

# Federal & State Policy Updates

## Regional Staff Committee

May 15, 2025

Updated  
5/14/2025



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](https://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



# Budget Reconciliation – Other Provisions



- **House Ways and Means Committee** put forth a \$3.8 trillion tax proposal
  - Does not change tax-exempt status of municipal bonds



- **House Agriculture Committee** proposed \$290 billion in cuts
  - Major reforms to SNAP – states to cover a portion of costs, changes to eligibility



- **House Energy and Commerce Committee** proposed \$912 billion in cuts
  - Significant changes to Medicaid eligibility
  - 8.6 million people to become uninsured



# 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](#)
- USDOT Follow the Law Policy





# 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



<a href="#"><u>HB 2081</u></a>	B&O tax surcharge
<a href="#"><u>SB 5814</u></a>	Taxes on Services & Nicotine Products & Prepayment of Sales Tax
<a href="#"><u>SB 5813</u></a>	Capital Gains and Estate Taxes
<a href="#"><u>SB 5794</u></a>	Eliminating Tax Preferences
<a href="#"><u>HB 2077</u></a>	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 SR 410 to SR 18 – Congestion Management
- 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 for capital projects – new vessel construction, preservation of vessels and docks
- Delays Jumbo Mark II vessel conversions (decision on conversion will be made after World Cup)
- Requires WSF to contract for 5 or more new vessels (was up to 5)
- \$38.5m workforce development, overtime incurred by engine, deck and terminal staff, increase deck & engine positions across system
- Raises vessel replacement surcharge and requires recover credit card fees





# Transportation Bills



- [HB 1902](#) Streamlining Permitting for Transportation Projects  
**Delivered to Governor**
- [HB 1837](#) Intercity Passenger Rail  
**Delivered to Governor**
- [HB 1774](#) Lease of Unused Land  
**Delivered to Governor**
- [HB 1970](#) Alternative Contracting Procedures  
**Signed by Governor**



# Housing Stability



## Rent Stabilization

[HB 1217](#) (Alvarado)

Signed by Governor

- Limits rent increases to 7% plus consumer price index not to exceed 10%
- Limits rent increases to 5% for manufactured/mobile homes
- Limits security deposits, move-in fees and late fees





# Housing Supply: Transit-Oriented Development

## Promoting Transit Oriented Housing Development

**Signed by Governor**

**HB 1491** (Reed)

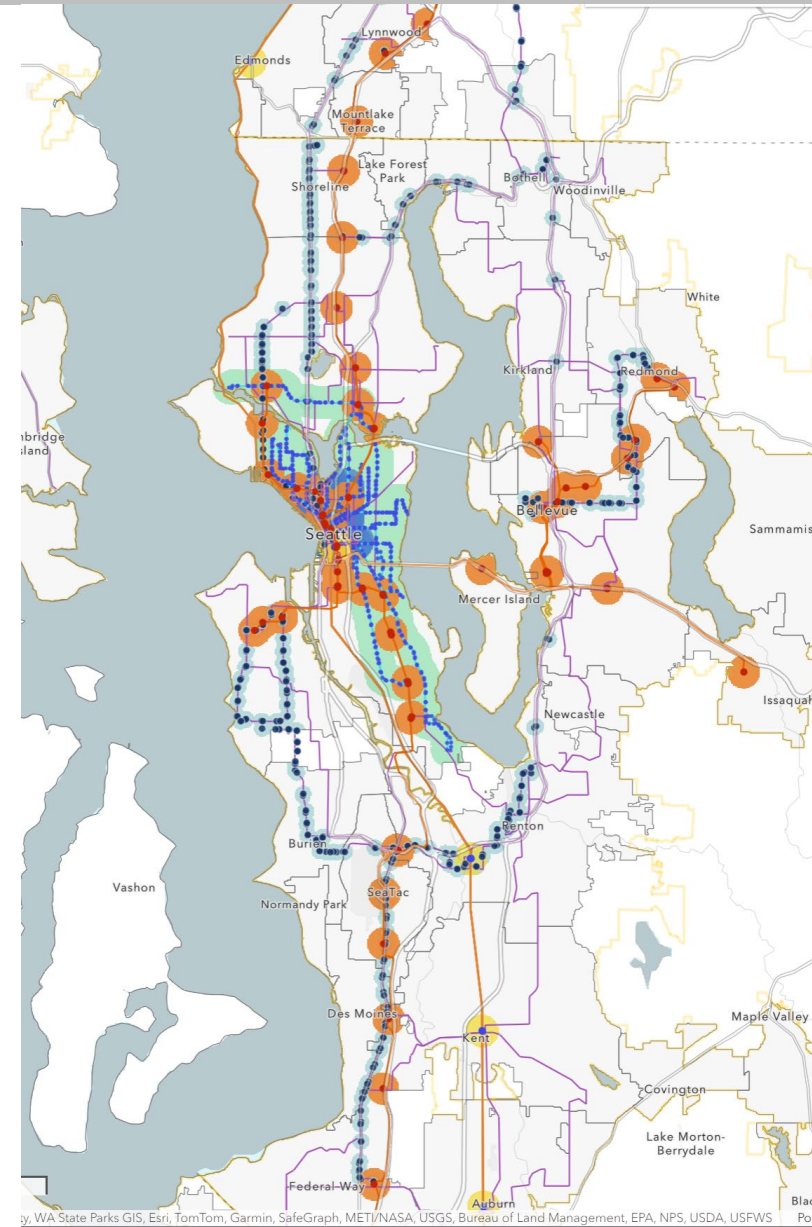
Creates density requirement in station areas

- 3.5 FAR w/in .5m of rail (.25m in cites <15,000 people)
- 2.5 FAR w/in .25m of BRT

Affordability for 50 yrs

- 10% of units if rents are 60% AMI & below
- 20% of units if rents are 80% AMI & below

Requires adoption of 20 yr MFTE program in station areas





# Housing Supply: Parking Requirements



[HB 5184](#) (Bateman)

## Minimum Parking Requirements Signed by Governor

Prohibits cities and counties from requiring:

- More than 0.5 parking space per multifamily residential unit and 1 per single family home
- More than 2 parking space per 1000 feet of commercial space

Does not apply to cities < than 30,000 people



# Housing Bills

- [HB 1096](#) Lot Splitting **Delivered to Gov**
- [SB 5559](#) Streamlining Subdivision Process **Signed by Gov**
- [HB 1494](#) MFTE Adjustments **Signed by Gov**
- [HB 1183](#) Modifying Building Code **Signed by Gov**
- [HB 1403](#) Simplifying Condo Construction **Signed by Gov**







# Thank You!

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