



City of Bellevue

City Manager's Office

DATE: January 13, 2026

SUBJECT: Federal Legislative Update, December 2025

BUDGET & APPROPRIATIONS

After passing a Continuing Resolution (CR) in November ending the longest government shutdown, Congress stalled at completing any additional Fiscal Year (FY) 26 funding bills in December. The pressure is on in January to get appropriations bills done before funding runs out on January 30.

The November CR provided short-term funding for most discretionary federal programs through January 30. It also provided full FY 26 funding for programs covered by three appropriations bills: Agriculture-FDA, Military Construction-Veterans Affairs and Legislative Branch, providing certainty for food assistance programs like Supplemental Nutrition Assistance Program and Women, Infants, and Children and veterans programs.

In the Senate, lawmakers are poised to move a five-bill spending package covering Defense, Labor-HHS-Education, Transportation-HUD, Commerce-Justice-Science and Interior programs. The House has readied a package that includes Commerce-Justice-Science, Interior and Energy and Water appropriations, leaving the more controversial Defense and Labor HHS bills off the table for now. House and Senate Appropriations chairs, Representative Tom Cole (R-Okla.) and Senator Susan Collins (R-Maine), also announced a bicameral agreement on FY 26 funding allocations, an important step in moving the appropriations process forward.

Despite the progress, however, significant challenges remain and Congress will likely push up against the January 30 deadline before there is clarity on FY 26 funding. The most optimistic scenario would be that Congress completes work on all nine funding bills by January 30. The hopeful scenario is that several key bills are completed and any remaining bills will operate on a long-term continuing resolution at current funding levels. The most pessimistic scenario is that Congress will fail to reach any agreements on the remaining FY 26 funding bills and puts into place a long-term continuing resolution to extend current funding through the end of the fiscal year. "Current funding" is technically FY 24 funding levels since Congress opted to operate on a yearlong CR for FY 25. A long-term continuing resolution would leave out all congressional earmark requests for FY 26.

Bellevue's congressional funding requests are contained in the House FY 26 Transportation-HUD (Grand Connection) and Interior (Lake Washington Lake Lines) appropriations bills.

HEALTH CARE

After extended negotiations, the U.S. Senate took votes on two competing proposals but failed to pass legislation to extend Affordable Care Act (ACA) tax credits that were enhanced during the COVID-19 pandemic to reduce premium contribution requirements and expand subsidy eligibility. These enhanced tax credits expired Dec. 31. Democrats proposed extending the tax credits for three years while Republicans proposed extending the tax credits for only one year. Republicans also suggested partially replacing credits with federally funded Health Savings Accounts for high-deductible plans with income limits on benefits.

In the House, Speaker Johnson moved a Republican health care proposal (HR 6703) by a narrow vote of 216-211. The proposal does not extend the enhanced ACA tax credits; it instead attempts to address mounting health care costs. The proposal expands the availability of association health care plans; imposes new transparency requirements on pharmacy benefits to help lower drug costs; and funds cost-sharing reductions to reduce premiums in the individual market.

Four House Republicans objected to their leadership's decision not to allow a vote on the expiration of enhanced ACA tax credits and have forced a House vote in January on the Democrats' three-year extension proposal. It is not expected to pass the House.

IMMIGRATION

In its latest effort to limit immigration, the Trump Administration announced a proposal to require additional layers of scrutiny for U.S. visitors from countries that currently do not need a visa to enter, which includes the United Kingdom, Germany and Japan. The proposal requires more personal information, including over five years of social media history and biometrics such as face, fingerprint and DNA. Like other administration initiatives to limit legal entry into the U.S., this proposal is expected to draw legal challenges.

Nineteen states have filed suit against the administration's efforts to impose a \$100,000 fee for any new applications for H-1B visas. The H-1B visa program allows employers in the U.S. to hire skilled foreign workers. Led by California and Massachusetts, *State of California v. Noem*, 25-cv-13829, U.S. District Court, District of Massachusetts argues that the fee creates a costly and illegal barrier for employers to use the popular visa program, and that the administration failed to follow the proper rulemaking process when adopting the policy. This is the third legal challenge to the H-1B visa fee increase with Washington among the states that have joined the suit. The U.S. Chamber of Commerce sued in October over the policy along with a global nurse-staffing agency and several unions.

ARTIFICIAL INTELLIGENCE (AI)

President Trump signed an [executive order](#) in December with a dual threat of cutting funds and potential suing states with AI laws that impede or conflict with the administration's goals of supporting the development and growth of U.S. artificial intelligence capabilities. The order directs the Department of Commerce to publish an evaluation of existing state AI laws and to issue a notice specifying conditions for states to remain eligible for funding through the Broadband Equity Access and Deployment Program. Other executive departments will also be

able to consult with the administration's advisor for AI and crypto to determine if other discretionary grant programs can be conditioned on this policy criteria. The U.S. attorney general is directed to establish an "AI Litigation Task Force" with the responsibility of challenging state AI laws that are inconsistent with U.S. policy. The executive order also directs the White House advisor on AI and crypto to work with Congress to create a national standard or framework to govern AI.

In the absence of federal law, states have stepped in to regulate AI in order to protect citizens, especially children, from AI's potential harms. Federal lawmakers have struggled for years to pass AI legislation to govern the technology.

GRANT FUNDING

EV Charger Grant Funds - A coalition of 15 states, including Washington, has sued the Trump administration for blocking the full release of federal funding for electric car infrastructure. The states argue that the Department of Transportation (DOT) overstepped its constitutional authority by suspending two electric vehicle grant programs: the Charging and Fueling Infrastructure Program and the Electric Vehicle Charger Reliability and Accessibility Accelerator Program. The programs were created under the Infrastructure Investment and Jobs Act, but the DOT and Federal Highway Administration have refused "all new obligations of funds" for months, according to a statement from California's attorney general.

In previous similar lawsuits, the administration argued that these are contract disputes that belong in the U.S. Court of Federal Claims versus regular courts. States brought a similar lawsuit against federal agencies earlier this year to restore a separate \$5 billion electric car charger program.

FEMA World Cup Security - Congress and the Trump administration expedited resources to state and local governments to enhance safety during the FIFA World Cup 2026.

The SAFER SKIES Act (HR 2353) was enacted as part of the National Defense Authorization Act for FY 2026. The bill provides state and local law enforcement with authority to protect against unmanned aircraft that threaten public spaces and creates a new felony offense for a second violation of national defense airspace.

Additionally, FEMA fast-tracked the Counter-UAS Grant program and announced the awarding of \$250 million to the 11 states in the U.S. that are hosting the FIFA World Cup 2026 (Atlanta, Boston, Dallas, Houston, Kansas City, Los Angeles, Miami, New York/New Jersey, Philadelphia, San Francisco Bay Area, Seattle). Created under the One Big Beautiful Bill Act of 2025, the Counter-UAS grant supports state and local capabilities to combat unmanned aircraft systems.

LOOKING AHEAD

Heading into 2026, leaders in Washington, D.C. face multiple challenges that remain from 2025, on the backdrop of it being a mid-term election year. At the top of the list is finishing work on FY 26 funding before January 30, continuing negotiations over Affordable Care Act health subsidies, and international affairs such as the U.S removal of Venezuela President Nicolás Maduro. Also, ahead for Congress this year is the reauthorization of nationally important infrastructure projects and programs for roads, highways, transit, and U.S. Army Corps of Engineers water resource programs that are set to expire at year end.

The ability of Congress to reach bipartisan consensus with the White House has been further complicated in recent days by the Trump Administration's cancellation of all wind energy project permits. Senator Whitehouse (D-R.I.), the ranking member of the Senate Environment and Public Works Committee, is threatening to hold the transportation and water resources (WRDA) infrastructure packages hostage until there's agreement on a clean energy policy. The Trump Administration, however, is currently unwilling to change course leading to a likely standoff with congressional Democrats.

In other 2026 election news, Rep. Dan Newhouse (R-Wash.), who is currently serving his sixth term representing central Washington, announced he will not seek reelection in 2026. A hops-growing farmer and former state agriculture director, Newhouse serves on the Agriculture and Appropriations Committees. He is also a member of the House Select Committee on China and is one of only two remaining Republicans in Congress who voted to impeach President Trump after the January 6, 2021, assault on the U.S. Capitol.

BELLEVUE FEDERAL RELATIONS

Councilmember Sumadiwiry, Councilmember-Elect Briar and members of Bellevue's leadership team joined the Bellevue Chamber on its annual trip to Washington, D.C., in December 2025. Meetings were held with members of the Washington state delegation, the Department of Transportation, and energy and software industry representatives. The trip provided an opportunity to coordinate with Bellevue's business community on shared federal priorities and to advance these priorities with our federal partners.