

**CITY COUNCIL STUDY SESSION****Federal Legislative Update**

Genesee Adkins, Chief of External Affairs, 452-7849

Lacey Jane Wolfe, Assistant Director of Intergovernmental Relations, 452-2055

*City Manager's Office*

**DIRECTION NEEDED FROM COUNCIL****INFORMATION  
ONLY**

No formal action is required; this is an informational briefing. Congress, the Administration, and Federal agencies each year approve actions that impact the City in a broad range of areas. Staff may recommend, and/or Council may wish to direct, communication to the City's congressional delegation on a range of issues throughout the year.

**RECOMMENDATION**

NA

**BACKGROUND & ANALYSIS**

August and September have been busy for Congress and the Administration. The White House and Democrats in Congress achieved big wins with enactment of the Inflation Reduction Act (IRA) and the White House pushed forward an Executive Order on student loan forgiveness and continues to push out programs and funding authorized in the Bipartisan Infrastructure Law (BIL).

Between now and the end of the year, Congress faces a packed agenda with very few legislative days actually available on the calendar. Top of the agenda is passing the FY 2023 appropriations bills. Other priorities include reauthorizations of several transportation programs related to rail and transportation safety, the debt limit and several key nominations. Immediately, Congress is rushing to keeping the government open beyond September 30, the end of the fiscal year, by passing a Continuing Resolution to extend current year funding.

**BUDGET & APPROPRIATIONS**

Congress has a lot of work to do to complete work on the 12 annual appropriations bills for FY 2023. A Continuing Resolution (CR) will be needed to extend current funding beyond the fiscal year deadline of September 30 to keep the government open. Current discussions center around a CR that would extend funding until mid-December. In addition to extending funding, the CR is also expected to include other key priorities, including:

- \$13.7 billion in funding for Ukraine
- \$22.4 billion in additional funding for COVID-19
- \$6.5 billion for disaster aid

- \$4.5 billion to address the monkeypox outbreak.
- Energy permitting streamlining proposal.
- \$14 billion for Afghan resettlement
- \$1.8 billion for its unaccompanied children program
- Other provisions include an extension of National Infrastructure Investment grants for transportation projects, authority for the TSA to continue to hire so they have enough workers for holiday travel; and FDA user fees.

A few of these extra items, however, remain under debate and could threaten completion of a CR in time to prevent a shut-down. Most controversial at this time is Senator Manchin's energy permitting streamlining provision. The proposal was part of the deal made with Senator Joe Manchin (D, WV) to win his support for the Inflation Reduction Act. The White House backs the provision. However, it has always been controversial with Progressives who oppose any incentives for the fossil fuel industry. Also facing opposition is the proposal to provide significant additional funding for COVID-19 response. Republican are arguing that unused COVID federal funds should be spent down or reallocated before new funding is released. Very likely these issues will be resolved or kicked down the road as no one wants to risk a government shut-down, especially right before the mid-term elections.

### **INFLATION REDUCTION ACT (IRA)**

Major climate and tax policy was enacted days before Congress recessed for August. In a move that surprised most on and off the Hill, Senators Joe Manchin (D, WV) and Senate Majority Leader Schumer (D, NY) announced a reconciliation deal package at the end of July. The package is a slimmed down version of President Biden's climate and tax Build Back Better proposal and focuses on reducing health care costs and providing incentives and support to reduce climate change.

The package seeks to lower health care costs by capping the out-of-pocket cost of prescription drugs, provide free vaccines and extend ACA premium subsidies for Medicare beneficiaries, while increase health insurance coverage via extension of the ACA for vulnerable Americans.

IRA seeks to reduce greenhouse gas emissions by 40% below 2005 levels by 2030. It establishes new programs that provide direct funding opportunities to engage and convert to clean energy production and climate projects and funds a range of issues related to air pollution, energy efficiency and carbon emissions. A few specific programs that may be of interest to Bellevue include:

- Greenhouse Gas Reduction Fund – The new EPA fund will provide grants to state and local governments to encourage the leveraging of public dollars with private financing.
- Climate Pollution Reduction Grant Program – the new EPA program funds grants to state and local governments for greenhouse gas air pollution planning and implementation activities.
- Air Pollution Monitoring Programs – EPA receives an additional \$280.5 million in FY 200 for several grant programs to monitor air pollution. This includes an additional \$50 million to address air pollution at schools.

- Low Emissions Electricity Program – EPA program that includes \$17 million for outreach and technical assistance to state and local governments to reduce greenhouse gas emissions from electricity generation and use.
- Aviation fuel and low emission aviation technology program
- New program for disadvantaged and underserved communities and FHWA to help reconnect these communities.
- Funding to reimburse for the use of low-carbon transportation materials.
- New clean heavy duty vehicle program that awards grants or reimburses states and local government for up to 100% of the costs of replacing, serving, operating and maintaining clean, zero-emissions heavy-duty vehicles.
- High-efficiency electric home rebate program – this is a state grant program but rebates can be awarded by the state to local governments to support electrification projects on behalf of low-or-moderate income households.
- Building Energy Code Adoption – grants are available to state and local governments to adopt and implement the latest building energy or zero-energy codes for residential and commercial buildings.
- Environmental Justice Block Grants
- Water supply and drought mitigation funds projects to increase supply or responsible water conservation.

To offset this new spending the package imposes a 15% minimum tax in tax years after 2022 on the income corporations that earn over \$1 billion in average annual income over three years. It also funds enhanced IRS enforcement and 1% excise tax on stock buy-backs.

### **BIL IMPLEMENTATION**

Several new grant programs authorized under the Bipartisan Infrastructure Law have become available over the last few months. These include:

- USDOT Safe Streets 4 All Grant
- FTA Transit Oriented Development Pilot Project
- Bridge Investment Program
- Reconnecting Communities Pilot Program
- All Stations Accessibility Program
- SMART Grant Program
- Cyber Security Grants
- NTIA Middle Mile Broadband Infrastructure Grants

The National Culvert Removal, Replacement and Restoration Grant Program is expected to be announced in October.

## **FEDERAL AFFAIRS ACTIVITIES**

Focus of the City's external and federal affair team has been on positioning the City's grant application for USDOT's Safe Streets 4 All competitive grant. The City of Bellevue's Transportation Department submitted a grant application for \$40 million to USDOT to implement the B-Safe program. See attached summary.

The City's external, transportation policy and federal affair team sought, developed and participated in meetings during August and September with the Chief of Staffs from Rep. DelBene and Rep. Adam Smith's office to provide them information and tours of Bellevue's plans. Zoom calls were also conducted with transportation policy staff of Bellevue's congressional delegation (Senators Murray and Cantwell, Reps Smith and DelBene) to provide more in-depth briefings on Bellevue's grant proposal and to request their active support. The delegation coordinated a support letter on behalf of Bellevue's grant application and provided that letter to USDOT. The letter is also included along with other letters of support in Bellevue's application.

The trip to is also being planned for early October for the Mayor and senior City staff to visit Washington, DC, to meet with USDOT, the federal delegation and NGOs working in areas of interest to the city. The purpose of the visit is to provide an update on Bellevue, share the City's federal agenda and advocate further on behalf of the City's grant application and other federal priorities.

## **POLICY & FISCAL IMPACTS**

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## **OPTIONS**

N/A

## **ATTACHMENTS & AVAILABLE DOCUMENTS**

N/A

## **AVAILABLE IN COUNCIL LIBRARY**

N/A