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TO: Mayor Robinson and City Councilmembers

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SUBJECT: Federal Legislative Update

November-December Federal Legislative Summary

With the mid-term elections behind us, Congress and the Administration have turned their focus to organizational matters such as committee and leadership assignments for the 118th Congress and are rushing to complete must-do legislative matters before the end of the year.

This month's federal update will provide a quick review of the 2022 mid-term elections and the key outcomes for our congressional delegation. It will also summarize the legislative issues that will occupy Congress and the Biden Administration for the remainder of the year, preview the 118th Congress and, finally, summarize the City of Bellevue's federal engagement activities.

2022 Mid-term Election Review

The mid-term election results created a divided Congress, where the majority party in each body will be in control by thin margins. The Democrats now will have full control of the Senate, having won a 51-seat majority after cinching the Georgia Senate runoff on December 6.

In the House, Republicans have won enough seats to have an equally thin majority (221 to 213 at latest count). A few House races have yet to be called.

For Washington state and Bellevue, our congressional delegation continues to grow in power and seniority. U.S. Senator Patty Murray will be the next chair of the Senate Appropriations Committee (the committee that funds all government programs) and also the President Pro Tempore of the Senate, which puts her third in line for the presidency. U.S. Senator Maria Cantwell will serve another term as Chair of the Senate Commerce Committee, a committee that has jurisdiction over a wide variety of issues including telecommunications, ocean and fisheries, aviation, marine and freight and other transportation matters, and many others.

In the House, Rep. Cathy McMorris Rodgers (R, WA-5) will be chair of the House Energy and Commerce Committee, which has jurisdiction over energy, health care, telecommunications and many other issues. Bellevue's two representatives in Congress will hold key roles in the House minority. Rep. Adam Smith (D, WA-9) will remain the top Democrat on the House Armed Services Committee, and Rep. Suzan DelBene will have a senior role on the House Ways and Means Committee. Rep. Rick Larsen (D, WA-2) is also vying to be the top Democrat on the House Transportation and Infrastructure Committee.



Budget and Appropriations

Congress has until December 16 to enact legislation on government funding to avoid a government shut-down. As members continue to struggle to reach an agreement on FY 23 funding, another short-term Continuing Resolution is looking more and more likely.

Some members of the conservative House Freedom Caucus had suggested that Republicans should try to extend current year funding into 2023 when Republicans take control of the House. The current appropriations chairs and leadership of both parties, however, seem committed to completing the bills by year-end, even if that might mean working up to the Christmas holiday or coming back to finish work the week between Christmas and New Year's. It is very likely an omnibus package (or a couple of minibus packages) will be used to move the twelve fiscal 2023 appropriations bills.

Back in July the House has passed a six-bill minibus package, and the Senate Democrats released a nearly \$1.7 trillion spending package covering all twelve appropriations bills. However, major challenges remain in getting the bills over the finish line. Particular examples include the lack of agreement on the top-line numbers for domestic and defense spending (Democrats are insisting on parity for domestic spending with defense spending) and controversial policy riders, particularly on abortion (i.e., the Hyde Amendment which bars federal funding for abortions).

Complicating matters further are proposals for additional spending requests and policy riders, including:

- **Additional funding aid for Ukraine.** The Administration has requested an additional \$37.7 billion for Ukraine. The \$12.4 billion that was included in the stopgap spending bill is expected to be exhausted soon. Bipartisan members in both chambers have indicated strong support for additional aid for Ukraine.
- **\$10 billion for covid funding.** Republicans are not likely to support the Administration's request for more covid funding. They have been insisting on accountability and the spend-down of previously allocated funds before supporting additional funding.
- **Disaster relief.** Senator Rubio (R, FL) is floating the idea of a \$33 billion supplemental disaster aid package. During September, \$18.8 billion was included in the stopgap funding bill for disaster relief, but this was before the damages of Hurricane Ian were fully known.
- **Debt limit.** The debt limit is estimated to be reached sometime in Q1 of 2023. Some Democrats have suggested increasing or suspending the debt limit before the end of the year. Republicans, including Senate Minority Leader Mitch McConnell, have pushed back on this proposal. Republicans will want the opportunity to extract some financial concessions as part of any debt limit deal and will have more leverage next year when they control the House chamber.



- Key programs set to expire. Programs such as the National Flood Insurance Program, some FDA authorities related to drug and device regulations, E-Verify, and other immigration authorities, etc. are likely to be extended in the appropriations package.

Other Year-end Legislation

In addition to the FY 2023 funding package(s), the National Defense Authorization Act (NDAA) is a must-pass bill. Bellevue's Rep. Adam Smith is the current chair of the House Armed Services Committee, which has jurisdiction over the NDAA. Given the limited number of working days Congress has before the end of the year, the proposals that may come up will very likely need to hitch a ride to one of the moving vehicles, either the FY 2023 funding package or NDAA. A few of these include:

- Expiring Tax Credits – Several members are hoping to extend the child tax credit and expiring corporate research and development tax credits. Members from high-tax states will also try to push a year-end deal related to the cap on state and local tax deductions (SALT).
- Mental Health – The Senate Finance Committee leaders are recommending expansions of Medicaid and Medicare services for mental health.
- Retirement Savings – The House passed HR 2954, requiring automatic enrollment in new employer retirement plans. The Senate advanced two bills to create retirement savings options for students and part-time workers. It's expected these bills will be combined in one package with floor votes likely before the end of the year.
- Same Sex Marriage Protections – The Senate recently passed the Respect for Marriage Act with a bipartisan vote of 67-37. The bill codifies the ability of same-sex as well as interracial couples to get married and requires states to recognize the marriages as established in Supreme Court rulings. The bill also repeals the Defense of Marriage Act, which defined marriage as a union between a man and a woman. The House needs to take up and pass the bill before the end of the year. Earlier this year, the House passed HR 8404, which repeals the Defense of Marriage Act, with 47 Republican votes. President Biden has stated his support if a bill reaches his desk.
- Water Resources Development Act (HR 7776) – The authorizing legislation for US Army Corps of Engineers water infrastructure programs, including waterway improvements and spending for flood control and coastal resilience has passed both chambers and has been conferenced. The final package is being used as the vehicle to move the NDAA. Assuming members can garner the votes to pass the NDAA, it will move as a package with the water resources bill.

Proposals related to trade policy, the tech industry, competition, and privacy are also possible. A surprise, last-minute proposal related to immigration may also gain some momentum.

What to Expect in the 118th Congress

What can we expect from a closely divided Congress, Republican control of the House, and a looming Presidential election? The short answer is – gridlock. First, the Administration and



Congress are not likely to be able to move large legislative initiatives like the Bipartisan Infrastructure Law or Inflation Reduction Act like they did in 117th Congress. The only legislation likely to move in the next couple years will be must-pass packages with strong bipartisan support. This will not deter either side of the aisle from introducing and posturing over highly partisan initiatives, however, especially with the Presidential election already gearing up.

During the last couple years, we've watched as Speaker Nancy Pelosi had to wrangle the progressive House caucus to advance even Democrat priority bills. Over the next couple years, we'll watch a similar dynamic on the Republican side as the possible incoming Speaker, Kevin McCarthy, will struggle mightily to try to bridge agreements with the conservative House Freedom Caucus. Note: McCarthy still has yet to win his caucus election to become speaker and even this is proving to be a scrum between him and conservatives in the caucus.

In the Senate, Democrats will have a little more room to maneuver with a 51-vote majority versus sharing control of the chamber under a 50-50 split with Republicans. Committees will now be fully under Democratic control, which will allow Democrats to control the agenda and composition of committees. This should allow them to push forward priority (and even partisan) bills and avoid some of the deadlock that occurred over the last couple years, especially on nominations. Getting bills passed on the Senate floor will continue to be a challenge, however, with such a small majority.

With the Presidential election already underway (Donald Trump announced his presidential run soon after election day; President Biden and Governor DeSantis of Florida are hinting at possible announcements early in the new year), we can expect to see investigations and a lot of posturing over highly partisan legislation dominate the congressional docket and the media. With the House in Republican control, expect investigations into the Biden Administration policies (i.e., immigration policy and climate policies, audits of covid relief funding spending packages, implementation of BIL and IRA etc.) and even more personal issues (i.e., Hunter Biden and other Biden family members).

On a slightly more substantive level what else can we expect? Here are some early predictions:

Appropriations - The retirement of the top Republican and Democrat Senate Appropriators leads the way for a historic positioning of women leading all four corners of the Appropriations Committee in the 118th Congress. In the Senate, our Senator Patty Murray will be the top Democrat, serving as chair of the committee. Senator Susan Collins of Maine will serve as the ranking member. In the House, Rep. Kay Granger (R, TX) is in line to become chair, while Rep. DeLauro (D, CT) will serve as ranking member.

For next year, earmarks will still be in play on appropriations bills. Conservatives had opposed earmarks, and the decade-long ban on earmarks was the result of Republicans taking the House majority the last time in the 2010 midterm elections. This time around, however, the House Republican caucus voted to allow earmarks to remain... for now.



Ways & Means – Renewing tax breaks and reining in the IRS are expected to be top priorities for Republicans on the House Ways and Means Committee. Entitlement spending may also get attention.

Energy and Commerce – Republicans will shift the committee's focus from climate change to ramping up domestic energy production. They will likely maintain focus on bipartisan legislation related to hospital and drug pricing, privacy and broadband access. As noted above, Rep. Cathy McMorris Rodgers from Washington's Spokane area (R, WA-5) will be in control of the House committee gavel.

Judiciary – The House Judiciary Committee is expected to be a hotbed for investigations into the Biden Administration.

Transportation and Infrastructure – The biggest job before the House Transportation and Infrastructure Committee (and Chair Cantwell's Senate Commerce Committee) next year will be reauthorization of the Federal Aviation Administration before September 30, 2023. The House committee will also likely start work on the next Water Resources Development Act (WRDA) and engage in oversight of the impact and implementation of the Bipartisan Infrastructure Law. The House committee is expected to be led by Rep. Sam Graves (R, MO). Washington's Rep. Rick Larsen (D, WA-2) and Del. Eleanor Holmes Norton (D, DC) are vying for the top Democrat spot.

Agriculture – Reauthorization of the Farm Bill will start next year. The key issues included in that bill of importance to Bellevue are federal nutrition programs (work requirements for SNAP, WIC, etc.). Trade and conservation programs may also be of interest as they have a big impact on Washington state's agriculture community.

Budget – Republicans that will likely lead the House Budget Committee will want to use the debt limit deadline to enact more fiscally conservative policies such as spending caps.

Homeland Security – Border security is likely to be the main focus of a Republican-led House.

Elections – The House Administration Committee will shift away from Democratic efforts to expand voter rights to focus instead on voter identification and other election integrity issues.

Miscellaneous Issues

A few days before Thanksgiving, the Biden Administration announced an extension of the pause on federal student loan payments. This action follows a court ruling that overturned President Biden's plan to forgive up to \$20,000 in student debt for many borrowers. Payments were set to resume on January 1, but they will now resume 60 days after litigation if the matter is resolved. If the litigation hasn't been resolved by June 30, payments will resume 60 days after that, according to the Education Department.



Federal Affairs Activities

Councilmember Jennifer Robertson and Genesee Adkins represented the City of Bellevue on the Bellevue Chamber of Commerce's DC Fly-In the week of December 5. The Chamber's first-ever federal affairs trip included meetings with the federal congressional delegation, including Senators Murray and Cantwell and Reps. Smith, DelBene, Schrier, Kilmer, Jayapal, Strickland, Newhouse and McMorris Rodgers. The group also meet with officials from the federal departments of Transportation, Commerce, HUD, and Energy. Bellevue's B-SAFE grant proposal for USDOT's Safe Streets and Roads for All grant program was a key part of the group's federal agenda priorities for the trip. Other topics included 5G, housing and other key infrastructure priorities such as the Grand Connection, the Low Income Housing Tax Credit, and more.

Bellevue's federal team is also working with Sound Transit to reach out to the Federal Transit Administration. The purpose of the outreach is to share Sound Transit's support of and financial partnership in Bellevue's B-SAFE grant application.

Franz Loewenherz, Bellevue's Mobility Planning and Solutions Manager, attended an invitation-only event hosted by the Deputy Assistant Secretary for Research and Technology at the US Department of Transportation the same week as the Fly-In. The program was an expert workshop to explore new technologies and approaches to transportation and infrastructure.