

CITY COUNCIL AGENDA TOPIC**2025-2026 Federal Legislative Agenda and 2025 State Legislative Session Wrap-Up**

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EXECUTIVE SUMMARY**ACTION**

Staff is asking the council to discuss and consider adopting the draft 2025-2026 Federal Legislative Agenda. Council could adopt the Federal Legislative Agenda at this meeting or at a subsequent meeting.

In addition, staff will present an update on the Washington State 2025 Legislative Session, which concluded on April 27.

RECOMMENDATION

Discuss and consider adopting the 2025-2026 Federal Agenda.

BACKGROUND & ANALYSIS

The City of Bellevue has an important role in intergovernmental relations to ensure that the City's interests are represented at all levels of government, and result in positive funding and policy outcomes. This agenda memo is separated into two sections:

- 2025-2026 Federal Legislative Agenda
- 2025 State Legislative Session Wrap-Up

2025-2026 Federal Legislative Agenda

Adoption of the Federal Legislative Agenda allows the City to convey to our congressional delegation and federal agencies Bellevue's highest-level vision and principles, as well as a clear sense of what Bellevue will be asking for, applying for, or supporting in 2025-2026.

Current Context: 119th Congress

President Donald Trump released his fiscal year (FY) 2026 budget outline on May 2, proposing steep cuts to non-defense discretionary spending, consolidations of federal programs, and a shift of responsibilities to states, while increasing funding for border security, veterans' services, and transportation infrastructure. The proposal eliminates or significantly reduces several longstanding programs—including Low-Income Home Energy Assistance Program (LIHEAP), Community Development Block Grants (CDBG), Community Services Block Grants (CSBG), and many higher education and workforce initiatives—arguing that they are inefficient, politically motivated, or better managed at the local level. While it preserves Title I education funding and proposes new support for charter schools, it cuts or consolidates numerous education, housing, and health programs, and largely freezes defense funding. The budget has been met with strong pushback and, as a nonbinding

proposal, is expected to serve more as a political marker than a legislative blueprint as Congress moves forward with its own appropriations process.

As the 119th Congress ramps up its work, the appropriations process is moving into the next phase following the release of the President's FY 2026 budget outline. Congressional appropriations subcommittees are currently holding hearings to examine agency funding needs and Administration priorities before drafting the annual spending bills. No appropriations proposals will be released until these hearings are complete, but Congress is also preparing a major budget reconciliation package — separate from the regular appropriations bills — that includes sweeping changes to tax policy, defense, education, immigration, and infrastructure. While reconciliation can pass with a simple majority in the Senate, appropriations bills require bipartisan support to overcome the 60-vote threshold. With narrow Republican majorities in both chambers and bipartisan criticism of elements in the President's budget — such as deep non-defense cuts and the elimination of popular programs — Congress faces a challenging path to enacting both its reconciliation package and annual appropriations legislation.

Congress will once again allow consideration of Congressionally Directed Spending/Community Project Funding (formerly known as earmarks) proposals in the appropriations process. Like previous years, there are rules and regulations for submitting funding requests including: nonprofit eligibility restrictions, tighter submission deadlines, restricted eligible accounts, and prohibited project categories.

Bellevue has submitted two congressionally directed spending proposals for the congressional delegation's consideration. A summary table appears below:

City of Bellevue – Submitted FY 2025 Congressional Funding Requests		
Lake Washington Sanitary Sewer Lake Lines Program	Funding would help to complete the Management Plan focused on policy development, financial analysis, and capital program development.	\$500,000
Bellevue Grand Connection: I-405 Crossing - Downtown to Eastrail	Funds would support the completion of the 30%-100% design.	\$3M

A list of Bellevue's delegation leadership and committee assignments is below:

Bellevue Congressional Delegation – 2025 Committee Assignments	
Sen. Patty Murray	<div>Appropriations Committee (Ranking Member)</div> <ul style="list-style-type: none">• Energy and Water Development (Ranking Member of Subcommittee)• Homeland Security• Labor, Health and Human Services, Education, and Related Agencies

	<ul style="list-style-type: none"> • Military Construction & Veterans Affairs • Transportation, Housing and Urban Development, and Related Agencies Health, Education, Labor & Pensions Committee Budget Committee Veterans' Affairs Committee
Sen. Maria Cantwell	Commerce, Science and Transportation Committee (Ranking Member) Energy and Natural Resources Committee Finance Committee Indian Affairs Committee Small Business and Entrepreneurship Committee Joint Committee on Taxation
Rep. Suzan DelBene (D, WA-1)	Ways & Means Committee Caucuses: <ul style="list-style-type: none"> • Women's High-Tech Coalition, Kidney Caucus, and MedTech Caucus (Co-Chair) • New Democrat Coalition (Chair-emeritus after chairing the coalition in the 117th Congress) • Pro-Choice Caucus
Rep. Adam Smith (D, WA-9)	Armed Services Committee (Ranking Member) Caucuses: <ul style="list-style-type: none"> • Intellectual Property Promotion & Piracy Prevention Caucus (Co-Chair) • United Service Organizations Caucus • Adoption Caucus • Effective Foreign Assistance Caucus

Draft 2025-2026 Federal Legislative Agenda

The attached document represents Bellevue's federal interests to our congressional delegation, federal agencies, and stakeholders. It connects our overarching goals to the timely items for this and the following year (as the federal government budget cycles straddle the calendar-year, running October 1-September 30). It is structured similar to recent state legislative agendas, with a set of priority issues specifically relevant in 2025-2026, as well as broader federal issues where the city has an interest. The

goal is to convey Bellevue's high-level objectives while also providing a clear sketch of what Bellevue will be asking for, applying for, or supporting in 2025-2026.

The priority issues for 2025-2026, as recommended by the intergovernmental relations team, are:

- Transportation and Mobility
 - *Highlights:* Grand Connection Crossing (including Eastrail), Smart City technology
- Essential and Sustainable Infrastructure
 - *Highlights:* Funding for utility infrastructure, Lake Washington Sewer Lake Lines, Reducing climate pollution, Affordable internet access and connectivity
- Housing and Safety Net Programs
 - *Highlights:* Safety net and pass-through programs, Low Income Housing Tax Credit (LIHTC) program, Childcare and resources for working families

Because federal budgets and proposed legislation may evolve throughout the year, we will weigh in on important items that advance the City's six strategic target areas.

Timeline and Next Steps: Federal

Adoption of the Federal Legislative Agenda in May would be well-timed for the City's objectives. Deputy Mayor Malakoutian, Councilmember Hamilton, and city staff are also traveling to Washington, D.C. in early June to promote those funding requests and key policy priorities. The key mission of this year's visit is to underscore the city's agenda and its priority issues, now in the context of the Administration's newly released budget proposal and actions since taking office. This is an opportunity to both grow existing relationships with the delegation and potentially a chance to develop new relationships in the executive branch, including at federal agencies.

During the balance of the year, staff and city officials will continue to promote our Federal Legislative Agenda in a variety of ways. Staff will work with the National League of Cities (NLC) to track federal grant opportunities, as well as associated trainings offered by NLC or other resource groups. Staff will continue to offer our congressional delegation opportunities to visit Bellevue projects during in-state work periods or the August recess, both to educate members about burgeoning needs and demonstrate the success of and gratitude for federal partnership in our community. Bellevue will collaborate with other governmental, community, and private partners on evolving grant availability as well as ideas for the next round of congressionally directed spending.

2025 State Legislative Session Wrap-Up

The 2025 Legislature convened for a 105-day ("long") session beginning on January 14 and concluded on April 27. Legislators had the challenging task of balancing the Operating, Capital and Transportation budgets, as well as considering various policy proposals. Major policy discussions included land use, affordable housing, taxation, climate change, rent regulation, human services, public safety, and funding tools. A total of 2,387 pieces of legislation were introduced this session, and the Legislature approved 431 bills.

Governor Bob Ferguson is currently taking action on bills, considering whether to veto, partially veto, or approve legislation and budgets approved by the legislature. The final day for the Governor to take action is March 20. The Governor cannot veto specific sentences but can veto full sections or entire bills.

To guide the City's work during session, Council adopted the *City of Bellevue 2025 State Legislative Agenda* (attached) in October 2024. Since that time, the City's intergovernmental relations team has reviewed hundreds of bills and councilmembers have had multiple touchpoints with the legislative work.

Below is a synopsis of legislative outcomes related to the City's top priorities during the 2025 session.

2025-27 State Operating, Capital, and Transportation Budget Summaries

During the 2025 legislative session, one of lawmakers' main responsibilities was to adopt the state's 2025–27 Operating, Capital, and Transportation budgets amid significant fiscal challenges. Budget writers reported a projected \$15 billion Operating Budget deficit over the next four years, driven largely by an \$11 billion increase needed to sustain current services and meet legal obligations. The Transportation Budget also faced a \$1 billion shortfall for the upcoming biennium and a longer-term funding gap due to rising project costs. Compounding the issue, the state's revenue growth has slowed—from 5.2% annually between FY 2022–24 to a projected 3.5% starting in FY 2025.

Below are summaries of the budgets adopted by the Legislature, with additional detail included in the *State Legislative Update, April 2025* (included in this agenda packet). As noted above, the Governor has until May 20 to sign the budgets and revenue proposals into law.

2025-27 Operating Budget: The final 2025-27 Operating Budget relies on a combination of program cuts and \$4.4 billion in revenue from new tax increases. Over the four-year outlook, the new taxes will generate \$9.5 billion in revenue. The budget leaves \$2.3 billion in reserves, including \$2.1 billion in the Budget Stabilization Account (or Rainy Day Fund).

2025-27 Capital Budget: The 2025-27 Capital Budget appropriates \$4.5 billion in new bond capacity and \$7.5 billion in total funds including cash, federal funds, and other revenue sources. The Capital Budget provides investments in infrastructure that are relevant to local governments, including the Housing Trust Fund, the Public Works Assistance Account, and the Community Economic Revitalization Board.

2025-27 Transportation Budget: The Transportation Budget increased the fuel tax and other fees to generate \$3.2 billion over the next six years. Additionally, the state transfers a portion of state sales tax revenue (.1 percent of 6.5 percent) to the Transportation Budget starting in fiscal year 2028 to generate additional money. The Transportation Budget does not fund any new projects but also does not delay projects as significantly as was proposed by the House earlier in the session.

Budget Snapshot of Bellevue's State Priority Requests

- **Grand Connection:** The City anticipates ongoing design and construction will require partnership across all levels of government, corporate and individual philanthropy, and value capture. The following elements were advocated for in the 2025 session:

- *Grand Connection Crossing*: The City requested that \$50 million for the Grand Connection Crossing be included in any transportation package. Legislators expressed excitement about the project; however, the final Transportation Budget did not fund any new projects such as the Grand Connection Crossing.
- *Financing Tool*: While there was not enough funding to allocate \$50 million, the Legislature made a Bellevue-specific modification to the laws on tax increment financing to allow the financing tool to be used on the Grand Connection project.
- *Downtown Integration Project*: The City requested \$900,000 in the Capital Budget for the Downtown Integration Project on City Hall Plaza. The final Capital Budget includes \$250,000 for the project.
- **I-405/SR 167 Corridor**: Bellevue joined other communities in successfully advocating for the additional funding needed to complete the portions of the I-405/SR 167 Corridor already under construction. The Legislature allocated the necessary funding for four time-sensitive projects to proceed as scheduled, including the Renton to Bellevue Widening and Express Toll Lanes current project.
- **SR 520/124th Interchange**: The City joined stakeholders in requesting that \$225-275 million be included in any transportation package for the construction of the interchange at SR 520/124th. However, the final Transportation Budget did not include any funding for new projects, including the SR 520/124th Interchange.
- **Mountains to Sound Greenway**: In 2024, the Legislature granted Bellevue's request in allocating \$6.6 million in 2025-27 for the Mountains to Sound Greenway Project. Previous budget proposals threatened to delay the funding post-2031. However, the final budget maintains \$6.6 million in the 2025-27 biennium as requested by the City.
- **Digital Permitting**: The City joined other communities to request \$2.7 million in the Operating Budget for the eCityGov Alliance to improve digital permitting. Given the significantly constrained funding in the Operating Budget, this request did not receive funding this session.

State Policy Priorities: Affordable Housing and Land Use

Continuing from previous legislative sessions, Washington lawmakers prioritized housing affordability through a three-pronged strategy focused on stability, supply, and subsidy. Major outcomes tied to stability and subsidy included regulating rent increases (House Bill 1217) and \$605 million in new investments through the Housing Trust Fund, along with other grants targeting infrastructure, youth housing, and home rehabilitation. To address supply, the Legislature continued efforts to reform land use laws by mandating denser development near transit, streamlining lot-splitting processes, and easing zoning for childcare. Several new laws preempt local regulations, including Senate Bill 5184, which limits residential parking mandates. The Housing Accountability Act (Senate Bill 5148) introduces state oversight of local housing plans, and future changes may be influenced by an upcoming study on transit-oriented development, due in mid-2025.

Finally, The Legislature approved House Bill 1791, which removes prior restrictions on using REET funds for operations and maintenance of capital projects and explicitly allows their use for planning, acquisition, construction, and improvement of facilities for affordable housing and homelessness.

Next Steps: State Legislature

Key next steps include thanking the legislative delegation, assessing the impacts of newly enacted policies, implementing new legislative authorities such as Tax Increment Financing, and engaging in interim planning activities like legislative tours. The City will also monitor legislation that did not pass in 2025 but may return in 2026.

POLICY & FISCAL IMPACTS

Policy Impact

Federal: An adopted Federal Agenda serves as an important messaging document for the City, encapsulating the most important federal-level policy positions for Bellevue in 2025-2026. It is important that the City be clear in articulating the City's needs and following through on strategic opportunities, as Congress and federal agencies' actions can have a wide range of impacts on the City.

State: City Council adopted its 2025 State Legislative Agenda on October 22, 2024.

Fiscal Impact

Federal: Federal funds are a significant consideration for a number of city programs. Federal funds come to the City through a variety of avenues. Formula funds come to the City through Metropolitan Planning Organizations or state agencies. Additionally, the City benefits from competitive programs that are overseen and awarded either directly by federal agencies themselves or at the regional level through the Puget Sound Regional Council (PSRC).

State: The fiscal impact of bills passed during the 2025 Washington State Legislative session are currently being determined.

OPTIONS

1. Adopt the 2025-2026 Federal Agenda.
2. Do not adopt the 2025-2026 Federal Agenda and provide alternative direction to staff.

ATTACHMENTS

- A. City of Bellevue 2025-2026 Draft Federal Legislative Agenda
- B. City of Bellevue 2025 State Legislative Agenda

AVAILABLE IN COUNCIL LIBRARY

N/A