



City of Bellevue

City Manager's Office

DATE: April 14, 2026

SUBJECT: Federal Legislative Update, March 2026

BUDGET AND APPROPRIATIONS

The partial shutdown of the Department of Homeland Security (DHS) continues as Congress considers a new, two-step Republican funding plan. The proposal would fund all DHS agencies *except* Immigration and Customs Enforcement (ICE) and Border Patrol in the first step. The second step would attempt to fund ICE and Border Patrol for the next three years through the budget reconciliation process, which requires only a simple majority vote in the Senate.

President Donald Trump has given Republicans a June 1 deadline to deliver this second reconciliation bill. However, pursuing another reconciliation package could open the door to additional tax and budget proposals, and is likely to face pushback from those who oppose new spending or tax changes without equivalent offsets.

Despite the ongoing negotiation on the Fiscal Year (FY) 26 DHS bill, Appropriations leaders have begun consideration of FY 27 member requests (Congressionally Directed Spending or Community Project Funding). For FY 27, the City of Bellevue is requesting \$1 million for the Safer Signals Program. Rep. Adam Smith has already announced submittal of Bellevue's request to the House Appropriations Committee, which limits House members to 20 project submissions for the committee. The Senate Appropriations committee deadlines for member funding requests will be in April. Bellevue is likely to find out if its request will also be submitted to the Senate Appropriations committee in late-April or early-May.

PRESIDENT'S FY 27 BUDGET PROPOSAL

President Trump kicked off consideration of federal funding for FY 27 with the release of his \$2.2 trillion budget proposal. The President's budget proposal is dominated by a request to boost defense spending to \$1.5 trillion. The proposal includes \$1.1 trillion in base discretionary spending for the Department of Defense and another \$350 billion in mandatory spending as the United States carries out operations against Iran.

The proposal also continues the President's message to cut domestic spending. It proposes a 10% or \$73 billion cut to discretionary non-defense funding.

Several previously proposed budget cuts that either failed to pass or were not finalized before the FY 26 deadline have been revived into this budget proposal. These include significant cuts to the Environmental Protection Agency (EPA) and other climate and equity-related programs, as well as the elimination of the Low -Income Home Energy Assistance Program, Community Development Block Grant (CDBG), Federal Emergency Management Agency (FEMA) grants, and housing assistance programs under the Department of Housing and Urban Development (HUD). Congress ultimately chose to maintain or increase funding for those programs for FY 26.

Like the FY 26 budget proposal, this proposal seeks to increase funding for law enforcement, apprenticeships, border protection, the Coast Guard, and veterans' services. The Department of Transportation sees a 6.2% increase under the budget proposal, reflecting the President's priority to invest in air traffic control infrastructure and personnel, highway projects, and the

maritime industry. The proposal also takes an initial step towards privatizing security screening by the Transportation Security Administration (TSA) at small airports.

Congressional appropriators will officially begin consideration of FY 27 funding with a series of hearings featuring administration officials from each agency. The first of these will be the Director of the Office of Management and Budget, Russell Vought, who is scheduled to appear before the House Budget Committee on April 15 and the Senate Budget Committee on April 16.

CONGRESS

Housing Legislation

Housing legislation aimed to ease the affordable housing supply shortage took a step forward when the Senate passed the *ROAD to Housing Act of 2025* (S. 2651) by a vote of 89-10. The House moved similarly but with competing legislation (H.R. 6644) in February. President Trump endorsed the Senate bill, in part, because it includes a proposal to ban institutional investors from buying single-family homes. The Senate bill, however, still needs to be reconciled with the House bill and some House leaders have signaled strong concerns with the Senate version. In general, both the House and Senate bills include proposals aimed at helping urban centers with housing supply, but issues remain to be ironed out to address concerns and appease stakeholders. A few key elements of the proposals:

- Speed up housing production. Both the House and Senate proposals exempt certain HUD housing activities from environmental reviews under the National Environmental Policy Agency (NEPA) and other federal laws. The House bill also requires HUD to develop voluntary state and local zoning guidance to speed up housing production.
- Increase grant funding for affordable housing.
 - Bills would create five-year competitive grant programs to implement affordable housing. The Senate bill would also modify or create several new grant programs, including a program authorized with more than \$1 billion over five years for a new competitive grant program for metropolitan cities, urban counties, local governments, and tribes that have objectively increased their housing supply, as determined by HUD.
 - The Senate proposal would reallocate CDBG funding for communities based on housing costs, vacancy rates, and with “extremely high growth” communities eligible to have their share of funds increased.
 - Both the House and Senate proposals modify HUD’s Home Investment Partnerships (HOME) Program to expand the grant program to families earning up to the median income. The grant allocation to localities would increase from \$500,000 to \$750,000.
- Expanded use of CDBG funding for housing development, including allowing communities to dedicate up to 20% of CDBG funds to new housing construction, increasing local flexibility to respond to housing shortages.
- Programs for borrowers and tenants. Both bills create a savings account pilot program for families receiving Section 8 and Section 9 assistance and counseling for borrowers who are 30 days or more delinquent on mortgage payments. The House bill would create a national hotline for tenants dealing with rental housing

eviction issues. Both bills attempt to make smaller dollar mortgages more available and accessible.

- Ban on large institutional investors. The Senate bill includes the President's proposal to ban institutional investors from owning more than 350 or more single-family homes or purchasing additional homes. Housing industry groups are opposed to this provision.

Federal AI Framework

In the absence of federal AI regulations and safeguards, states have stepped in with laws to regulate AI development, require AI disclosure, and prevent unlawful discrimination and or the undisclosed collection of personal data.

During March the first federal-level proposals to regulate AI were unveiled. On March 20, President Trump unveiled a proposed framework to replace the patchwork of state AI rules with a set of federal regulations. The White House framework incorporates the Kids Online Safety Act, creating rules around kids' privacy and increasing tools for parental monitoring. The White House framework also prevents government censorship of content; attempts to shield ratepayers from increased energy costs by streamlining AI data center permits and waives federal rules to accelerate AI deployment; protects the rights of IP holders; and supports AI skills training. Most controversial is the President's proposal to preempt state AI regulatory laws with federal legislation.

Congress also unveiled new bi-partisan legislation that would mandate new "transparency requirements" of AI companies. The AI Foundation Model Transparency Act (H.R. 8094) requires AI companies to disclose how their products are built and trained. The goal is to provide the public with more information about how data is being used and to help identify risks associated with AI. It's also the goal of the bill sponsors that the transparency will incentivize AI companies to build models that are safer and respect user privacy. The bill would preempt state laws.

BELLEVUE FEDERAL ACTIVITIES

Councilmembers Nieuwenhuis and Briar represented the City of Bellevue at the National League of Cities (NLC) annual Congressional City Conference in Washington, DC, in mid-March. In addition to attending NLC official meetings and events, Bellevue representatives had the opportunity to engage with members of the federal delegation (Senators Maria Cantwell and Patty Murray and Representatives Suzan DelBene and Adam Smith).

The City has started to review and update the city's annual federal agenda and planning for a June trip to Washington, DC. The city's transportation and transportation safety team have also begun work on a proposal for the federal Safe Streets and Roads for All (SS4A) grant program. Grant funding would support the implementation of the city's Safer Signals Program.