



City of Bellevue

City Manager's Office

**DATE:** May 14, 2024**SUBJECT:** Federal Legislative Update, April 2024

During April, Congress made progress on a number of critical fronts, including advancing an aid package to our allies around the globe, getting the fiscal committees of the House and Senate in order, and starting Senate consideration of legislation to reauthorize the Federal Aviation Administration (FAA), among other things. The Administration also made some key announcements around water quality.

## **BUDGET AND APPROPRIATIONS**

### **FY 25 Appropriations**

The congressional appropriations process is finally underway after a delay caused by a series of leadership changes on both the House and Senate Appropriations Committees.

At the end of March, Kay Granger (R, TX) announced that she would be stepping down as chair of the House Appropriations Committee. After a frenzy of intra-caucus positioning and elections, the House Republican Conference Committee ratified Rep. Tom Cole (R, OK) as the new chair of the House Appropriations Committee. House Republicans also picked three new Appropriations Subcommittee chairs: Rep. Steve Womack (R, AR) will chair the House Appropriations Transportation-HUD Subcommittee, Rep. David Joyce (R, OH) will chair the Financial Services Subcommittee and Rep. David Valadao (R, CA) will chair the Legislative Branch Subcommittee. Rep. Lauren Underwood (D, IL) will also be taking over as the ranking member on the Department of Homeland Security subcommittee, replacing Rep. Henry Cuellar (D, TX), who is stepping down as he faces a federal indictment.

In the Senate, Senator Kyrsten Sinema (I, AZ) became chair of the Senate Appropriations Military Construction-Veterans Affairs (VA) Subcommittee. Sinema's promotion comes after a shake-up that started with the passing of the late Senator Dianne Feinstein (D, CA). Feinstein led the Energy and Water Subcommittee, but Sen. Patty Murray (D, WA) took the helm — in addition to leading the full committee and the Military Construction-VA Subcommittee — for the rest of FY 24 after Feinstein died. Murray will continue as the Energy and Water Subcommittee chair and hand off Military Construction-VA to Sinema.

Through the remainder of the spring and summer, Congress will work through the appropriations process to develop the 12 annual appropriations spending bills that will fund the government. The spending caps agreed to in the debt limit agreement enacted in 2023 provides Congress some guidance to get started, but agreement on the exact top-line numbers for each appropriations bill still need to be negotiated. Like in years

past, the appropriations process is expected to be extremely challenging and dominated by partisan positioning, especially during a Presidential election year.

Congress will once again allow consideration of Congressionally Directed Spending/Community Project Funding (earmarks) proposals in the appropriations process. However, House Republicans have once again tightened the rules around eligibility. For a second year, the House has precluded earmarks under the Defense, Financial Services and Labor-HHS-Education appropriations bills. For FY 25, earmarks submitted only by government entities will be considered for the popular Economic Development Initiative account under the Department of Housing and Urban Development (HUD). Non-profits had previously made up a significant percentage of entities receiving funds from that account.

Bellevue is submitting three congressionally directed spending proposals for the congressional delegation's consideration.

Project	Description	Amount
Bellevue and Redmond Electric Fire Engines & Charging Infrastructure	Funding would close the funding gap needed to purchase two electric engines and install charging infrastructure at Bellevue Fire Station 1 and Redmond Fire Station 12.	\$885,534
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 completion of the 30%-100% design.	\$2.5 million

### **Supplemental Foreign Aid Package for Ukraine, Israel, Taiwan, etc.**

After months of delays, a \$95 billion foreign aid package cleared Congress on April 24th. The bill includes \$60.8 billion for Ukraine, \$26.4 billion for Israel and humanitarian aid and \$8.1 billion for the Indo-Pacific to counter China.

The package also contains national security and sanctions provisions. It allows the confiscation of Russian dollar assets, something critics allege would weaken the status of the US dollar as the world's reserve currency. It also bans the popular social media app TikTok if China's Bytedance does not divest itself from the company. The package mandates sanctions on Iranian oil and includes \$9 billion in humanitarian aid, including for Palestinians, due to pressure from Democrats.

House Speaker Mike Johnson relied heavily on Democrats in the 316-94 vote to overcome a blockade from conservatives within his party to pass the measure. Members of the House Freedom Caucus opposed the measure because it does not

condition aid to Ukraine on changes to US border policies. The Senate overwhelmingly passed the legislation.

## **TAXES**

In January, the House passed a bipartisan \$78 billion tax proposal. [HR 7024](#), the Tax Relief for American Families and Works Act of 2024 will do the following:

- Expand the child tax credit;
- Restore expiring business taxes on domestic research and development, interest on business loans and investment on equipment;
- Reduce double taxation of US business with Taiwan;
- Increase tax relief for losses due to natural disasters and wildfires; and
- Increase incentives for affordable housing.
  - ✓ Restore the Low-Income Housing Tax Credit (LIHTC) program to the 12.5% increased ceiling for 2023 – 2025. This was the ceiling level for 2018-2021 but sunset back down to 9% in 2022.
  - ✓ Lowers the bond-financing threshold for a project to receive a 4% low-income housing tax credit. The option would apply if 30% or more of the building and land are finance by tax-exempt private activity bonds.

The cost of the package is largely offset/paid for by changes to the employee retention tax credit, which has been the source of enormous amounts of fraud and abuse.

It remains uncertain if the package will be able to move in the Senate where several key Senate Republicans want to add work requirements to the child tax credit proposal and Progressives continue to push to expand the child credit even more. Senate Majority Leader Schumer (D, NY) has said moving the bill is a top priority and that he plans to bring up the bill for a vote. Many are closely observing Congress' appetite and ability to move this package as a precursor for a larger tax relief effort in 2025, when several big tax items from the 2017 tax law are set to expire.

## **OTHER LEGISLATIVE UPDATES**

### **Online Safety**

Congress made progress to safeguard the online privacy of children with the introduction of two bipartisan bills in the House as companion bills to Senate legislation. Like the Senate bills, the House measures would place the legal responsibility on platform providers to reduce harm to minors and require data privacy safeguards.

HR 7891, the House companion to S. 1409, the Kids Online Safety Act, was introduced by Reps. Bilirakis (R, FL) and Castor (D, FL). Rep. Kim Schrier (D, WA) was among the initial co-sponsors. Among other things, the bill will require platforms to prevent harm to minors, such as violence, substance use disorders, suicide or sexual exploitation, through a "duty of care" provision. "Duty of care" applies to design features such as auto play and notifications. The bill also directs platforms to provide safeguards to limit the ability of others to contact or locate a minor and prevents others from viewing minors'

personal data and controls target ads. Parents are allowed to manage time and privacy settings.

HR 7890, the House companion to S. 1418, the Children and Teens' Online Privacy Protection Act, or COPPA 2.0, was introduced by Reps. Walberg (R, MI) and Castor (R, FL). The bill extends to teens the requirement that companies must obtain verifiable consent before collecting or using children's personal information, including IP addresses, images and audio. It also allows parents and minors to delete personal data and bans targeted advertising directed at minors.

Three bills targeting sexual exploitation online were approved by the Senate Judiciary Committee last year. These include:

- S. 412, the "SHIELD Act", a bill that will establish criminal penalties for knowingly distributing intimate images of an individual;
- S. 1199, the "STOP CSAM Act", a bill to require tech companies to remove materials that promote child sexual exploitation; and
- S. 1207, which will limit platform providers' liability protections against civil lawsuits involving child sexual exploitation laws.

Efforts to fast-track consideration of the bills were unsuccessful due to concerns that the bills would weaken encryption protections and over-censor content. Senator Wyden (D, OR), instead wants more resources for law enforcement to deal with these matters.

### **FAA Reauthorization**

Efforts to reauthorize the Federal Aviation Administration (FAA) has made it to the Senate floor. Authorization for the FAA expired in September 2023. After extending the current authorization a few times, Congress now faces a May 10 deadline to complete its work. The FAA bill regulates airline travel and industry.

In July 2023, the House advanced a sweeping bi-partisan proposal that will authorize \$100 billion for aviation operations, equipment, workforce and infrastructure over the next five years. HR 3935, the *Securing Growth and Robust Leadership in American Aviation Act*, includes several provisions designed to increase staffing at air traffic control, diversify the aviation workforce, alleviate flight disruptions and increase funding for airports. The House legislation would also authorize the National Transportation Safety Board, which is charged with investigating crashes.

The Senate Commerce Committee passed a bipartisan FAA reauthorization package in February and has been working to hash out a compromise with the House measure. The Senate package authorizes more than \$107 billion for the FAA over five years. Like the House bill, there is a strong focus on improving safety, aviation sector staffing and customer service. Consideration of the package had stalled in the Senate over ongoing disputes over pilot training, pilot retirement age, airport security and other issues. Compromises on those issues have largely been worked out, but Senate floor consideration of the FAA bill faces challenges as numerous Members are attempting to

attach other, non-related bipartisan proposals onto the FAA bill. Over 180 amendments addressing a range of policy matters, including child online protection, have been filed. Senate leadership, however, has thus far signaled resistance to adding unrelated measures to the bill.

## **ADMINISTRATION UPDATES**

### **EPA Releases PFAS Water Rule for Drinking Water**

On April 10, the Environmental Protection Agency (EPA) released final rules for the National Primary Drinking Water Regulation (NPDWR). The rule establishes legally enforceable levels, called Maximum Contaminant Levels (MCLs) for six PFAS in drinking water. The rules set safe amounts of these “forever chemicals” to nearly zero. EPA also finalized health-based, non-enforceable Maximum Contaminant Level Goals (MCLGs). According to EPA, the final rules require:

- Public water systems monitor for these PFAS and have three years to complete initial monitoring (by 2027), followed by ongoing compliance monitoring. Water systems must also provide the public with information on the levels of these PFAS in their drinking water beginning in 2027.
- Public water systems have five years (by 2029) to implement solutions that reduce these PFAS if monitoring shows that drinking water levels exceed these MCLs.
- Beginning in five years (2029), public water systems that have PFAS in drinking water which violates one or more of these MCLs must take action to reduce levels of these PFAS in their drinking water and must provide notification to the public of the violation.

Up to 6,700 water systems serving about 100 million people, or between 6% and 10% of all the drinking water systems in the US, will be affected by the new standards, according to the EPA. For additional information EPA released the following [fact sheet](#) on the PFAS rule.

In a parallel move, EPA announced the availability of an additional \$1 billion in non-competitive formula funding to help states and territories implement PFAS testing and treatment at public water systems. This additional funding will be available to “disadvantaged” and small communities and to help owners of private wells address PFAS contamination.

EPA has also announced that \$3 billion will be made available to states to replace lead drinking water pipes. This funding is part of the \$15 billion Congress provided for lead service line replacement in annual installments through 2026. The money is being distributed by states through EPA’s Drinking Water State Revolving Fund.

The cost of compliance with EPA’s new rule could be in the billions and all sides are already bracing for court challenges to the new standards.

## **Awards Announcements**

### First in the Nation TOD-TIFIA Loan awarded to Mt. Vernon, WA

The US Department of Transportation (USDOT) announced that the first Transit-Oriented Development TIFIA loan will be a loan of up to \$26.8 million to the City of Mount Vernon, WA. The loan will support a multi-use building with a public library, community center, other public spaces and numerous EV chargers along the I-5 Alternative Fuel Corridor. The project is expected to be completed this summer and is within walking distance of Skagit County's multi-modal transportation center. USDOT had previously provided the City of Mount Vernon \$12.5 million in funding through the Charging and Fueling Infrastructure grant program to install 78 EV charging ports in the project's parking garage. The project is designed to allow an additional 200 charging ports, making it the nation's largest regional EV charging hub.

### PROTECT

The latest tranche of funding from the Promoting Resilient Operations for Transformative, Efficient, and Cost-Saving Transportation (PROTECT) Discretionary grant program was announced with 80 projects receiving a total of \$830 million. The PROTECT program seeks to strengthen the nation's surface transportation system by supporting efforts by states and local communities to make transportation infrastructure more resilient to climate change and improve disaster preparedness.

### Home Energy Rebate Program

The Department of Energy launched the Home Rebate Program with the announcement that it had approved the first state application. New York is the first state to receive funding for the program. Funds will allow New York to implement a \$158 million rebate program to help families save money on energy-efficient electric appliances.

DOE has received applications for the program from 11 other states, including Washington state. The program was authorized in the Inflation Reduction Act to make funding available to states, territories and tribes to help lower energy costs and increase efficiency in American homes. \$4.3 billion is available in formula grants to states for the Home Efficiency Rebates Program and \$4.275 billion is available in formula grants to states for the Home Electrification and Appliance Rebates Program.

## **Funding Notices**

### Leaky Natural Gas Pipes Replacement

USDOT announced \$392 million in grants will be available to support 130 projects to fix aging natural gas pipelines, reduce air pollution and reduce costs to ratepayers. See press release: [Administration announces \\$392M to replace leaky natural gas pipes](#)

## **BELLEVUE FEDERAL ACTIVITIES**

### FY 25 Congressionally Directed Spending

As noted above, Bellevue is submitting three funding proposals to our congressional delegation for their consideration during the FY 25 appropriations process. Deadlines and new rules for the consideration of earmarks in the House required delegation staff and Bellevue to quickly adjust to new eligibility requirements on some funding proposals. Bellevue's team was able to quickly and successfully submit all proposals to meet all requirements and the House deadlines.

### 2 Line Opening

Bellevue and the region come together to celebrate the opening of the first light rail line on the Eastside. The event included several members of Bellevue's congressional delegation, including both US Senators. The newly opened 2 Line is a recipient of federal funding through the Federal Transit Administration.

### June Federal Affairs Trip

Planning is underway for Bellevue's mayor and deputy mayor to visit the federal delegation in Washington, DC in June. The trip will be an opportunity to provide an update on developments in Bellevue, the city's updated strategic target areas and priorities, and Bellevue's federal priorities for 2024-25.