



Washington final supplemental budgets FY 2025-27: Selected impacts on cities

For more information, please visit the fiscal.wa.gov website for legislative budget proposals and the Office of Financial Management website at ofm.wa.gov for the Governor's proposed budget.

	Final 2025-27 Budget	Final passed Supplemental 2025-27 budget
Operating budget – Shared revenues		
Liquor profits (Liquor Revolving Account)	\$98.9 million	No change
Liquor taxes (Liquor Excise Tax Account)	\$88 million	No change.
Cannabis Excise Tax	\$44.2 million	Reduces by \$5.1 million.
Municipal Criminal Justice Assistance Account	<ul style="list-style-type: none"> • \$60.3 million • \$266,000 for reimbursement for mandatory arrest for repeat offenders. 	No change.
City-County Assistance Account (6050)	\$43.8 million	Adds \$1.3 million.
Fire Insurance Premium Tax	\$16.9 million	Adds \$1.6 million.
Local Government Fiscal Health (SB 6346)		Intent to transfer \$200 million from general fund to new account beginning in 2027-29 for local impacts of millionaire tax (SB 6346).
Operating budget – Programs		
General Government		
Pensions	<ul style="list-style-type: none"> • Select Committee on Pension Policy to study implications of possible Plans 1 merger (as suggested by SB 5085) or LEOFF 1 restatement (as suggested by HB 2034). Report by January 9, 2026. • Pension rates adjusted to take into account SB 5357. New employer rates: <ul style="list-style-type: none"> ▪ PERS 5.38% ▪ PSERS 6.91% ▪ LEOFF 2 employer rate: 5.32% 	<ul style="list-style-type: none"> • Transfers \$880 million from pension funding stabilization account to budget stabilization account by Jun 30, 2029 (HB 2034). • Transfers \$539 million from Pension Surplus Holding Account to Climate Commitment Account in 2027-29.
PERS 1 COLA	No PERS 1 COLA included.	Adds \$10,000 for PERS plan 1 COLAs (SB 5862).

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Paid Family & Medical Leave Program	<ul style="list-style-type: none"> \$10.8 million for additional staff to process PFML customer and employer inquiries. \$8.9 million completing statutorily required PFML implementation. \$5 million to implement changes to PFML job protections. 	Adds \$1.2 million to implement paid leave contributions (HB 2345).
Miscellaneous HR & labor provisions of interest	<ul style="list-style-type: none"> \$851,000 to implement restriction on including unnecessary driver requirements in job applications (SB 5501). \$852,000 to implement UI benefits for striking workers (SB 5041). \$102,000 to implement changes to public employee bargaining (SB 5503). 	Adds \$19 million to support unemployment program due to projected federal revenue shortfall.
Municipal Research and Services Center	\$6.8 million	No change.
Municipal Revolving Account	Sweep of \$5 million from State Auditor municipal revolving account balance of local audit fees.	No change.
Elections	\$500,000 to UW to study local government compliance with voting and elections laws and recommend best practices.	No change.
Public Safety & Criminal Justice		
Training for law enforcement	<ul style="list-style-type: none"> Funds 23 BLEA classes per year in 2026 and 2027, with two per year in each of four regional academies in Arlington, Pasco, Spokane, and Vancouver. Remaining classes in Burien. Reinstates 25% local match for BLEA and basic corrections officer training programs. 	No change.
Crisis intervention training	\$1.8 million for <i>Trueblood</i> phase 1-3 regions.	No change.
Co-responder team funding	\$5.2 million for cities/counties alternative response, including: <ul style="list-style-type: none"> \$4 million to AWC to provide funds to cities to create alternative response team programs around the state. \$1.2 million to support Whatcom County alternative response team. 	<ul style="list-style-type: none"> Reduced AWC alternative response grants by \$600,000. Reduced Whatcom alternative response team by \$176,000.
Law enforcement behavioral health & suicide prevention program	\$5 million to the CJTC for officer wellness programs, including: <ul style="list-style-type: none"> \$3 million for grants to local law enforcement agencies for wellness programs. \$2 million for a wellness app. 	No change.

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Public safety funding	<ul style="list-style-type: none"> \$100 million for public safety funding grants to support recruiting, hiring, retaining, and training officers and co-responders (HB 2015). \$635,000 to CJTC to administer grants. 	No change.
Organized retail crime program		Adds \$500,000 for statewide organization to conduct a retail crime pilot program focused on diversion-oriented programs.
Auto theft prevention authority	Transfers \$1.8 million to general fund.	Transfers an additional \$2.1 million to general fund.
Drug & gang prevention	\$1 million grant program.	No change.
Impaired driver safety account	\$1.2 million	No change.
Small & rural court grants for increased security	\$1 million for grant matching funds to increase small rural court security.	No change.
Public defense grants	<ul style="list-style-type: none"> \$900,000 for grants to cities. Additional \$2.7 million for public defense grants to cities. 	Reduced public defense grants to cities by \$180,000 due to state budget drafting error.
Vacating & resentencing under <i>State v. Blake</i> decision & refunding LFOs	<ul style="list-style-type: none"> \$5.9 million to AOC to refund legal financial obligations vacated under <i>Blake</i> and an additional \$1.7 million for the activities of the AOC including contracting with cities and counties to disburse legal financial obligations. \$7.6 million to AOC to assist cities and counties with costs to comply with <i>Blake</i>. \$8.6 million to the Office of Public Defense to assist cities and counties with public defense services related to <i>Blake</i>, including SPAR grants. 	No change.
Human Services		
Community Behavioral Health	<p>Continued investments in the community behavioral health system, including:</p> <ul style="list-style-type: none"> \$78.5 million for community treatment (PACT) teams. \$4.1 million for mental health services for mentally ill offenders in county or city jails and connection to services after release from confinement. \$38.1 million for clubhouse programs. \$17 million for substance use disorder peer support. \$61.2 million to support the housing needs of individuals with behavioral health disorders. \$9.5 million for health engagement hub pilot program sites (SB 5536). \$5.3 million to continue behavioral health street 	<p>Reduces investments in the community behavioral health system, including:</p> <ul style="list-style-type: none"> \$5.7 million reduction for clubhouse programs. \$1.2 million reduction for health engagement hub pilot program sites (SB 5536). \$1 million reduction to distribution of naloxone to community health programs and community settings. Adds Clallam County to street medicine team eligibility.

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	<p>medicine teams for homeless individuals in Tacoma, Everett, and Spokane, plus King and Kitsap Counties.</p> <ul style="list-style-type: none"> • \$6.9 million to expand distribution of naloxone to community health programs and other community settings. 	
Forensic mental health	<ul style="list-style-type: none"> • \$18.3 million to phase-in <i>Trueblood</i> settlement competency evaluations, competency restoration, forensic navigators, crisis diversion and supports, education and training, and workforce development. • \$14.3 million to improve the timeliness of competency evaluations for individuals in local jails. • \$8 million, including \$7 million for <i>Trueblood</i> phase one and phase two regions. • \$10.3 million to expand efforts to provide opioid use disorder and alcohol use disorder medication in city, county, regional, and tribal jails. 	\$1.3 million reduction for phase-in <i>Trueblood</i> settlement competency evaluations, competency restoration, forensic navigators, crisis diversion and supports, education and training, and workforce development.
Foundational public health	\$300.2 million	Adds language directing \$2.5 million of existing funding to maintain core infrastructure and staff.
Housing & Homelessness		
Housing and homelessness	<ul style="list-style-type: none"> • \$200 million for covenant homeownership program. • \$137 million for HEN program. • \$117.6 million for grants to local governments to maintain programs impacted by loss of document recording fees. • \$111 million for grants for local governments and NGOs for homeless housing programs and services. • \$90 million to transition those living in encampments to safer housing. • \$30.4 million for homeless families, youth prevention and diversion. • \$25 million for grants to support building operations, maintenance and service costs of permanent supportive housing projects. • \$22.5 million for housing assistance, including rental subsidies, permanent supportive housing, and low- and no-barrier housing beds for unhoused individuals. • \$6.5 million for Consolidated Homeless Grant Program. • \$1.2 million for foreclosure prevention assistance. • \$1 million for diversions services for those at risk of 	<ul style="list-style-type: none"> • \$4.5 million reduction in permanent supportive housing for families that are chronically homeless with a disability. • Adds \$15 million for grants to permanent supportive housing providers for O&M. • Adds \$313,000 to support a task force to establish a state department of housing.

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	losing stable housing or are homeless that are determined to have a high probability of returning to stable housing.	
Land Use & Environment		
Stormwater nonpoint pollution	<p>\$8.5 million for Ecology to address and mitigate 6PPD (tire chemical lethal to salmonids), including to identify effective management practices for stormwater treatment. Including:</p> <ul style="list-style-type: none"> • \$4.4 million to identify effective best management practices to treat 6PPD in stormwater. • \$2.7 million to develop a strategy and recommendations to eliminate 6PPD in consumer products. 	No change.
PFAS and water quality	<ul style="list-style-type: none"> • \$4 million to investigate and monitor sources and impacts of PFAS, including a study of how to manage discharges at municipal wastewater treatment facilities. • \$196,000 to implement SB 5033, required PFAS testing of biosolids. 	No change.
Growth Management Act Planning Grants	<ul style="list-style-type: none"> • \$22.5 million for local government climate planning implementation. • \$18 million for updating comprehensive plans and development regulations to comply with the Growth Management Act. • \$3.8 million to support implementation of various land use bills (HB 1096 (lot splitting), HB 1183 (development regulations), HB 1491 (transit density), SB 5148 (housing element audits), SB 5509 (childcare zoning), SB 5559 (subdivision reform), & SB 5587 (housing gaps report & infill housing). • \$1.7 million to increase middle housing. 	<ul style="list-style-type: none"> • Reduces 2027 GMA periodic update formula planning grants by \$2.9 million and repealed proviso allowing for a competitive grant cycle for unallocated funds. • Adds \$500,000 for grants to local government to update permit review processes.
Clean energy technologies	<ul style="list-style-type: none"> • \$5 million to support local governments in siting and permitting clean energy projects. • \$13 million to assist owners of public buildings conduct energy audits. • \$10 million to assist local governments, local organizations, and tribes to access federal tax incentives and grants. 	<ul style="list-style-type: none"> • Reduces assistance to local governments, local organizations, and tribes to access federal tax incentives and grants by \$2.5 million. • Reduces assistance to owners of public buildings for conducting energy audits by \$1.6 million.
Climate mitigation and resiliency	\$1.9 million for coastal hazard monitoring and resilience, including grant technical assistance to local governments and tribes.	Adds \$10 million for community wildfire resilience per RCW 76.04.511(3)(c).

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Urban and Community Forest Grant Program	\$3 million.	No change.
Public Works & Infrastructure		
Public Works Assistance Account (PWAA)	\$288 million transfer from PWAA to state general fund in FY 2026. <i>See also PWAA under Capital Budget.</i>	Adds \$375 million transfer from PWAA to state general fund on June 30, 2027.
Local Solid Waste Financial Assistance	\$24 million for Local Solid Waste Financial Assistance grants.	No change.
Utility assistance	\$25 million for grant funding through existing network of federal low-income home energy assistance.	Adds \$30 million for grant funding through existing network of federal low-income home energy assistance.
Capital budget		
Public Works & Infrastructure		
Public Works Assistance Account (PWAA)	<ul style="list-style-type: none"> \$365 million in new funding \$468 million in new and existing diversions: <ul style="list-style-type: none"> \$288 million to general fund (new) \$114 million (\$57 million/year) transfer to general fund (temporary redirection of existing transfers to the Move Ahead WA Account). \$41 million to Water Pollution Control Revolving Account. \$25 million to Drinking Water Assistance Account. <i>See also PWAA under Operating Budget.</i>	Add \$14.5 million <ul style="list-style-type: none"> \$279.5 million in new bond revenue (backfilling sweeps) \$10 million for emergency grants to local governments impacted by 2025 weather events. \$381.9 in new diversions. <ul style="list-style-type: none"> \$375 million transfer to general fund in FY 2027. \$6.9 million transfer to Drinking Water Assistance Account. Reduces existing diversion to Water Pollution Control Revolving Account to \$20.5 million <i>See also PWAA under Operating Budget.</i>
Stormwater Financial Assistance Program	\$60 million	No change.
Puget Sound Nutrient Reduction WWTP Grant Program	\$10 million	No change.
Drinking Water State Revolving Fund Loan Program (DWSRF)	<ul style="list-style-type: none"> \$120 million for water system infrastructure construction projects through DWSRF. \$25 million for DWSRF state match dollars from PWAA. 	Add: <ul style="list-style-type: none"> \$3 million for DWSRF preconstruction loans. \$6.9 million for DWSRF state match dollars from PWAA.

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Water Pollution Control Revolving Loan Program	\$614 million: <ul style="list-style-type: none"> • \$214 million federal • \$400 million state \$41 million PWAA	No change.
Centennial Clean Water Grant Program	\$40 million	No change.
Community Economic Revitalization Board (CERB)	\$81.3 million for CERB Capital Construction.	No change.
Broadband grants and loans	\$1.3 billion, including: <ul style="list-style-type: none"> • \$114 million as match for Broadband Equity, Access, and Deployment state grants program from IIJA. • \$1.2 billion federal. 	No change.
Regional Approaches Grant Program	\$2 million	No change.
Land Use & Environment		
Puget Sound Restoration and Salmon Recovery Grants	<ul style="list-style-type: none"> • \$105 million for Salmon Recovery Funding Board (SRF) grants, plus an additional \$20 million for riparian area grants. • \$60.5 million for Puget Sound acquisition and restorations. • \$9.6 million for Washington Coastal Restoration & Recovery. 	No change.
PFAS & Water Quality	\$14.5 million to address PFAS cleanup.	No change.
Remedial Action Grants	\$84.4 million	No change.
Urban and Community Forest Grant Program	\$6.2 million	Adds \$3 million.
Floodplains by Design Grant Program	\$75.7 million	No change.
Aquatic Lands Enhancement Account	\$4.3 million	No change.
Washington Wildlife & Recreation Program	\$120 million	No change.
Youth recreational facilities	\$7.6 million for specific projects.	No change.
Youth and community outdoor athletic facilities	\$19.8 million for specific projects.	No change.
Fish Barrier Removal Board	\$32.5 million to fund identified projects and agency administration.	No change.

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Air quality & greenhouse gas reduction	<ul style="list-style-type: none"> • \$10.1 million for landfill methane capture grants. • \$4.1 million for community participatory budgeting program for mitigating climate change impacts on overburdened communities. 	No change.
Clean energy & climate resilience and mitigation	<ul style="list-style-type: none"> • \$35 million for Weatherization Plus Health grants. • \$26 million for Clean Energy Fund program. • \$23 million for Community EV charging grants. • \$20 million for Solar and Energy Storage grants. • \$11 million for Energy Retrofits for Public Buildings grants. • \$10 million for Clean Energy Community grants. • \$5 million for Clean Buildings Performance grants. <p><i>Extended 2023-25 appropriation of clean energy retrofit dollars for grants (administered by AWC) for energy audits of city-owned tier 1 & 2 buildings into FY 2026.</i></p>	Adds \$11 million for Weatherization Plus Health grants.
Housing & Homelessness		
Housing Trust Fund	<p>\$605 million, including:</p> <ul style="list-style-type: none"> • \$536 million for housing to benefit low-income and special needs populations, including permanent supportive housing, including: <ul style="list-style-type: none"> • \$215 million multifamily rental housing. • \$100 million for Apple Health & Homes. • \$75 million for first-time low-income homeownership. • \$62 million for identified projects. • \$50 million for housing for those with developmental disabilities. • \$50 million for affordable housing preservation. • \$30 million for mobile home park preservation. • \$10 million for rapid conversion or acquisition of housing to address extremely low-income and unhoused populations. • \$5 million for farmworker housing. • \$5 million for urgent repair grants. 	<p>Adds \$123 million, including:</p> <ul style="list-style-type: none"> • \$96 million, for housing to benefit low-income and special needs populations, including permanent supportive housing, including: <ul style="list-style-type: none"> • Reduction in Apple Health & Homes by \$57 million. • \$55 million for first-time low-income homeownership. • \$49 million for multifamily rental housing projects. • \$40 million for affordable housing preservation. Projects impacted by December 2025 atmospheric river and winter weather event are eligible. • \$8 million for farmworker housing. • \$21 million for identified projects. • \$5 million for urgent repair grants or risk mitigation for affordable housing. •

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Additional investments in housing and shelters	<ul style="list-style-type: none"> • \$90 million for Connecting Housing to Infrastructure (CHIP) grants to local governments. • \$22 million for identified projects. • \$14.7 million for recovery residences grants. • \$9 million for youth shelters and housing. • \$8 million for identified transit-oriented housing projects. • \$5 million for low-income home rehabilitation grants. 	<ul style="list-style-type: none"> • Adds proviso to allow CHIP to fund deferred loans. • Adds \$37 million for identified projects. • Adds \$17 million for grants and technical assistance for mobile home communities. • Adds \$5 million for projects impacted by December 2025 atmospheric river and winter weather event.
Human Services		
Behavioral Health Community Capacity	\$119.8 million, including: <ul style="list-style-type: none"> • \$70 million for competitive community behavioral health grants to address regional needs, including preventing closure of existing facilities, youth and adult bed capacity, facilities that serve specialized populations, and crisis relief centers. • \$49.8 million for 11 specific local crisis stabilization projects. 	Reduced to \$74.3 million and allocated differently: <ul style="list-style-type: none"> • Reduces \$60 million from the competitive community behavioral health grants. • Adds \$14.5 million for 10 additional specific local crisis stabilization projects
Transportation budget		
WSDOT Local Programs Capital budget	\$962.7 million	\$180 million temporary diversion from existing legislative appropriations to local projects; assumes delay in delivery of projects.
Statutory transfers to local governments	<ul style="list-style-type: none"> • \$494 million • Additional \$36.2 million over next 3 biennia for city distribution of 6-cent increase to motor vehicle fuel tax. 	Adds \$14.5 million.
Transportation Improvement Board (TIB)	\$310.8 million, including: <ul style="list-style-type: none"> • \$3.9 million to Small City Pavement and Sidewalk Program. • \$24.6 million for Complete Streets grants. • \$9.3 in preservation funding for cities. Legislature intends to provide an additional \$21 million in 2027-29 for the Complete Streets Program.	Adds \$15 million in assistance for cities recovering from 2025 weather events.
Recovery from 2025 weather events	-	See Transportation Improvement Board .
Safe Routes to Schools Grants	\$83.4 million	Adds \$34 million.
Pedestrian and Bicycle Safety Programs & Grants	\$81.7 million	Adds \$33.4 million.

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Safety and Active Transportation	<ul style="list-style-type: none"> • \$33.2 million for the Sandy Williams Connecting Communities Pilot Program for projects to reconnect communities bifurcated by state highways. • \$500,000 for grants to local jurisdictions to implement network-wide traffic conflict screening programs. 	Adds: <ul style="list-style-type: none"> • \$13.2 million for the Sandy Williams Connecting Communities Program. • \$500,000 for local jurisdictions to implement network-wide traffic conflict screening programs. • \$6.5 million for the Reducing Rural Roadway Departures Program, to which cities are now eligible to apply.
Freight Mobility Strategic Investment Board	<ul style="list-style-type: none"> • \$44.2 million for FMSIB recommended projects. • \$35.5 million in federal funds for recommended local preservation projects. 	Adds: <ul style="list-style-type: none"> • \$4.9 million for FMSIB recommended projects. • \$8 million in federal funds for recommended local preservation projects.
Fish passage	<ul style="list-style-type: none"> • Retains proviso language to coordinate with Fish Barrier Removal Board on watershed approach to include local culverts. • Includes language allowing partnerships to leverage state and local funds to match opportunity for federal funding under BIL. 	No change.
Homeless encampments	\$9.2 million to address homeless encampments on WSDOT-owned rights-of-way in coordination with local governments and social service organizations to direct people to housing and prevent future encampments. <ul style="list-style-type: none"> • A minimum of \$2 million dedicated to litter removal. • \$1 million in coordination with the City of Spokane. • \$1 million for safety improvements and debris cleanup in Seattle. • \$1 million in coordination with the City of Tacoma. • \$1.2 million to contract with the City of Fife. <i>See also Housing and Homelessness in Operating budget</i>	No change.
Rural mobility grant	\$32.2 million	No change.
Alternative fuel and electric vehicle infrastructure	<ul style="list-style-type: none"> • \$25 million for clean alternative fuel vehicle charging and refueling infrastructure program. • \$3.5 million for an e-bike lending library and ownership program offering competitive grants. 	No change.
Federal fund exchange pilot program	\$17.5 million for a federal fund exchange pilot program of Transportation Block Grant population funding and state funds at an exchange rate of 95 cents in state funds per \$1 in federal funds.	No change.

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Studies	<ul style="list-style-type: none"> • \$250,000 to update the 2013 memorandum of understanding between AWC and WSDOT for the construction, operations and maintenance responsibilities for city streets as part of state highways. • \$140,000 for the JTC to update the 2019 assessment of city transportation funding needs. • \$200,000 for the JTC to study alternative new methods for local governments to fund sidewalk improvements. 	No change.
FHA bridge load rating	\$5 million for the County Road Administration Board to provide grant dollars to counties and cities for the costs associated with obtaining a new federal highway administration load rating.	No change.