



City of Bellevue

City Manager's Office

**DATE:** November 12, 2024

**SUBJECT:** Federal Legislative Update, October 2024

**OVERVIEW:**

In October, Congress was in recess and will return to Washington, D.C. November 12 to kick-off the "lame duck" session (after the election for the next Congress has been held, but before the current Congress has reached the end of its constitutional term). When Congress returns to the Capitol, it will face a full slate of possible legislative items, many of which have year-end deadlines. The results of the election will play a huge role in determining which legislative items will be addressed and will shape the political and policy dynamics around them. This report summarizes administration actions and announcements during the month and highlights issues that Congress may take up during the lame duck session.

**BUDGET & APPROPRIATIONS**

The federal government is currently operating on a Continuing Resolution (CR) that extends FY 24 funding through December 20th. Addressing the federal budget to avoid a government shutdown is a top priority for Congress before year end.

So far, the House has moved five bills: the Appropriations bills covering Defense, Homeland Security, Interior-Environment, Military Construction-VA and State-Foreign Operations. There are seven remaining bills that have passed out of committee along party-line votes but have not passed out of House yet.

In the Senate, 11 of the 12 Appropriations bills have passed out of the Appropriations Committee with bipartisan support. Only the Homeland Security bill remains at the committee level. The Senate has not officially announced a floor schedule for consideration of any of the appropriations measures.

**OTHER LEGISLATIVE MATTERS**

In addition to addressing the federal budget, Congress' year-end to-do list includes the National Defense Authorization Act (NDAA) and reauthorization of the Farm Bill. The Water Resources Development Act reauthorization is teed up for year-end consideration, as well as several other potential bills. Legislative issues that may receive attention during the lame duck session could include:

**Artificial Intelligence (AI) Framework:**

Last October, the White House issued an Executive Order to "advance and govern the development and use of AI in accordance with eight guiding principles and priorities." The Administration's goal with the Executive Order is to help advance American leadership in AI development while managing risks and protecting the security of America and privacy of its citizens. Earlier this year, the National Institute of Standards and Technology released [draft guidance](#) to implement the October 2023 Executive Order.

Concurrently, Congress held several hearings and developed legislation and working groups on AI. Senate Majority Leader Chuck Schumer (D, NY) led a bi-partisan Senate working group that

released its [AI legislative framework](#) in May. It was recently reported that Schumer initiated discussions with Senate Minority Leader Mitch McConnell (R, KY) and House Leaders Mike Johnson (R, LA) and Hakeem Jeffries (D, NY) in the hopes of reaching agreement on the passage of a bi-partisan AI bill this year. Two proposals under possible consideration are:

- The CREATE AI Act (S. 2714 and HR 5077) to establish a National AI Research Resource; and
- The Future of AI Innovation Act (S. 4178), which would informally authorize the US AI Safety Institute, a body within the Department of Commerce tasked with setting voluntary standards on use of the technology

Given the attention around AI and the pressure Washington is facing to respond to the AI boom, it is very possible something will be considered before year end.

#### **Debt Limit:**

The debt-limit suspension ends January 1, 2025, though Treasury officials can buy more time using “extraordinary measures.” Negotiations to lift or suspend the limit may be the first major fight of the next presidential term unless lawmakers cut a deal during the lame duck session.

#### **Disaster Funding:**

The recently passed CR included funding to replenish FEMA’s Disaster Relief Fund. However, it left on the table a House proposal to add an extra \$10 billion in disaster aid. Since that time, hurricanes Helene and Milton have caused billions of dollars’ worth of damage to several states in the south and southeast, prompting even more urgent cries for a boost to federal disaster funds. A disaster aid supplemental bill and increased funding for disaster response and preparedness in appropriations bills are very likely to be considered.

#### **Farm Bill:**

The Farm Bill is normally reauthorized approximately every five years, providing a broad range of programs that support farmers, ranchers, and low-income families through nutrition and agriculture programs. The last multi-year reauthorization occurred in 2018 ([Public Law 115-334](#)) and was due to expire in 2023. The Farm Bill was temporarily extended for one year through September 30, 2024 under the November 2023 stopgap. Funding for Farm Bill programs were either extended in the recent CR or have enough funds to last until year end.

Congress has struggled to compromise on several key issues that separate the House and Senate approaches on the Farm Bill. For example, the Senate measure would redirect conservation funds to climate-smart initiatives while the House would invest in existing programs. The House Republican bill also crosses a few red-lines with Democrats – it removes some climate mitigation requirements from the Inflation Reduction Act and, according to Democrats, cuts Supplemental Nutritional Assistance Program (SNAP) benefits.

Despite the controversies, House and Senate Agriculture Committee leaders have said they’re determined to pass a five-year Farm Bill reauthorization this year. Immediately before Congress left the capitol for the election recess, leading House and Senate Farm Bill negotiators renewed efforts to work out a deal. We will see how much progress was made when members return to the Capitol

#### **National Defense Authorization Act of 2024:**

The National Defense Authorization Act (NDAA) is considered a “must-pass” bill but it faces challenges this year over thorny foreign affairs issues like military assistance for Ukraine and Israel.

The House passed its annual defense policy bill (HR 8070) along mostly party lines on June 14 after weeks of debate on controversial provisions related to abortion, diversity and foreign policy priorities. The bill passed with a vote of 217-199 with three Republicans and six Democrats crossing party lines in their votes. The bill would authorize \$895.2 billion for defense programs at the Pentagon, Energy Department and other agencies for FY 2025. The total discretionary amount authorized under the measure would align with the spending caps set for national security programs under the 2023 debt-limit deal.

The Senate unveiled its NDAA proposal in late September and passed it out of the Armed Services Committee. The Senate bill (S.4638) includes proposals from Democrats, Republicans and leadership. It has been reported that while there is no official information yet as to when the Senate NDAA bill might come to the floor, informal negotiations between the House and Senate have begun to hammer out a reconciled package.

#### **Water Resources Development Act (WRDA):**

The House and Senate passed their respective measures this past summer to reauthorize the WRDA, a typically bi-annual bill that provides funding and policy authorization to the US Army Corp of Engineers Civil Division.

The proposals were passed with strong bi-partisan support in both chambers. The Senate measure (S. 4367) passed by unanimous consent and House measure (H.R 8812) passed with a vote of 359-13. Negotiators from both chambers now face the challenge of reconciling the bills into a package that can pass both the House and the Senate and be enacted. While the estimated cost of the bills is largely aligned, there are key policy differences, including the number of studies and projects authorized in each bill.

### **ADMINISTRATION ANNOUNCEMENTS & ACTION**

#### **Announcements**

##### Bridge Investment Program

The Federal Highway Administration announced on October 31 awards for 22 small and medium-sized bridge projects totaling nearly \$635 million. The City of Bothell won a \$1 million planning grant for a project that will upgrade the bridge crossing that connects downtown Bothell to communities south of the Sammamish River.

##### Energy Auditor Training (EAT) Grant Program

The Department of Energy announced the award of \$27 million in grant funding to 15 states to increase the green building workforce. The Washington State Department of Commerce received a \$2 million grant to establish “POWER UP,” a workforce education program to address the demand for growing energy auditing needs in both single- and multifamily homes. There are no energy auditing services currently available to serve multifamily properties in Washington.

##### IRS Energy Efficient Home Improvement Credit Proposed Rules

The IRS has released proposed regulations on the energy efficient home improvement credit under [Section 25\(C\)](#) of the US tax code. The regulations provide rules for how taxpayers and

manufactures can qualify to claim the credit and proposes credit limit amounts. A hearing on the proposed rules is scheduled for January 21, 2025.

## **Funding Availability**

### Promoting Resilient Operations for Transformative, Efficient, and Cost-Saving Transportation (PROTECT) Program

\$876 million is available to projects that will strengthen surface transportation to be more resilient to natural hazards and climate change. Deadline 2/24/25 [NOFO](#)

### Flood Mitigation Assistance Program

FEMA is making \$300 million available to projects that will reduce or eliminate the risk of flood damage to infrastructure insured by the National Flood Insurance Program. Deadline 1/15/25 [NOFO](#)

## **BELLEVUE FEDERAL ACTIVITIES**

The Bellevue team reviewed and provided counsel and feedback on several federal legislative matters, including:

- Bellevue Fire was asked to join other municipalities in the region on a letter in support of US House legislation, HR 1197, related to lithium battery fire safety. The Bellevue federal and leadership team reviewed the legislation and Bellevue worked with its partners in the region to ensure the letter was as effective and clear as possible for a federal audience.
- Rep. Adam Smith will soon be introducing a housing legislation proposal. Bellevue was provided the opportunity to review a draft version of the legislation and provide feedback and suggestions. During October, Bellevue was asked to review the latest version of the legislative proposal before it is introduced in November. Several of Bellevue's earlier suggestions had been included in the updated bill. In addition to reviewing the final draft and providing feedback to Rep. Smith's staff, Bellevue Mayor Robinson also provided a quote in support of the legislation.
- Federal tax issues. The federal team reviewed and provided intel on the 2025 expiring federal tax cuts issues and prospects and responded to questions about capital gains on primary home sales.