



City of Bellevue

City Manager's Office

**DATE:** June 9, 2026

**SUBJECT:** Federal Legislative Update, May 2026

**OVERVIEW:**

**Reconciliation 2.0**

Passage of the fiscal year 2026 Department of Homeland Security funding bill is the first part of the Republican strategy to maintain immigration enforcement funding after Democrats opposed additional money for Immigration and Customs Enforcement (ICE) and Border Patrol without reforms. The second part of the plan is a reconciliation package designed to secure ongoing enforcement funding. Reconciliation is a budget procedure that allows the Senate to bypass the 60-vote threshold needed to avoid a filibuster, but proposals must have a direct budgetary impact. Last year, Republicans used reconciliation to pass the One Big Beautiful Bill Act.

The Senate's current reconciliation package provides \$71.7 billion for Homeland Security and Justice Department immigration and customs enforcement programs, including \$38.2 billion for ICE and \$26 billion for Customs and Border Protection, with funding available through fiscal year 2029.

Republicans planned to advance the package before the Memorial Day recess, but progress stalled due to concerns regarding the President's proposals for the White House ballroom project and a proposed \$1.7 billion "anti-weaponization" fund. The President has called for the bill to reach his desk by June 1.

To address concerns within their caucus and keep this package focused on immigration, Republicans began discussing a possible third reconciliation bill. This additional package could incorporate other tax and budget priorities, as well as proposals facing resistance in the current bill. However, a third round would face tight timelines in an already compressed election-year calendar.

***Fiscal Year 2027 Budget and Bellevue's Federal Funding Request Update***

President Donald Trump officially kicked off consideration of federal funding for FY 27 with the release of his \$2.2 trillion budget proposal in April. Over the last two months, Congress has been moving through its consideration of the 12 annual appropriations bills with hearings featuring each of the federal agencies and the House has begun consideration of bills. The House passed its first FY 27 appropriations bill — the Military Construction-VA bill — before the Memorial Day recess. The House Appropriations Committee is more than halfway through preparing the rest of the FY 27 bills for floor action. Five additional bills are ready for floor action: Agriculture-FDA, National Security-State, Financial Services, Commerce-Justice-Science, and Energy & Water. The Interior-Environment and Transportation, Housing & Urban

Development (THUD) appropriations bills are scheduled for full committee mark-ups on June 3 and 4. Labor-HHS, Homeland Security, and Defense bills are scheduled for mark-ups the week of June 8.

- Bellevue submitted one federal funding request — known as Congressionally Directed Spending or a Community Funding Project — for fiscal year 2027. The Safer Signals project was submitted through the THUD account. Congressman Smith has sponsored the project at the \$250,000 level following consultation with Congresswoman DelBene's office. The request must still be approved by both the full House and Senate before funds can be awarded.

The Senate typically follows the House in the appropriations process and is expected to start consideration of its bills in June.

### **OTHER LEGISLATION:**

#### *Farm Bill*

The House passed a long-delayed Farm Bill reauthorization package. Farm Bill programs had been relying on temporary extensions since 2018. The latest extension expired in 2023. Several key programs under the bill were reauthorized under the One Big Beautiful Bill (HR 1). This House passed bill ([HR 7567](#)) will reauthorize the remaining programs, including farm aid, food assistance, conservation, trade, energy, and other federal programs, through 2031. For Supplemental Nutrition Assistance Program (SNAP), this package simply reauthorizes the program, leaving in place the changes to eligibility and funding that were enacted under HR 1.

The bill passed in the House on a mostly party-line vote of 224-200. It is expected to face an uphill battle in the Senate where it will likely be changed to reflect the different priorities and dynamics of the closely divided Senate.

#### *Transportation Reauthorization (BUILD America 250 Act)*

The House Transportation and Infrastructure Committee has approved a five-year surface transportation reauthorization package, the *BUILD America 250 Act*. Current authorization for federal highway, transit, aviation and a host of other federal infrastructure programs is set to expire September 30.

The \$580 billion reauthorization proposal approved by the House Transportation and Infrastructure Committee increases overall funding authorization from \$550 billion authorized in the 2021 *Bipartisan Infrastructure Law*. It does not, however, include additional advance funding and it reduces overall funding for the Federal Transit Administration (FTA) and Housing and Urban Affairs Department (HUD). The major policy themes of the package appear to be shoring up the Highway Trust Fund, streamlining transportation project delivery and safety.

- Provides a discretionary total of \$28.29 billion to the Department of Transportation, which is \$1.177 billion above the Fiscal Year 2026 enacted level and \$1.464 billion above the President's budget request.

- \$16.51 billion in total budgetary resources for the FTA, which is \$201 million below the FY26 enacted level.
- Provides a net discretionary total of \$71.377 billion for HUD, which is \$5.942 billion below the FY 2026 enacted levels.
- Community Development Block Grants (CDBG) funds are held at FY 26 levels; HOME Assistance Grants are reduced from \$4.4B to \$4.1B; HOME grant program sees a big cut to \$500M.
- Establishes first-ever rules for commercial autonomous vehicles.
- Big focus of repurposed or increased funding is on safety programs, especially for the Federal Aviation Administration and railroads. Transit agencies are required to spend at least 1% of funds on crime prevention.
- Another key policy objective is streamlining permitting and speeding up project delivery for transportation projects, including tightening agency approval deadlines and expanding exclusions.
- The bill includes a new \$130 annual registration fee on electric vehicles and \$35 fee on plug-in hybrids. The new fees are designed to supplement the Highway Trust Fund, which relies primarily on gas taxes for revenue. The Congressional Budget Office projects that, by 2033, outlays from the Highway Trust Fund will exceed trust fund reserves by a cumulative \$181 billion for the highway account and by \$60 billion for the mass transit account.

In the Senate, the Environment and Public Works Committee will take the lead on most of the surface transportation reauthorization bill. The Senate Commerce Committee is also expected to contribute to a Senate bill. Key Senate Democrats have pushed back on the House committee's proposals to impose EV fees and boost rail safety measures opposed by railway unions. It is highly anticipated that Congress will need to pass a short-term extension of current law since it's unlikely that a final package will emerge and pass both chambers before the September 30 expiration.

### *Housing*

Housing legislation aimed to ease the affordable housing supply shortage continues to progress, but the House and Senate have not yet brokered a compromise deal that can pass in the other chamber.

Making some concession to the Senate, the House recently passed an amended version of its bi-partisan housing legislation, the *21st Century Road to Housing Act* (HR 6644), by a vote of 396-13. The House moved the original bill back in February but ran into opposition on its bill from the Senate.

Rather than negotiate a compromise to the House bill, the Senate passed competing legislation by a bipartisan vote of 89-10. The Senate's *ROAD to Housing Act of 2025* (S. 2651) passed in

March with President Trump's endorsement because it includes a proposal to ban institutional investors from buying single-family homes.

The recent amended version of the House bill is now endorsed by the White House, but it remains at odds with the Senate in two key areas:

- Institutional investors: the Senate bill requires institutional investors to sell properties within seven years or pay a penalty. The House does not include a cap.
- Community provisions: the House bill does not reauthorize the CDBG Disaster Recovery program; the Build Now Act, which authorizes CDBG funds to areas that exceed the median rate of homebuilding; and mortgage disclosure measures for veterans.

Politically, all sides are motivated to see housing legislation move as an answer to the growing affordability problem plaguing American families.

## **ADMINISTRATION:**

### *FEMA Disaster Response*

The Administration's task force for reforming the Federal Emergency Management Agency (FEMA) released a summary of its recommendations in early May. The final report detailing specific recommendations will be released by the White House for public comment in the coming months. The recommendations summarized by the task force propose to change how the federal government responds to natural disasters, including reforming the National Flood Insurance Program.

### *Local Government Funding Awards*

The Office of Management and Budget (OMB) is unveiling a proposed new rule to reform the federal funding awards process for local governments, organizations and institutions. The proposed regulation would allow federal agencies to terminate grants when the award no longer advances federal agency priorities or the national interest. It would also allow for the withholding of funds from organizations promoting diversity concepts and expand the role of political appointees in the grantmaking process. The rule is expected to be officially published in the Federal Register on May 29. A 45-day comment period will be provided.

## **JUNE LOOK AHEAD:**

- June 3 – 4: Mayor Malakoutian, Deputy Mayor Hamilton and Deputy City Manager Genesee Adkins will travel to Washington, D.C. for visits with Bellevue's federal delegation and the US Department of Transportation to share Bellevue's key federal priorities.
- June 3: The House Appropriations Committee will mark up the FY27 THUD bill, which was previously advanced by its subcommittee in May. The THUD bill includes \$250,000 for Bellevue's Safer Signals project, including in Bellevue's key federal priorities.