



City of  
Bellevue

City Manager's  
Office

**DATE:** July 15, 2025

**SUBJECT:** Federal Legislative Update, June 2025

### **OVERVIEW**

Tax and spending policy dominated the congressional calendar in June. After the House narrowly passed House Resolution 1 (H.R. 1), also known as the "One Big Beautiful Bill Act" in May, the Senate crafted its version of the package. Aiming for passage by July 4, H.R. 1 seeks to implement President Donald Trump's priorities on tax, energy, immigration, defense, and healthcare. A review of the final signed bill will be provided in the July Federal Legislative Update.

While the Senate has focused on H.R. 1, the House has continued work on the annual federal appropriations bills. Meanwhile, President Trump has been engaged with international issues involving Iran, Israel, and the G-7 Summit. Nonetheless, he remains closely involved in domestic affairs and recently summoned House and Senate Republican leaders to the White House to urge completion of the reconciliation package.

### **BUDGET & APPROPRIATIONS**

#### **Tax and Spending Package – Budget Reconciliation (H.R. 1)**

Republican leadership aim to send the tax and spending package to the President by July 4. With only a slim majority, Senate Majority Leader John Thune (R-SD) can afford to lose no more than three votes. For example, Senator Rand Paul (R-KY), a staunch fiscal conservative, remains opposed to any bill that increases the debt ceiling, making consensus within the caucus difficult.

To garner enough support, Senate Republicans are considering significant changes to the House-passed bill—changes that could pose challenges when the bill returns to the House for reconsideration (e.g., revisions to the State and Local Tax or SALT deduction). Additionally, procedural hurdles require all reconciliation provisions to have a direct budgetary impact to qualify for the fast-track process that avoids a Senate filibuster.

As of this writing, Senate leadership is revising several provisions that the Senate Parliamentarian has ruled ineligible for reconciliation. These rulings have jeopardized policy goals and cost the package billions in anticipated savings. Among the provisions disqualified from reconciliation are over \$250 billion in proposed healthcare cuts, including efforts to:

- limit states' use of provider taxes to finance their share of Medicaid;
- repeal funding for gender-affirming care under Medicaid;
- reduce Medicaid funding for expansion states that serve undocumented immigrants;
- revoke Medicare eligibility for certain immigrants, including refugees and asylees;
- restrict premium tax credits for specific immigrant populations.

Other provisions blocked include the:

- creation of private school vouchers;
- deregulation of gun silencers and certain concealable weapons;
- sale of up to three million acres of federal land;
- automatic approval of Liquefied Natural Gas export permits;
- waivers of certain National Environmental Policy Act requirements for offshore energy projects.

Senate Republicans are actively redrafting these measures to meet reconciliation rules. The Parliamentarian has approved one revision requiring states to partially fund constituents' Supplemental Nutrition Assistance Program benefits. If the Senate passes its version, the bill will return to the House, where Speaker Mike Johnson (R-LA) must again manage competing demands within the Republican caucus.

Despite these obstacles, Republicans and President Trump remain determined to enact a tax and spending package. It is their top legislative priority and represents one of the few major opportunities to legislate while controlling both Congress and the White House.

### **Fiscal Year (FY) 2026 Annual Funding**

As the Senate debates reconciliation, the House has advanced FY 2026 appropriations bills. The Military Construction–Veteran's Affairs bill has passed the full House, and the Appropriations Committee has approved bills for Agriculture– Food and Drug Administration (FDA), Homeland Security, and the Legislative Branch. Highlights include:

#### **Agriculture–FDA**

- 10 percent cut to Special Supplemental Nutrition Program for Women, Infants, and Children (WIC) cash vouchers; overall WIC funding increased by \$100 million;
- \$100 million rescinded from unobligated Inflation Reduction Act funds (IRA);
- blocks Biden Administration-era WIC milk allowances and energy-efficiency standards for new housing;
- bans sale of intoxicating hemp products;
- directs FDA to enforce e-cigarette regulations;
- requires certain baby foods to include peanuts;

- bars funds for Diversity Equity and Inclusion (DEI) initiatives and critical race theory;
- prohibits funding discrimination against those who oppose same-sex marriage.

## **Defense**

- 3.8 percent base pay raise for military personnel;
- 45,000 reduction in civilian Department of Defense (DoD) workforce;
- \$13 billion for "Golden Dome" missile defense efforts;
- prohibits paid leave and travel for abortion services;
- blocks funding for DEI programs in the DoD.

## **Homeland Security**

- Federal Emergency Management Agency funding increased to \$31.8 billion (from \$27.3 billion in FY 2025);
- disaster relief increase of \$26.5 billion;
- bars U.S. Immigration and Customs Enforcement (ICE) from transporting migrants or deporting U.S. citizens;
- prohibits Department of Homeland Security (DHS) from issuing work permits to noncitizens with criminal convictions or denied asylum;
- increases H-1B visas for seasonal employers;
- prohibits abortions and gender-affirming care for ICE detainees;
- ends funding for immigrant case management and shelter programs.

## **Legislative Branch**

- allows Deferred Action for Childhood Arrivals (DACA) recipients to work in congressional offices;
- prohibits funds for DEI-related activities and trainings.

## **Military Construction–VA**

- includes Hyde Amendment language barring most abortion funding;
- prohibits VA healthcare for undocumented immigrants;
- prevents DoD from reporting gun ownership data of veterans to the Federal Bureau of Investigation without court orders;
- bars gender-affirming care for veterans;
- blocks closure of Guantanamo Bay Naval Station;
- provides \$51.7 billion in advance appropriations for the Toxic Exposures Fund;
- lifts restrictions on enrolling veterans in state marijuana programs.

The remaining appropriations bills (including Transportation– U.S. Department of Housing and Urban Development, Labor– U.S. Department of Health and Human Services–Education, Commerce–Justice–Science, Interior, and Energy & Water) are pending.

Because of the late start to the appropriations cycle, both chambers may work in parallel. A continuing resolution, a temporary funding measure that allows the government to keep operating at current budget levels when formal appropriations bills have not been passed by the September 30 deadline, appears increasingly likely to prevent a government shutdown.

## **OTHER LEGISLATIVE MATTERS**

### **Promoting Resilient Supply Chains Act of 2025 (S. 257)**

Sponsored by Senator Maria Cantwell (D-WA), this bipartisan legislation passed the Senate by unanimous consent on June 26. The bill directs the Department of Commerce's Industry and Analysis office to monitor and respond to disruptions in critical industries and supply chains.

### **The Genius Act (S. 1582)**

The House and Senate are close to passing legislation that will regulate stablecoins. Stablecoins are a type of cryptocurrency designed to maintain a stable value by being pegged to a reserve asset, such as the U.S. dollar, to reduce price volatility common in other cryptocurrencies like Bitcoin. The Genius Act creates a federal framework for oversight and licensing of digital stablecoin issuers, including banks and qualifying non-bank institutions. Republican leaders aim to send the bill to President Trump by the week of July 7.

## **BELLEVUE FEDERAL AFFAIRS**

In June, City of Bellevue leaders traveled to Washington, D.C., to meet with key federal stakeholders. The delegation was led by Deputy Mayor Mo Malakoutian and Councilmember Dave Hamilton, accompanied by Deputy City Manager Genesee Adkins and Federal & International Relations Policy Advisor Chris Ramirez.

The team met with senators Patty Murray and Maria Cantwell, representatives Adam Smith and Suzan DelBene, and the office of Rep. Rick Larsen (D, WA-2), who serves as the Ranking Member of the House Transportation & Infrastructure Committee. Additional meetings included the Environmental Protection Agency and the White House Office of Intergovernmental Affairs.

The delegation discussed federal priorities for Bellevue, including:

- Funding for the Grand Connection Crossing Project
- Support for the Lake Washington Sewer Lake Lines Project
- Eastrail development

- Wastewater infrastructure improvements
- Community Development Block Grants

City leaders emphasized maintaining the tax-exempt status of municipal bonds and reinforced the importance of strong federal partnerships in the Puget Sound region.