

Federal & State Policy Updates

Regional TOD Committee

June 20, 2025

Updated
6/19/2025



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 Updates



- Budget Reconciliation
- President's Budget / FY 2026 Appropriations
- Recissions
- Surface Transportation Reauthorization

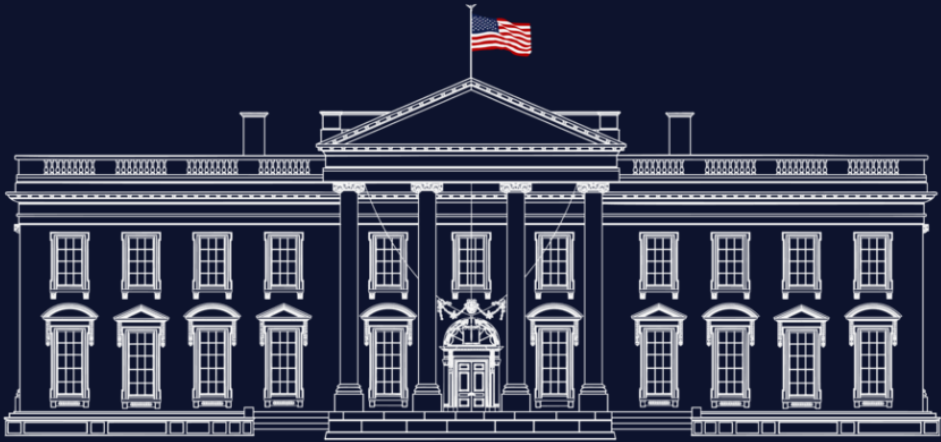


Budget Reconciliation

- House passed bill in May, Senate Finance Committee released its version this week
- Transportation Provisions:
 - \$10 million in cuts, rescinds unobligated funds
 - Increases budget for Coast Guard, border patrol, FAA air traffic control
 - Includes a \$250 EV fee and \$100 hybrid electric vehicle fee
- Other Provisions:
 - Makes 2017 tax cuts permanent
 - Cuts to Medicaid & expands work requirements
 - Phases out clean energy credits



President's Budget



- **Increases:**
 - Defense and Homeland Security
 - Transportation:
 - FAA air traffic control facility upgrades
 - Infrastructure for Rebuilding America (INFRA)
 - Rail Safety
 - Port Infrastructure
- **Reductions:** \$163b non-defense discretionary spending
 - Climate and renewable energy
 - Housing and Urban Development



Recissions

- The House of Representatives passed a bill rescinding \$9.4B of previously appropriated funding
 - NPR, PBS and international aid
- Senate has until July 18th to pass the bill
 - Only needs a simple majority to pass



2025 State Legislative Session

- Over 2,300 bills introduced
- Legislators faced **\$12-16b** 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



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)



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)



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: Revenue

- 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
- Sales and Used Taxes
- Other fees
- [SSB 5802](#) Transfers .1 % sales tax to transpo budget

Revenue Summary SB 5801



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



Housing Stability



Rent Stabilization HB 1217 (Alvarado) Signed by Gov

- 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 Bills

- [HB 1096](#) Lot Splitting Signed by 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



GMA Bills



[SB 5148](#) GMA Housing Element
Compliance *Signed by Gov*

[HB 1135](#) GMA Compliance *Signed
by Gov*





Thank You!

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