, May 22
10am-1pm
Seattle Convention
Center | Summit

[Register](#)





Thank You!

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