

2026 Weekly Legislative Session Update Points Communities January 18, 2026

General Background

On Monday, January 12, the Washington State Legislature kicked off its 2026 legislative session. This first week of the 60-day session included some [ceremonial activity](#) as well as a full calendar of legislative hearings. Swearing in ceremonies held this week officially transitioned nine newly elected legislators. Also made official this week is the 2026 legislative session [cutoff calendar](#), which was adopted during this first week of session.

Scheduled to end on March 12, this year's session is anticipated to be a rigorous and challenging one, due primarily because of the state's budget shortfalls. Although typically during 60-day sessions, fewer bills are introduced than during odd-year 105-day sessions, a large amount of bills have been introduced this session. Additionally, all bills introduced in 2025 that were not adopted remain alive for this second year of the legislative biennium.

Below is a summary of session highlights from this week. Please note that bill numbers are hyperlinked so that you can find the most up-to-date information about bill hearings and status.

Budget

In December, Governor Bob Ferguson unveiled a \$2.5 billion supplemental budget proposal to address a projected \$2.3 billion shortfall, including tapping \$1 billion from the rainy day fund and allocating \$4.7 million for litigation against federal actions, as outlined in this *Spokesman Review* [article](#). "It's raining," Ferguson said, citing flood recovery and federal funding cuts. The rainy day fund, at \$2 billion, ranks among the nation's lowest and typically requires a supermajority to access. Representative Travis Couture (R-Allyn) warned, "Using reserves now leaves the state exposed when the next downturn hits."

Notably, the governor's supplemental budget proposals rely on spending cuts only, not new taxes, to address the state's multi-billion-dollar shortfall. The governor vowed to veto any sales or property tax hikes the Legislature sends to his desk to sign into law this session, as detailed in this *Seattle Times* [article](#).

Various tax proposals have already been legislatively introduced. For instance, there is legislation proposing a new 5% payroll excise tax on wages above \$125,000 for the state's largest employers, sponsored by Representative Shaun Scott (D-Seattle) with [HB 2100](#) and Senator Rebecca Saldaña (D-Seattle) with [SB 6093](#), as detailed in this *Seattle Times* [article](#). This legislation, if passed, could raise \$3 billion annually, with first-year revenue going to the general fund and later split between the general fund and a new "Well Washington Fund" for housing, health care, and education.

Additionally, other tax-related bills have been introduced for the 2026 session, as detailed in this *Washington Research Council* [blog](#). [HB 2097](#) would allow counties to impose a B&O tax starting in 2027, capped at 0.002%, with voter-approved increases. [HB 2089](#) would amend B&O tax rules on mortgage loan interest and dedicate new revenue to the Wildfire Response Account, projected to exceed the planned \$500 million funding goal. [HB 2098](#) removes the cap on the advanced computing surcharge, raising revenue for Washington College Grant expansions and a 10% annual tuition cut for resident undergraduates from 2027–2030.

In other fiscal news, the Washington State Economic Climate Council published its [2025 Climate Study](#). The study came about due to the passage of [HB 2758](#) in 1996. Its purpose is to select a series of benchmarks that characterize the competitive environment of the state. The benchmarks are indicators of the quality of life, education and skills of the workforce, infrastructure, and the costs of doing business in the state.

Transportation

Washington's 2026 short session also will tackle transportation funding. The governor's \$15.5 billion supplemental transportation budget proposal included a proposal to bond, about \$2 billion in road and bridge preservation work, as well as \$1.1 billion for new hybrid-electric ferries and ferry preservation, as noted in this *Seattle Times* [article](#). In this official [statement](#), Senator Lias praised Governor Ferguson's proposed supplemental transportation budget stating, "Funding for preservation and maintenance must be a long-term budget commitment."

As a reminder, to address transportation budget shortfalls legislators passed new taxes and fees during the 2025 legislative session, including a gas tax hike, and approved a sales tax transfer of 0.1% to transportation, expected to raise \$300 million annually starting in the next biennium. However, this session lawmakers may reverse the transfer to cover an operating budget shortfall, sparking concern from House Transportation Chair Representative Jake Fey (D-Tacoma), who warned it would "put us in more of a squeeze," as explained in this *Washington State Standard* [article](#).

[SB 6002/HB 2332](#) pertaining to license plate readers has been introduced to address two main areas, as explained in this *Washington State Standard* [article](#). These include retention (how long a state agency can hold the data) and if the plate reader database information can be shared with other entities.

This Week's Bills of Interest

- [HB 2092](#) - Establishing a passenger rail advisory committee.
- [HB 2111](#) - Allowing the Interstate 5 bridge replacement project toll facility bond retirement account to receive its proportionate share of earnings.

Work Sessions of Interest

- January 12 - House Transportation - [Impact of the December 2025 atmospheric river climate events to the state highway system and the Department of Transportation response](#).
- January 13 - Senate Transportation - [Transportation budget and revenue overview](#).
- January 14 - House Transportation - ["Keep Washington Moving": An update for 2026 from the Secretary of the Department of Transportation and Governor's proposed supplemental transportation budget: A briefing](#).

- January 15 - Senate Transportation - ["Keep Washington Moving" - Washington State Department of Transportation Secretary - Washington State Ferries preservation needs - Local highway preservation needs.](#)

Housing & Homelessness

Governor Ferguson unveiled a \$244 million housing plan in his 2026 supplemental budget proposal, as reported in this *Seattle Times* [article](#). The plan is funded mostly through state bonds. Additionally, the governor's plan includes an executive order to create a state Department of Housing. The proposal includes \$81 million for 2,000 affordable rentals, \$73 million for 664 first-time homebuyer units, and \$55 million for rehabilitation and flood repairs, plus \$20 million to preserve mobile home communities. Ferguson said, "We have affordable housing that is in desperate need of repair."

This Week's Bills of Interest

- [HB 2269](#) - Concerning middle housing in unincorporated areas.
- [HB 2118](#) - Concerning common interest community restrictions.
- [HB 2236](#) - Concerning the housing finance commission.
- [SB 5884](#) - Expanding the limited sales and use tax incentive program to encourage redevelopment of underutilized property.
- [SB 5885](#) - Expanding opportunities for affordable housing developments on properties owned by religious organizations. (Hearing is on the Proposed Substitute.)
- [SB 5937](#) - Concerning the use of a smart access system in a residential property subject to the residential landlord-tenant act.
- [SB 5938](#) - Concerning the foreclosure prevention fee.
- [HB 2299](#) - Establishing an independent living ombuds to support seniors living in independent living facilities and the independent living portion of continuing care retirement communities.
- [HB 1717](#) - Creating a sales and use tax remittance program for affordable housing.
- [HB 1859](#) - Expanding opportunities for affordable housing developments on properties owned by religious organizations.
- [SB 6018](#) - Concerning the housing finance commission.
- [SB 6026](#) - Concerning residential development in commercial and mixed-use zones. (
- [SB 6027](#) - Modifying requirements and allowed uses for certain funding related to providing and maintaining affordable housing and related services.
- [SB 6028](#) - Establishing a revolving loan fund for mixed-income affordable homeownership development.

2026 Session Important Dates

February

- **February 4 - Policy Committee Cutoff.**
 - Last day to read in committee reports in house of origin, except House fiscal committees and Senate Ways & Means and Transportation committees.
- **February 9 - Fiscal Committee Cutoff.**
 - Last day to read in committee reports from House fiscal committees and Senate Ways & Means and Transportation committees in house of origin.
- **February 17 - House of Origin Cutoff.**
 - Last day to consider bills in house of origin (5 p.m.).

- **February 25 - Policy Committee Cutoff - Opposite House.**

- Last day to read in committee reports from opposite house, except House fiscal committees and Senate Ways & Means and Transportation committees.

March

- **March 2 - Fiscal Committee Cutoff - Opposite House.**

- Last day to read in opposite house committee reports from House fiscal committees and Senate Ways & Means and Transportation committees.

- **March 6 - Opposite House Cutoff (until 5 p.m.)**

- Last day to consider opposite house bills with the exception of budgets, matters necessary to implement budgets, matters that affect state revenue, initiatives to the legislature and alternatives, differences between the two houses, and business related to the interim or closing the session.

- **March 12 - Sine Die.**

- Last day allowed for regular session under state constitution.

Governor Review Period

- The Governor has 5 days, if the Legislature is still in session, or 20 days, if the Legislature has adjourned, to take action on any bill passed by the Legislature.

Committee Activities of Interest

Finance (House) - HHR A and Virtual JLOB - 1/20 @ 8:00am

- HB 2442 - Public Hearing - Providing local governments tax resources and fund flexibility. (Remote Testimony Available).

Housing (House) - HHR C and Virtual JLOB - 1/20 @ 4:00pm

- HB 2266 - Public Hearing - Encouraging permanent supportive housing, transitional housing, indoor emergency housing, and indoor emergency shelters. (Remote Testimony Available).
- HB 2489 - Public Hearing - Establishing statewide standards for when local governments may enforce laws regulating the use of public space for life-sustaining activities. (Remote Testimony Available).

Housing (Senate) - SHR 4 and Virtual JACB - 1/21 @ 10:30am

- SB 5885 - Exec Session - Expanding opportunities for affordable housing developments on properties owned by religious organizations.
- SB 6018 - Exec Session - Concerning the housing finance commission.
- SB 6026 - Exec Session - Concerning residential development in commercial and mixed-use zones.
- SB 6027 - Exec Session - Modifying requirements and allowed uses for certain funding related to providing and maintaining affordable housing and related services.

Housing (House) - HHR C and Virtual JLOB - 1/22 @ 8:00am

- HB 2236 - Exec Session - Concerning the housing finance commission.

Housing (Senate) - SHR 4 and Virtual JACB - 1/23 @ 10:30am

- SB 6069 - Public Hearing - Encouraging permanent supportive housing, transitional housing, indoor emergency housing, and indoor emergency shelters. (Remote Testimony Available).

Bills of Interest

Bill #	Abbrev. Title	Title	Status	Sponsor
HB 2097	County B&O tax	Authorizing counties to impose a business and occupation tax.	H Finance	Scott
HB 2201	Urban growth area planning	Standardizing city and county planning and development regulations with an urban growth area.	H Local Govt	Parshley
HB 2227	Affordable housing/REET	Providing a real estate excise tax exemption for the sale of qualified affordable housing.	H Finance	Ramel
HB 2236 (SB 6018)	Housing finance commission	Concerning the housing finance commission.	H Housing	Zahn
HB 2266 (SB 6069)	Supportive & emerg. housing	Encouraging permanent supportive housing, transitional housing, indoor emergency housing, and indoor emergency shelters.	H Housing	Peterson
HB 2289 (SB 5998)	Operating budget, supp.	Making 2025-2027 fiscal biennium supplemental operating appropriations.	H Approps	Ormsby
HB 2295 (SB 6003)	Capital budget, supplemental	Concerning the capital budget.	H Cap Budget	Tharinger
HB 2306 (SB 6005)	Transportation budget, supp.	Making supplemental transportation appropriations for the 2025-2027 fiscal biennium.	H Transportation	Fey
HB 2346	Middle housing/perf. codes	Concerning performance-based building codes for middle housing.	H Local Govt	Duerr
HB 2359 (SB 6027)	Affordable housing funding	Modifying requirements and allowed uses for certain funding related to providing and maintaining affordable housing and related services.	H Finance	Peterson
HB 2442	Local government fund use	Providing local governments tax resources and fund flexibility.	H Finance	Berg
HB 2480 (SB 6026)	Residential dev./zones	Concerning residential development in commercial and mixed-use zones.	H Local Govt	Street
HB 2489	Public space/local use laws	Establishing statewide standards for when local governments may enforce laws regulating the use of public space for life-sustaining activities.	H Housing	Gregerson
HB 2495	Removal of vehicles	Addressing the removal of vehicles by certain cities when obstructing the operation of streetcar vehicles or jeopardizing public safety.	H Transportation	Thomas
HB 2528	Real estate excise taxes/GMA	Creating uniformity for the process by which cities planning under the growth management act implement real estate excise taxes.	H Finance	Springer

Bill #	Abbrev. Title	Title	Status	Sponsor
<u>HB 2566</u>	Local government procurement	Concerning local government procurement.		Zahn
<u>SB 5885</u> (SHB 1859)	Housing dev./religious orgs.	Expanding opportunities for affordable housing developments on properties owned by religious organizations.	S Housing	Riccelli
<u>SB 5998</u> (HB 2289)	Operating budget, supp.	Making 2025-2027 fiscal biennium supplemental operating appropriations.	S Ways & Means	Robinson
<u>SB 6003</u> (HB 2295)	Capital budget, supplemental	Concerning the capital budget.	S Ways & Means	Trudeau
<u>SB 6005</u> (HB 2306)	Transportation budget, supp.	Making supplemental transportation appropriations for the 2025-2027 fiscal biennium.	S Transportation	Liias
<u>SB 6018</u> (HB 2236)	Housing finance commission	Concerning the housing finance commission.	S Housing	Trudeau
<u>SB 6026</u> (HB 2480)	Residential dev./zones	Concerning residential development in commercial and mixed-use zones.	S Housing	Alvarado
<u>SB 6027</u> (HB 2359)	Affordable housing funding	Modifying requirements and allowed uses for certain funding related to providing and maintaining affordable housing and related services.	S Housing	Alvarado
<u>SB 6069</u> (HB 2266)	Supportive & emerg. housing	Encouraging permanent supportive housing, transitional housing, indoor emergency housing, and indoor emergency shelters.	S Housing	Alvarado
<u>SB 6127</u>	Paid leave integrity audit	Requiring a performance audit of program integrity measures in Washington's paid family and medical leave program.	S Labor & Comm	Braun
<u>SB 6211</u> (HB 2528)	Real estate excise taxes/GMA	Creating uniformity for the process by which cities planning under the growth management act implement real estate excise taxes.		Wilson