



City of Bellevue

City Manager's Office

DATE: February 10, 2026

SUBJECT: State Legislative Update, January 2026

The Legislative Session began January 12 with the first days of the session consisting of work sessions, public hearings and ceremonial events. It will last 60 days, ending on March 12, and is the second year of the two-year biennium.

Governor Bob Ferguson provided his [State of the State address](#), acknowledging the challenges facing Washington and outlining legislative proposals he supports, including a [ban on masked law enforcement](#) without visible identification and a new millionaires' tax. Republican leadership pushed back against this address, stating that the Governor's agenda leans too heavily on higher taxes at a time when affordability is of increasing concern. [Click here](#) to listen.

Legislative leaders announced that they do not plan to advance either of the two Let's Go Washington initiatives on parental control in schools and transgender sport participation, meaning they will not be heard or acted on and are instead likely headed to the November ballot for voters to decide.

The Legislature held public hearings on various bills, including Governor Ferguson's supplemental Operating, Capital and Transportation budget proposals. The theme in Olympia: don't ask for money, there is none. While there is significant media coverage on budget development and tax proposals, budget proposals from each chamber are not expected to be released until after the February 16 revenue forecast.

The much-discussed millionaire's income tax proposal is rumored to be announced in early February. Democrats have also indicated that there is interest in reversing certain reductions from the prior session — particularly in higher education — but said it is too soon to know which cuts could realistically be restored.

Democrats are fast-tracking policies responding to ICE enforcement incidents occurring nationally. Legislation to ban face coverings, limit the hiring of former ICE officers and other policies have received significant attention.

Policy Highlights and Bill Updates

Throughout January, legislators met in policy and fiscal committees to hear public comments and amend and vote on proposed bills. A total of 1,047 new bills have been introduced in 2026, with all proposals not adopted during the 2025 legislative session also eligible for consideration this year. Bills must be voted out of policy committees by Wednesday, February 4 and fiscal committees by Monday, February 9 to remain under consideration this session, unless deemed necessary to implement the budget (NTIB).

Preservation Funding: The Legislature began debating how best to fund transportation preservation. The Governor's proposed supplemental transportation budget generates \$3.1 billion by bonding existing transportation revenues to invest in preservation and maintenance. Without additional investments in preservation, the Washington State Department of Transportation (WSDOT) does not plan to complete any pavement preservation projects this summer. Additional investments in the Governor's proposal include purchasing three additional ferries, restoring funding to the Regional Mobility Grant Program, and \$5 million in increased funding for encampment removal. Approval of bonds to support these investments will require approval from 2/3 of each legislative chamber; Democrats hold that majority in the Senate but not the House of Representatives. Republicans have been critical of issuing more bonds.

Business Access and Transit (BAT) Lanes: [House Bill 1980](#), sponsored by Rep. Janice Zahn (D-Bellevue), would authorize a pilot program to allow employer shuttles to use Business Access Transit (BAT) lanes. Amazon and the City of Bellevue are jointly advocating for this legislation so that the pilot program can be utilized once the King County Metro K Line is operational. During the 2025 legislative session, the bill was unanimously approved by the House but stalled in the Senate Transportation Committee after concerns were raised by the Amalgamated Transit Unit (ATU). Over the interim, amendments were developed to get ATU to a neutral position. The bill was unanimously approved by the House of Representatives as one of the first bills to pass the chamber this session. The bill had a public hearing in the Senate Transportation Committee for further consideration.

Permitting of STEP (Shelter, Transitional Housing, Emergency Housing, and Permanent Supportive Housing): [House Bill 2266](#), sponsored by Rep. Strom Peterson (D-Edmonds), and its companion [Senate Bill 6069](#), sponsored by Sen. Emily Alvarado (D-West Seattle), mandate that STEP housing be allowed in all non-industrial urban growth area zones. The bill also restricts cities' ability to require operational or good neighbor agreements. The Senate Housing Committee held a public hearing on Senate Bill 6069 on [January 28](#). Sen. Alvarado shared that if communities want unsheltered homelessness to end, they must stop using discretionary local processes and extra conditions to block shelters and permanent supportive housing. And instead treat STEP housing like any other residential development so people can be brought indoors with dignity and safety. King County's Executive Office, Plymouth Housing, the Attorney General's Office and others testified in support, while the Association of Washington Cities (AWC) and several communities testified in opposition or with concerns. AWC stressed that requiring emergency shelters and related uses in all non-industrial zones would override local judgment about appropriate locations near transit and services, and that cities need to retain operating agreement tools to ensure safety while still expanding permanent supportive housing and shelter. Cities shared concerns around the lack of review authority and the inability to condition their own funding or land contributions on basic operational standards and community engagement. At the time of this writing, House Bill 2266 is scheduled to be voted on by the House Housing Committee on [February 2](#) or [February 3](#), and Senate Bill 6069 is scheduled to be voted on in the Senate Housing Committee on [February 4](#).

Residential Required to Be Allowed in Commercial Zones: [House Bill 2480](#), sponsored by Rep. Chipalo Street (D-Seattle), and [Senate Bill 6026](#), sponsored by Sen. Emily Alvarado (D-West Seattle), is Governor-request legislation. It requires jurisdictions with a population of 30,000 or more to permit residential uses in commercial and mixed-use zones and removes the authority for a local jurisdiction to require ground-floor commercial spaces. On [January 28](#), the Senate Housing Committee voted a substitute version of Senate Bill 6026 out of committee, adding authority for cities to require ground-floor retail or mixed-use in limited, clearly defined

areas, such as historic buildings, business improvement districts, station areas, and designated main streets (with exemptions for publicly subsidized affordable housing). The bill allows cities to exclude an additional 20 percent from the mandates. The substitute bill also requires height bonuses in portions of zones where such requirements are applied and treats certain residential amenity space as ground-floor commercial for these purposes. The House Local Government Committee held a public hearing on a substitute version of House Bill 2480 on [January 28](#), where Rep. Street shared an openness to discussing further amendments to the proposal. During the hearing, the City of Bellevue joined AWC, the Washington State Association of Counties (WSAC), several individual cities, small districts, and commercial district representatives testifying in opposition, generally agreeing on the need for housing but warning that the bill goes too far, is too broad, or lacks adequate protection for grocery stores, small businesses, local tax bases, and the ability to create walkable neighborhoods. The Governor's Office, Lt. Governor Denny Heck, Sightline Institute, Building Industry Association of Washington (BIAW), Microsoft, Airbnb, and others shared their support and emphasized that unlocking underused commercial land and removing inflexible retail mandates will expand housing supply where infrastructure already exists.

At the time of this writing, House Bill 2480 is scheduled to be voted on by the House Local Government Committee on [February 3](#), and Senate Bill 6026 has a public hearing in the Senate Ways & Means Committee on [February 5](#).

Performance-Based Building Codes: [House Bill 2381](#), sponsored by Rep. Davina Duerr (D-Bothell), directs the State Building Code Council to create a performance-based compliance pathway for low-rise residential buildings, allowing standardized approvals and greater flexibility than current prescriptive codes. The House Local Government Committee held a public hearing on [January 16](#). The sponsor of the bill shared that moving from purely prescriptive codes to a performance-based option will let builders decide how to meet outcomes (like energy and seismic performance), foster innovation, and potentially reduce compliance costs. BIAW testified in opposition, arguing the key performance-pathway problem is in the energy code, not the building code, and urged legislators to instead explore an Energy Rating Index approach using existing third-party tools that help builders meet performance goals without new state-designed pathways. Futurewise testified in support. Rep. Duerr shared her willingness to consider amendments and that the bill is intended to provide builders with more options to meet energy goals without disrupting the three-year code cycle or delaying other desired code updates, like scissor stairs.

Religious Property Housing Density Bonuses: [Senate Bill 5885](#), sponsored by Sen. Marcus Riccelli (D-Spokane), and companion legislation, [House Bill 1859](#), sponsored by Rep. Osman Salahuddin (D-Redmond), modify an existing law that requires cities and counties to grant density bonuses for affordable housing on religious organization property. Current law requires 100 percent of units on projects receiving the density bonus to serve low-income households; the Senate Bill proposes reducing that to 20 percent of units, while the most recent version of the House Bill proposes reducing that to 50 percent of units, with the option for local jurisdictions to adopt a higher percentage. The Senate Housing Committee held a public hearing on Senate Bill 5885 on [January 14](#), and the House Finance Committee held a public hearing on House Bill 1859 on [January 15](#) and approved the bill on January 29. In coordination with A Regional Coalition of Housing (ARCH), the City of Bellevue joined stakeholders testifying in support, including the City of Redmond Mayor, Spokane City Council, and Faith Action Network. Those in support noted that lowering the affordability requirement and the added tax exemption will increase the financial feasibility of affordable housing on underutilized religious land. The WSAC Planning Directors supports the housing goals and incentives but warned that this is an

unfunded mandate and requests state funding or expanded Department of Commerce grants to cover this work. In the hearing on the House version of the bill, several committee members questioned whether homeownership should be included. The version approved by the House Finance Committee allows a religious organization to qualify for the density bonus if at least 50 percent of units are set aside for households at or below 80 percent area median income, or 20 percent of units are set aside for households at or below 50 percent of the area median income.

Affordable Housing Incentives: [House Bill 1717](#), sponsored by Rep. Mari Leavitt (D-University Place), creates a sales and use tax remittance program to reduce development costs for affordable housing projects. Eligible projects must dedicate at least 50 percent of residential units to low-income households for a minimum of 40 years. The House Finance Committee held a public hearing on [House Bill 1717](#) on January 15. The sponsor of the bill noted that last year's version had state budget impacts, but the new local-only design emerged from interim work with cities, counties, nonprofits, for-profits, housing authorities, and rural/farmworker housing groups to provide a flexible, locally controlled tool that reduces development costs and quickly brings more affordable units online without affecting state revenues. AWC, WSAC, Habitat for Humanity, and others testified in support of the bill. The City of Bellevue signed in support. No one testified in opposition. The House Finance Committee approved the bill on January 29.

Permit Review Streamlining: [House Bill 2418](#), sponsored by Rep. Davina Duerr (D-Bothell), standardizes and accelerates project permit review for residential housing in urban growth areas by vesting applications to the rules in effect at completeness, imposing coordinated timelines, and requiring fee refunds when deadlines are missed. The bill also mandates integrated permit processes by June 30, 2027, a single permit responsible official who must also coordinate State Environmental Policy Act (SEPA) review when the local government is the lead agency, and parallel timing and refund obligations for utilities and special purpose districts involved in permitting. The House Local Government Committee held a public hearing on [January 16](#). The sponsor shared that this bill is a follow-on to earlier permit-timelines legislation developed collaboratively with housing developers and city staff to improve permitting by extending timelines to all reviewing agencies and creating a single final permit decision-maker and point of contact. BIAW and the Commercial Real Estate Development Association testified in support of the bill while WSAC, Futurewise, and Soundbuilt Homes testified in opposition. After the hearing, Rep. Duerr commented that there is broad agreement amongst builders and local governments. The Futurewise testimony against the vesting language gave Rep. Duerr clear direction to change that part of the bill while moving forward with the widely supported permit-coordination and timeline provisions. The House Local Government Committee approved the bill on January 23 with an amendment to remove the vesting language. The bill has been referred to the House Appropriations Committee for further consideration.

Tax Increment Financing (TIF) Revisions: [House Bill 2451](#), sponsored by Rep. Davina Duerr (D-Bothell), addresses special district concerns while maintaining the TIF tool. The bill is a result of a stakeholder workgroup convened by AWC last year to discuss how TIF works, what the impacts are, and potential revisions to the tool. The bill adds new requirements for project analyses, public hearings, extended notice to taxing districts, and negotiated mitigation or arbitration. It also tightens rules around which areas can be included, generally excluding locations with completed public improvements unless those improvements are essential to the planned private development, and aligns public-improvement lists and financing plans with local capital programs, with existing increment areas grandfathered. None of the provisions of the bill impact tax increment financing areas enacted prior to June 2, 2026. The House Local Government Committee held a public hearing on [January 27](#). AWC, Washington Fire Chiefs Association, WSAC, Port of Tacoma, and others testified in support of the bill because it

preserves TIF as a key funding tool for public infrastructure while responding to unintended impacts on other taxing districts. The Washington Public Ports Association testified “Other” with the request for amendments on the but-for test, flexibility around how ports plan capital projects in partnership with the private sector, and explicit prospective application so existing TIF areas are not disturbed. City of Vancouver testified against the bill as it is currently written, arguing that added constraints and mitigation obligations will make TIF less practical for Vancouver to undertake large-scale redevelopment of severely underserved areas, thereby reducing the city’s ability to leverage private investment and grow the tax base for all districts. On [January 30](#), a substitute version of the bill passed out of committee unanimously. The bill specifies that the mandatory 20-year MFTE in transit-oriented development areas does not apply to TIF areas established before June 2, 2026, and makes those amendments requested by the Washington Public Ports Association.

Regulation of Encampments: [House Bill 2489](#), sponsored by Rep. Mia Gregerson (D-SeaTac), prohibits cities from enforcing ordinances that criminalize or penalize life-sustaining activities (sitting, lying, sleeping) in public spaces by people experiencing homelessness unless adequate alternative shelter space is available. The House Housing Committee held a public hearing on the bill on [January 20](#). The sponsor shared that the bill is about dignity and setting a statewide floor so people with no place to go are not punished simply for surviving in public when no adequate shelter exists, clarifying it does not bar enforcement of other criminal laws and that the detailed definition of adequate shelter was added in response to concerns raised last session. ACLU of Washington and Interfaith Works testified in support of the bill, while several individual cities testified in opposition. Those testifying in opposition shared their concerns about the prescriptive definition of adequate shelter, the broad definition of “life-sustaining activity”, and that the legislature should instead focus on funding treatments and shelter rather than limiting cities’ authority to develop local solutions to homelessness. At the time of this writing, the House Housing Committee will vote on the bill on [February 2](#).

Electric Bicycle and Electric Motorcycle Regulation: [Senate Bill 6110](#), sponsored by Sen. Sharon Shewmake (D-Bellingham), narrows the definition of electric-assisted bicycles to exclude vehicles capable of exceeding 20 miles per hour on motor power alone and directs the Department of Licensing to convene a work group to recommend a regulatory framework for electric motorcycles by December 15, 2026. Notably, this bill does not include a definition of e-motorcycle. The Senate Transportation Committee held a public hearing on the bill on [January 26](#). City of Kirkland, City of Mercer Island, AWC, Washington Bikes, Eastrail Partners, and many other stakeholders testified in support of the bill due to rising concern about youth operating high-powered electric motorcycles unsafely. There was no testimony in opposition. The Senate Transportation Committee voted on [January 29](#) to advance a substitute version of the bill out of committee on a 13-3 vote, with 3 members making no recommendation. There were suggestions to amend the bill statewide to include an e-motorcycle definition, like in [House Bill 2374](#), another proposal attempting to tackle the same issue from Rep. Janice Zahn (D-Bellevue), to avoid a patchwork of local definitions as cities try to respond to the growing safety issues. HB 2374 received a public hearing on [January 21](#) in the House Transportation Committee, with similar stakeholders testifying in support and no testimony in opposition.

Immigration Enforcement in Public Spaces: [Senate Bill 5906](#), titled the Secure and Accountable Federal Enforcement (SAFE) Act sponsored by Sen. Drew Hansen (D-Bainbridge Island), establishes protections against immigration enforcement activities within areas of public accommodation in Washington, focusing on early learning and childcare settings, K-12 public schools, health care facilities, higher education institutions, and election sites, and restricts collection and disclosure of immigration-related information in these settings. The Senate Law &

Justice Committee held a public hearing on the bill on [January 20](#), and approved an amended version of the bill on [January 29](#) that clarifies terms and adds adult family homes to the facilities that are protected.

Law Enforcement Facial Covering Restrictions: [Senate Bill 5855](#), sponsored by Sen. Javier Valdez (D-Seattle), and [House Bill 2173](#), sponsored by Rep. Julio Cortes (D-Everett), prohibits law enforcement officers from wearing facial coverings when interacting with the public in the performance of their duties, with limited exceptions allowed for officers working as undercover operatives. After a hearing and executive session in committee, the Senate approved the bill on a party-line vote on January 28. The bill will now go to the House Chamber for consideration.

Fire Protection District Formation and Levies: [Senate Bill 6037](#), sponsored by Sen. Adrian Cortes (D-Battle Ground), modifies how cities and towns create fire protection districts by aligning levy calculations for districts formed before July 1, 2026, requiring general fund levy offsets when new district levies begin, and modernizing public hearing notice options to allow use of city websites as well as newspapers. The bill also clarifies the transfer of fire services to new districts, authorizes interlocal contracting for administrative and support services, and harmonizes levy limit provisions so prior levy reductions tied to district formation are fully recognized in future levy capacity. At the time of this writing, the Senate Ways & Means Committee will hold a public hearing on the bill on [February 3](#). The companion bill, [House Bill 2224](#), sponsored by Rep. David Stuebe (R-Washougal), is under consideration in the House Finance Committee after passing out of the House Local Government Committee on [January 23](#).

Retail Bag Regulations: [House Bill 2233](#), sponsored by Rep. Lisa Parshley (D-Olympia), and [Senate Bill 5965](#), sponsored by Sen. Jessica Bateman (D-Olympia), address the state's plastic bag ban. Under current law, patrons must pay a fee to use a plastic bag and state law requires the bag to be thicker; the law is scheduled to trigger an even thicker bag requirement next year. These bills remove the requirement that stores move to thicker bags, increase the plastic bag fee from 8 cents to 20 cents (with exemptions for state assistance program users), and make other changes to reduce plastic bag use. The Senate Environment, Energy & Technology Committee held a public hearing on Senate Bill 5965 on [January 14](#), and the House Environment & Energy Committee held a public hearing on House Bill 2233 on [January 15](#). During the hearings, the sponsors shared a similar message that thicker plastic bags intended for reuse end up in landfills, polluting our environment. This legislation bans plastic carryout bags, raises the bag fee to encourage reusables while exempting low-income users, and aligns Washington with California and Oregon. There was a wide array of testimony with a mix of those in support, those with concerns, and those in opposition. Retail and Grocery groups shared concerns for such a high fee increase, and that a 20 cent paper bag fee will create point-of-sale complexity, customer confrontation, and enforcement risk around fee exemptions for those on state assistance. Those in support shared concerns around microplastics from widespread plastic use, including bags.

Neighborhood Cafes: [House Bill 1175](#), sponsored by Rep. Mark Klicker (R-Walla Walla), mandates that cities and towns allow "neighborhood stores" and "neighborhood cafés" in any zone permitting residential uses, subject to conditions such as parking regulations, hours of operation, and maximum square footage. Cafés serving alcohol must also offer food, and stores and cafés in residential zones may not display products or advertising visible from the street for items illegal to sell to individuals under 21, with neighborhood stores further prohibited from selling nicotine products. The bill was amended to exempt the Points communities in King County. The bill was considered last session, and because of the progress the bill made through

the 2025 session, was able to be voted by the House of Representatives without a committee public hearing. Bellevue requested changes to this bill in 2025, and most of the requested changes were integrated at that time. The House of Representatives passed the bill on January 15 by a vote of 94-2. The bill will next be referred to a Senate committee for consideration.

Local Government Revenue Tools: [Senate Bill 6294](#), sponsored by Sen. Noel Frame (D-Seattle), and [House Bill 2442](#), sponsored by Rep. April Berg (D-Mill Creek), broadly expand and restructure local real estate excise tax, sales and use tax, utility excise tax, and property tax levy authority. [Click here](#) to see AWC's chart of the different elements in the bill. House Bill 2442 was heard in the House Finance Committee in a public hearing on [January 20](#). The sponsor shared that this bill is an eight-part toolkit that modernizes local revenue options — mostly voter approved or locally elected decisions so cities and counties can better respond to housing, behavioral health, infrastructure, and service demands without creating any new statewide taxes or mandates, emphasizing local flexibility, voter involvement, and the clear nexus between each revenue source and its targeted use. AWC, WSAC, Low Income Housing Alliance, and others testified in support of the proposal, while Northwest Natural, the Wireless Association, Washington Association of Sewer and Water Districts, Washington Realtors, and others testified in opposition.

Look Ahead

- Policy Committee Deadline on February 4
- Fiscal Committee Deadline on February 9
- Chamber-of-Origin Deadline on February 17
- Opposite Chamber Policy Committee Deadline on February 25
- Opposite Chamber Fiscal Committee Deadline on March 2
- Opposite Chamber Deadline on March 6
- Session Adjourns – Sine Die on March 12