



DATE: February 12, 2024

SUBJECT: January Federal Legislative Update

Congress returned to Washington, DC, after the holiday break with a long list of unfinished business and priorities to tackle. Top of the list was keeping the government open. Border security and emergency aid to our allies in Ukraine, Israel and Taiwan round out the immediate must-do items.

While in the midst of negotiating a bill to reauthorize the Federal Aviation Administration (FAA), Congress also faced the need to revisit airline safety and airplane manufacturing concerns when a series of incidents forced the grounding of Boeing aircraft. Taxes, artificial intelligence, online privacy, reauthorization of the Farm Bill and the Water Resources Development Act, which authorizes the US Army Corp of Engineers, also are on the docket for action this year.

A summary of some of the key federal legislative and policy events during January is below.

BUDGET & APPROPRIATIONS

Continuing Resolution to March

Within hours of the January 19 fiscal deadline, Congress sent to the President a new continuing resolution (CR) package that pushes federal funding deadlines to early March. Under a previous CR, FY 2023 funding was extended to January 19 and February 2. The new CR (HR 2872) mirrors the “ladder” approach used in the previous CR and pushes funding deadlines to March 1 and March 8.

- Extended through March 1 – agencies covered under appropriations bills for Agriculture-FDA, Energy and Water, Military Construction-VA and Transportation-HUD.
- Extended through March 8 – agencies covered under appropriations bills for Commerce-Justice-Science, Defense, Financial Services, Homeland Security, Interior, Labor-HHS-Education, Legislative Branch and State and Foreign Operations.

The bill also continues the extension of several key programs, including but not limited to the following:

- The Temporary Assistance for Needy Families (TANF) program;
- National Flood Insurance Program;
- Homeland Security's National Cybersecurity Protection System;
- Authorization for the US Parole Commission;
- Community Health Center funding;
- National Health Service Corps;
- Teaching Health Center Graduate Medical Education Program;
- Child Welfare Services Program;
- Further delay of the \$8 billion Medicaid payment cut to disproportionate share hospitals.

Please see [HR 2872 bill language](#) for additional details and the entire list of all program extensions and anomalies covered under the bill.



The measure passed in the House by a vote of 314 to 108 and the Senate approved it by a vote of 77-18. Nearly half of House Republicans voted against the measure while Democrats overwhelmingly supported it.

House Speaker Johnson had previously vowed to not support additional continuing resolutions and it's clear many of the hardliners in his party are not happy with the funding extension package. However, Johnson appears to be choosing to keep the government open in an effort to continue pushing for a deal with Democrats and the White House on border security. Enough Republicans seem to be willing to let Johnson play out this effort that they are holding off (for now) on any effort to challenge his role as Speaker.

FY 2024

The most recent CR buys Congress another six weeks to work out deals on the 12 FY 24 funding bills. It's not certain more time will be enough to get a deal done.

Thus far, leaders in both parties have agreed on an effective \$1.66 trillion overall spending cap for FY 24 and appropriations leaders have agreed to an outline of the top-line spending numbers for each of the 12 individual appropriations bills. However, there has been no agreement yet about how policy riders will be handled. Policy riders are more often the source of partisan deadlock on the spending bills.

If the government is operating under interim funding on April 30, automatic across-the-board spending cuts would be triggered under provisions from last June's debt ceiling compromise. That threat could help spur lawmakers to finally settle FY 24 spending.

Foreign Aid Supplemental and Border Security

Complicating matters even further for appropriations leaders and leadership is how a budget agreement for FY 24 might be tied up with negotiations over border security and supplemental foreign aid assistance to Ukraine and Israel. The lynchpin to winning Republican support for an agreement on supplemental foreign aid is border security.

A bipartisan effort has been ongoing for weeks in the Senate to negotiate a border security deal. Several key Senate Republicans, including Senators Rick Scott (R, FL) and Ted Cruz (R, TX), however, have raised strong objections to the deal saying it won't go far enough to secure the US southern border. Objections from these Senate members highlight the challenge of getting any deal through the House where Republicans control the chamber and hardline conservatives continue to push for the strict border security measures and asylum restrictions contained in [HR 2](#), the border bill the House GOP passed last year.

In response to Republican demands on border security, the President announced recently that the Administration was willing to use "new emergency authority to shut down the border" during times of heavy migration. The authority resembles Title 42, the public health authority used to expel asylum-seekers and others in the first years of the coronavirus pandemic. Republicans, however, do not seem moved by the gesture as of yet.

To get a deal done on FY 24 funding, supplemental foreign aid funding and border security all wrapped together is a tall order and will depend hugely on the ability of House Speaker Mike Johnson to whip votes and cut deals with the White House, with the Senate and, especially, with his restive far-right flank.



Budget and Fiscal Reform

The House Budget Committee approved, with bipartisan support, three bills aimed at improving the congressional budget process and federal fiscal oversight. Key members are hoping to attach the bills to any final spending bill for FY 24.

- [H.R. 5779](#), the Fiscal Commission Act of 2024, will set up a fiscal commission to “improve the US fiscal situation”, including reviewing and providing recommendations on trust funds that support major entitlement programs. The bill has 12 Republican and 12 Democrat cosponsors and *advanced out of committee by a vote of 22 – 12*.
- [H.R. 6952](#), the Fiscal State of the Nation Act, would require an annual “fiscal state of the nation” address by the US comptroller general. This bill was *unanimously adopted and advanced out of committee by voice vote*.
- [H.R. 6957](#), the Debt to GDP Transparency and Stabilization Act, would require the president’s annual budget to include an estimate of the US debt-to-GDP ratio. The president’s budget has included this metric in recent years. The bill was *unanimously adopted and advanced out of committee by voice vote*.

TAX

A \$78 billion tax proposal advanced by a bipartisan group in the House and Senate has passed the House. [HR 7024](#), the Tax Relief for American Families and Works Act of 2024, passed the House by a vote of 357-70 on January 31. It remains uncertain if the package will be able to move in the Senate where several key Senate Republicans want to add work requirements to the child tax credit proposal and Progressives continue to push to expand the credit even more. Many are closely observing Congress’ appetite and ability to move this package as a precursor for a larger tax relief effort in 2025, when several big tax items from the 2017 tax law are set to expire.

The tax package will do the following:

- Expand the child tax credit;
- Restore expiring business taxes on domestic research and development, interest on business loans and investment on equipment;
- Reduce double taxation of US business with Taiwan;
- Increase tax relief for losses due to natural disasters and wildfires; and
- Increase incentives for affordable housing.
 - ✓ Restore the Low-Income Housing Tax Credit (LIHTC) program to the 12.5% increased ceiling for 2023-2025. This was the ceiling level for 2018-2021 but sunset back down to 9% in 2022.
 - ✓ Lowers the bond-financing threshold for a project to receive a 4% low-income housing tax credit. The option would apply if 30% or more of the building and land are financed by tax-exempt private activity bonds.

The affordable housing proposals included in the package do not go as far as Senator Cantwell and Rep. DelBene’s bill, the Affordable Housing Credit Improvement Act (AHCIA), to lift and make permanent increases to the Low-Income Housing Tax Credit (LIHTC) program. Housing advocates, however, concede that they are happy affordable housing is being prioritized and is included in the tax proposal. Earlier drafts of the negotiated tax reform proposal did not include housing affordability provisions. These measures will help to add more housing production and,



most importantly, they will avoid cuts to production that would come from not restoring the 12.5% LIHTC increase.

The cost of the package is largely offset/paid for by changes to the employee retention tax credit, which has been the source of enormous amounts of fraud and abuse.

AGENCY AND ADMINISTRATION ACTION

Student Loan Debt Cancellation

The Biden Administration cancelled an additional \$5 billion in student debt during January. This marks the third time the Biden Administration has canceled student debt, taking the total to \$136 billion in student loan forgiveness. This latest effort is in response to the Supreme Court's ruling last year that struck down the President's attempt to cancel \$400 billion in student loan debt. Since the Supreme Court ruling, the administration has made amendments to existing federal programs to further provide relief and is taking a new approach towards loan forgiveness.

Grant Awards

Mega and INFRA Awards

USDOT announced \$4.9 billion in funding for the Mega and INFRA (Infrastructure for Rebuilding America) grant programs. Mega awards are targeted to projects that are "uniquely large, complex and difficult to fund under traditional grant programs." The INFRA program funds large-scale, transformative infrastructure. According to the agency press release, the Administration focused this round of awards in projects that, "improve safety, efficiency, and reliability of the movement of freight and people in and across rural and urban areas." Over half of the projects being funded through the INFRA program are in rural communities.

Of the 37 projects awarded, Washington state received two awards:

- \$600 million Mega award to the Washington State Department of Transportation (WSDOT) and the Oregon Department of Transportation (ODOT) for the I-5 Columbia River Crossing project between WA and OR.
- \$12.3 million to WSDOT, ODOT and the California Department of Transportation (Caltrans) for an I-5 Truck Parking Information Management System.

EV Charger Reliability and Accessibility Accelerator Program Awards

\$150 million was awarded to 24 projects to make existing electric vehicle (EV) charging ports operational, more reliable or to bring them up to code. WSDOT received over \$10 million to improve 560 EV charging ports around the state.

Charging and Fueling Infrastructure Program Grant Awards

FHWA's Charging and Fueling Infrastructure Program awarded \$622.57 million in grant funding to 47 applicants to strategically deploy publicly accessible electric vehicle charging and alternative fueling infrastructure. Four projects in Washington state received awards.

- \$14 million to Energy Northwest for the Pacific Northwest Rural Community Charging: Electric Vehicle Infrastructure Transportation Alliance (EVITA) program.
- \$12.5 million to the City of Mount Vernon for the Mount Vernon Library Commons: Incorporating a Regional EV Charging Hub and Multiple Civic Spaces project.



- \$2.1 million to the City of Port Angeles to add 50 EV Charging Stations along Washington State Highway 101 for Access to Olympic National Park, Ferry Service.
- \$12 million to the Northwest Seaport Alliance for Catalyzing Zero-Emission Drayage Trucking Infrastructure & Opportunities in the Seattle-Tacoma Region

Energy Efficiency and Conservation Block Grant (EECBG) Awards

The Department of Energy (DOE) announced that 32 states and local communities were awarded \$20.5 million to help improve access to energy efficiency upgrades like electric vehicle chargers, e-bike rebates, weatherization, affordable solar panels, etc. Local governments can also use the funds to electrify municipal fleets, conduct municipal energy audits, decarbonize waste management systems, etc. Among the winners in this round of funding is Lynnwood, WA, which received \$76,450 in grant funding.

Applications for the next round of funding are due April 30, 2024, and awards will be made on a rolling basis. Local governments and Tribes may apply for traditional grants or vouchers for equipment rebates or technical assistance. See: [EECBG Program](#)

Vehicle Technologies Office Awards

Funding from DOE's Vehicle Technologies Office (VTO) in the Office of Energy Efficiency is aimed at advancing research and development in electric vehicle batteries and charging systems. DOE awarded a total of \$131 million to 27 projects, including two in Washington state.

- Washington State University received \$2 million for a project to transform carbon fiber reinforced polymer wastes into recyclable structural automotive components.
- PACCAR, Inc., won a \$3.5 million grant for the development and demonstration of a heavy-duty hydrogen internal combustion engine.

Funding Notices

Flood Mitigation Assistance Grants - \$300 million is made available through FEMA to support local governments implement changes to reduce or eliminate the risk of flood damage to structures insured by the National Flood Insurance Program. Local governments must be sub-applicants through the state department of emergency management to apply. Deadline: 1/15/2025 see: [NOFO](#)

Safeguarding Tomorrow Through Ongoing Risk Management (STORM) - \$150 million in capital grants is made available to states to establish revolving loans for projects that reduce risks from disasters, natural hazards and other related environmental issues. Local governments can apply for the loans through the state disaster revolving loan fund once it's established.

BELLEVUE FEDERAL ACTIVITIES

Franz Loewenherz, Bellevue's Mobility Planning and Solutions Manager, continued to showcase Bellevue's leadership and innovation in transportation safety and technology to federal and national audiences. He did a presentation during the 2024 Transportation Research Board Annual meeting in Washington, DC, where his formal presentation focused on artificial intelligence applications in traffic signals and speed management. Franz also provided opening remarks at an invite-only Design Think Session organized by ITS America. The event was focused on problems related to urban intersection safety and operations.



City of Bellevue

City Manager's Office

Bellevue was informed in December it will be awarded a \$2,787,894 Planning and Demonstration Grant from USDOT's Safe Street and Roads for All (SS4A) grant program. Funds will support the City's planning and demonstration activities around transportation safety projects. In January, Bellevue's transportation team has been in communications with USDOT to coordinate implementation of this award. The transportation team will also be considering if it might apply during the 2024 round of SS4A grants for any unfunded implementation work. The next round of funding is expected to be announced sometime in February.

Bellevue's federal affairs team continues to stay in close communication with the federal delegation about the Indian consulate's Puget Sound consulate office siting decision.