

Federal and State Legislative Update

Committee of the Whole

February 24, 2026



Federal Update

- The FY 2026 appropriations process concluded on February 3 when Congress passed, and the president signed, the latest appropriations package to fully fund the federal government for FY 2026.
- The 12 appropriations bills that fund the government were enacted through a series of standalone measures, minibus packages, and continuing resolutions rather than a single omnibus.
- Department of Homeland Security was only funded until February 13 at FY 2025 levels, so the federal government is in a partial shutdown.



Federal Update

- Agencies impacted by DHS shutdown:
 - *TSA*
 - *FEMA*
 - *U.S. Coast Guard*
 - *U.S. Immigration and Customs Enforcement*
 - *U.S. Customs and Border Patrol*
- Work of ICE and CBP will continue due to funding from 2025 OBBA (One Big Beautiful Bill Act)
- Congressional lawmakers remain at an impasse over proposed reforms to ICE and CBP.



Federal Update

- KC's congressional earmark request of \$1,031,000 for the KCSO helicopter upgrades was successfully included in the Commerce-Justice-Science bill.
- NACo resources, including appropriations full funding chart:
<https://www.naco.org/resource/legislative-analysis-counties-fy-2026-appropriations>

FY 2026 top line numbers

	FY 2025	FY 2026
Agriculture		
Domestic Food Programs		
SNAP	\$122B	\$107.5B
Child Nutrition	\$33.20	\$37.8B
WIC	\$7.6B	\$8.2B
Commerce, Justice, Science		
COMMERCE DEPARTMENT		
	\$10.4B	\$11.1B
PAC Salmon Recovery Fund (NOAA)	\$65M	\$75.75M
JUSTICE DEPARTMENT		
	\$37B	\$37M
VAWA STOP Grant (DOJ)	\$255M	\$257M
Byrne Justice Assistance Grant (JAG)	\$924M	\$964M
Community Oriented Policing Services (COPS) hiring grants	\$256M	\$253M
Anti-Opioid Grants (CARA)	\$420M	\$403M
Census (Periodic Census and Programs)	\$1.05B	\$1.2B
<i>KC Sheriff's Dept Congressional Earmark Funding for helicopter upgrades program</i>		\$1.03M
Energy and Water – Army Corps		
	\$8.7B	
Lake Washington Ship Canal O&M	\$16.16M	\$11.4M
Howard Hanson Dam O&M	\$4.37M	\$4.96M for O&M; \$190M for construction
Mud Mountain Dam	\$17.3M	7.2M
Homeland Security		
FEMA		
	\$27.3B	
FEMA - Disaster Relief		
Customs & Border Protection	\$19.6B	
Immigration	\$10B	

Interior		
INTERIOR DEPARTMENT		
	\$14.8B	\$14.54B
Puget Sound Geographic Program	\$54M	\$56M
EPA		
	\$9.1B	\$8.8B
Clean Water State Revolving Fund	\$2.8B	\$2.8B
WIFIA	\$72.3M	\$72.3M
Labor Health & Human Services		
Health & Human Services		
State Opioid Response Grants (under SAMHSA)	\$1.575B	\$1.6B
Substance Abuse Prevention, Treatment, and Recovery Services Block Grant		\$1.9B
CDC Public Health Preparedness Response	\$938M	\$913.2M
LIHEAP	\$4.025B	\$4.04B
THUD – Housing & Urban Development		
	\$68.7B	
CDBG	\$3.4B + \$3.3B for congressionally directed projects	\$3.3B + congressionally directed project funding
Homeless Assistance Accounts	\$4.1B	\$4.4B
HOME grant program	\$1.3B	\$1.25B
THUD – Transportation		
	\$106.8B	
FEDERAL HIGHWAY ADMINISTRATION		
	\$62.4B	\$64.3B
BUILD (formerly RAISE/BUILD/TIGER)	\$345M	\$145M
Federal-Aid Highway funding for road and bridge projects (National Infrastructure Investments i.e. INFRA Grants)	\$61B	\$62.7B
FEDERAL TRANSIT ADMINISTRATION		
	\$16.7B	\$16.5B
New Starts/Small Starts (Capital Investment Grants)	\$2.2B	\$1.7B
Transit formula grants	\$14.28B	\$14.6B
Transit Infrastructure grants	\$45.5M	\$211M
FEDERAL AVIATION ADMINISTRATION		
	\$21B	\$22.2B
FAA AIP (Grants-in-Aid for Airports)	\$4B	\$4B



Federal Update

- **Looking ahead**

FY 2027: Once Congress and the White House conclude the current stand-off over DHS/ICE funding, appropriations leaders will pivot to FY 2027 funding.

Transportation and USACE Reauthorization Legislation:

Congress is expected to ramp up efforts for reauthorization bills covering **surface transportation programs** (Bipartisan Infrastructure Bill expires 9/30/26) and US Army Corp of Engineers/water resources programs (**WRDA**).

Health care: Extension of the enhanced Affordable Care Act tax credits are still on the congressional docket with the debate on health care likely resuming in the coming weeks and months as the mid-term elections approach.

Housing: House and Senate have now moved bipartisan legislation aimed at increasing the housing supply. The two chambers now need to reconcile their versions of the bill before sending it to the President.



2026 State Legislative Session



Session overview

- 60 Day Legislative Session
- January 12 – March 12
- Second year of biennium
 - *1,217 new bills introduced*
 - *~1,500 bills alive from 2025 session*
 - *Supplemental budget year*
- Today: Day 44
 - Day 45: Opposite chamber policy committee cutoff
 - Day 50: Opposite chamber fiscal committee cutoff
 - Day 54: Opposite chamber floor cutoff



State budget

- State revenue forecast (2/16) increased from November forecast by \$827M for the 25-27 biennium (\$75.28B), and by \$1,028M for the 27-29 biennium (\$80.38B).
- Maintenance level costs have increased by \$3.7B over the four-year period
- Budgets released Sunday, public hearings Monday for operating budgets with committee votes on Wednesday and floor votes expected Friday/Saturday.



Local Government Funding

- **Lift 1% property tax revenue growth cap**
SB 5798: Senate Ways and Means, no action
HB 1334: House Finance, no action
- **Local Revenue tools (HB 2442):** Provides a number of local option revenue tools for local governments. Incorporates HB 1870, which authorizes a new county property tax levy for public health clinics (up to 5 cents per \$1000). Passed House, hearing in the Senate this week.



Public Defense

SB 6346 (Millionaire's tax): Imposes a 9.90 percent tax on individuals on the receipt of income exceeding \$1 million beginning in calendar year 2028.

Direct impact to KC government

➤ Public Defense:

- *7% set aside for public defense*
- *Distributed via formula: 10% to cities; of the remainder 6% base allocation to all counties, 40% based on income ratio, 60% based on superior court filings*
- *~\$50M annually to KC starting 2028*

➤ Repeal of SB 5814:

- *Repeals sales taxes on certain specified services which were enacted in 2025 (repeal effective 2030)*
- *Estimated loss of \$157M biennially across all funds (general, Metro transit, mental health, criminal justice, health through housing, cultural access)*



Affordable Housing and Homelessness

- **Revenue tool flexibility (SB 6027):** Increases flexibility of 1590 funds (1/10th percent sales tax for housing), 1406 funds (sales tax for affordable and supportive housing), and DRF funds (Affordable Housing for All account, used for affordable housing and homeless programs).
- **STEP Housing (HB 2266):** Requires cities and counties to allow transitional housing, permanent supportive housing, indoor emergency shelters, and indoor emergency housing in areas not zoned for industrial use.
- **Residential development (SB 6026):** Prohibits certain cities and counties from excluding residential uses in areas zoned for commercial or mixed-use development and requiring mixed use or ground floor commercial or retail as a condition of permitting.



Affordable Housing and Homelessness

- **Senate/House budget proposals:**
 - Allow eviction prevention rental assistance program funds to be used to backfill loss of CoC federal funds.
 - \$15M for FY27 for grants to permanent supportive housing providers for operations, maintenance, and services for those who have lost CoC funding.
 - Housing & Homelessness: \$150M (senate); \$221M (house)



Human Services

- **Early support for infants and toddlers (ESIT—HB 2688):** De-links the ESIT special education multiplier for children ages 0-3 from the pre-K special education multiplier for children ages 3-5; and instead sets the ESIT multiplier at 1.00. The risk is that ESIT would be left behind financially, de-stabilizing the ESIT system.
- **Food security (HB 2238):** Directs the director of agriculture to monitor food system performance and coordinate statewide food security and develop a strategy to enhance statewide food security.
- **ORIA funding**
 - Senate/House budget: \$25M for FY27



Health Care & Behavioral Health

- **Foundational Public Health Services:** Working on tobacco tax bills that would have impact on the \$20M/year reduction that FPHS received last session. HB 2382 seems most likely vehicle (the bill increases cigarette and other tobacco product taxes).
- **Access to care:** Creating a limited benefit option for people losing coverage as a result of H.R. 1. Ongoing work regarding limited benefit health care and funding options.
- **Cascade Care premium assistance:** \$47.5M in senate; \$25M in house (for people under 250% of federal poverty limit who are ineligible for Medicaid/Medicare)



Transportation & Transit

- **Safe system approach (SB 5581):** Integrates shared-use paths that are part of a state or local active transportation plan into certain highway planning, design, and construction and authorizes WSDOT to enter partnerships with local agencies to provide active transportation facilities on a parallel local route to the state highway to meet Complete Streets requirements.
- **SR 203/Tolt Hill Rd roundabout:** \$3M senate/\$1M house
- **Revive I5:** \$12M (house)/\$10M (senate*) to KC Metro for traffic congestion mitigation
- **Truck parking:** \$200K (house) to study exit 34 locations for truck parking, KC Readiness Center, and new WSP regional office and weigh station; \$800k (senate) for truck parking coordinator position at WSDOT to work with local jurisdictions on truck parking issues and identify sites.



Regional Governance

- **Corrections officers (SB 5068):** Makes persons legally authorized to work in the United States under federal law eligible to apply for positions with law enforcement agencies.
- **County procurement thresholds (HB 2566):** Allows counties to forgo advertising and competitive bidding requirements on public works contracts with a value of less than \$40,000, and on purchasing contracts with a value of less than \$20,000. Died in House Rules.
- **Elections Data Security (SB 5892):** Prohibits the unauthorized disclosure by a state or local election officer, or their designee, of certain personal information shown on an affidavit of voter registration or included in a voter registration file.
- **Surveillance pricing (HB 2481/SB 6312):** Specifies pricing practices for a business that sells retail products in a grocery store, including clearly posting the price and prohibiting the use of surveillance pricing or surge pricing. Died in committee.



Other bills of note

- **Immigrant Worker Protections (HB 2105):** Requires employer to notify its workers within 72 hours of receipt of notice of I-9 audit from DHS.
- **Automatic license plate readers (SB 6002):** Prohibits the use of automated license plate reader (ALPR) systems by all state and local government agencies except those explicitly authorized to use ALPR systems for specified purposes.
- **Law enforcement facial coverings (SB 5855):** Prohibits law enforcement officers from wearing facial coverings while interacting with the public in the performance of their duties and creates civil cause of action for damages.
- **Immigration enforcement (SB 5906):** Prohibits immigration enforcement from entering schools, daycares, hospitals and other locations without a valid judicial warrant.



Other bills of note

- **Tort claims (SB 6239):** Makes certain tort claims against the state or any of its subdivisions subject to administrative adjudication for any dollar amount prior to being scheduled for trial based on the age of the claim.
- **Negative use restrictions on real property (HB 2294):** Prohibits agreements that impose restrictions on real property that prevent or restrict the use of the property for a grocery store or pharmacy.