



2026 State Legislative Update

City Manager's Office
City Council Study Session
April 28, 2026
Item #1

2026 LEGISLATIVE AGENDA

- Legislative Agenda Development Process
- Council Adopted Legislative Agenda
 - State Legislative Priorities
 - Policy Positions
- Legislative Delegation Connections

2026 Session Overview



- Second year of the biennium
 - 60-day session
- Very active session
 - 1,238 new bills were introduced
 - 268 bills were passed
- Major themes: response to the federal government, tax structure reform

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2026 Session Overview

Millionaire's Tax

- 9.9% tax on income over \$1 million
- Sales tax exemption on baby products, hygiene products, over-the-counter medications, and some services that began being taxed in 2025
- Expansion of business and occupation tax credit and working families tax credit
- Free lunch for all K-12 students
- Legal challenges forthcoming, and likely on the ballot

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Legislative Priority Outcomes

•Response to Federal Government/Immigration

- \$380 million allocated to food assistance and Medicaid to offset federal cuts
- Slate of bills introduced related immigration/detention.
- Tacoma electeds testified 5 times. Several bills passed, including -
 - HB 2105 – immigrant worker protections
 - HB 2165 – increases penalties for impersonating law enforcement
 - SB 5855 – prohibits law enforcement from wearing masks
 - SB 6002 – concerning driver privacy protections

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Legislative Priority Outcomes

Fiscal Sustainability

- Most state-shared revenues preserved, with some minor exceptions
- Existing revenue flexibility and additional sales tax authority (HB 2442)
 - .01 councilmanic sales tax for childcare, perinatal support, before/after school youth services, workforce capacity, shelter and rental assistance, and client transportation
 - Flexibility with housing sales tax (HB 1590) funds
 - REET 2 revenues can be spent on nuisance abatement
 - Levy lid lift maximum length extended from 6 years to 10 years
 - Single city fire district authority

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Legislative Priority Outcomes

Fiscal Sustainability, Cont.

- Diversion from the Public Works Assistance Account
- City revenue reduced from sales tax exemptions in millionaire's tax
 - Intent to transfer \$200 million to cities and counties for local impacts
 - Does not mitigate sales tax on services enacted in 2025

Takeaways and Next Steps

- Cities facing significant budget shortfalls/deficits
- City taxes grow more regressive as state taxes become more progressive
- Advocate for funding (\$200m + more) in 27-29 Budget

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Legislative Priority Outcomes

Capital Budget

- Requested \$2 million for the North End Treatment Plan Trickling Filter Project
 - \$1.7 million appropriated
 - Feedback to focus on projects that cannot be funded through existing revenue streams
- Additional capital investments:
 - \$2 million Museum of Glass HVAC
 - \$924,000 Tacoma-Pierce County Health Hub
 - \$1.8 million Our Sisters Permanent Home
 - \$1.75 million Hillsdale Town Affordable Housing

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Legislative Priority Outcomes

Other Issues of Importance

- **Wastewater Treatment Plant Nutrient Regulation**
 - Nutrient General Permit overturned; DOE pursuing a facility-by-facility permit approach
 - **Next steps:** Tour of the North End Wastewater Treatment Plant
- **Route Jurisdiction Transfers**
 - Legislation considered but did not advance. WSDOT conducting rulemaking.
 - **Next steps:** Engage Transportation Committee legislators
- **Sidewalk Utility**
 - Statewide study through the Joint Transportation Committee to explore sidewalk funding mechanisms
 - **Next steps:** Tacoma participating in the case study portion of the ongoing study

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Interim Activities

- All members of the House and half the Senate are up for re-election
- City Engagement with Legislators
 - Tour of North End Wastewater Treatment Plant
 - City Budget Briefing
- Tracking any actions around the millionaire's tax
- Association of Washington Cities
 - Legislative Priorities Committee meets May 1
 - Annual Conference June 23-26 in Spokane

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2027 Legislative Agenda Development

- First Draft 2027 State Legislative Priorities and Policy Positions **July – August**
- Refinements to the State Legislative Priorities **Sept. – Oct.**
- Presentation of Citywide State Priorities **Oct. – Nov.**
- City Council Adoption of Citywide Legislative Priorities **November**
- Meeting the Legislative Delegation **December**
- 2027 Legislative Session Begins **January 11, 2027**

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