

## **CITY COUNCIL STUDY SESSION ITEM**

### **SUBJECT**

Federal Legislative Update

### **STAFF CONTACT**

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### **POLICY ISSUES**

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.

### **DIRECTION NEEDED FROM COUNCIL**

- ☐ Action
- ☐ Discussion
- ☒ Information

Council may wish to provide direction to staff regarding particular legislative proposals.

### **BACKGROUND/ANALYSIS**

#### **DC Big Picture Update**

The second session of the 114<sup>th</sup> Congress is now underway. House and Senate Republicans held a policy retreat to lay out their policy and strategic plans for the year. Members will have limited time in DC in the coming months with the regular August recess extended to allow for the presidential nominating conventions and a longer recess to allow for campaigning in the lead up to the November election.

The frequent flyer issues – national security, trade, reproductive rights, guns, etc. – will again dominate the discourse in the other Washington, especially as election year politics continue to build up steam. Promised executive action from President Obama on a range of other issues is also likely to throw attempts at normal process off track.

#### **Budget/Appropriations**

The Bipartisan Budget Act passed last October set topline budget numbers for FY16 and FY17 which means that it isn't necessary for Congress to pass a budget resolution this year. The budget deal set discretionary spending at \$551.1 billion for defense and \$518.5 billion for non-defense spending. The Obama administration is expected to roll out its FY17 budget proposal on February 9.

House Budget Chairman Tom Price has indicated that he still plans to advance a budget resolution next month as a foundation for FY17 spending. A resolution would present the opportunity to make reforms to the budgeting process, for example, by changing the way that the budget legislation is scored and/or how costs are estimated as well as increasing Congressional Budget Office transparency. It would also allow for Congress to lay out a plan for eliminating the deficit in ten years and make another run at using reconciliation language to roll back Obama administration actions. Reconciliation language, which was

used last year to send a repeal of the Affordable Care Act to President Obama, only requires a simple majority of votes and, therefore, avoids a Senate filibuster. Senate leaders have said that they plan to advance a budget resolution as well, but Senate Budget Committee Chairman Mike Enzi hasn't made a final decision.

Budget resolution or no, with topline numbers set, appropriators are getting a jump start on preparing the twelve appropriations bill that will lay out annual spending. The New Year has brought the familiar refrain that Congress will operate in "normal order", drafting and moving the spending bills through the process. It's likely that there will be some success around the less controversial appropriations bills early in the year, but looming issues – the Iran deal, Trans Pacific Partnership, Planned Parenthood funding, the refugee crisis and more – remain pitfalls. Expect to see the appropriations committees make a good run at passing appropriations bill for the first half of the year before getting bogged down in election year politics and resorting to another catch-all omnibus or continuing resolution on the remaining measures.

### **Transportation & Infrastructure**

Congress passed and President Obama signed the Fixing America's Surface Transportation Act (FAST Act) in December. The FAST Act is the first long-term surface transportation bill to be passed in several years and will bring much-needed stability to federal, state and local transportation infrastructure investments. Efforts now turn to implementation of the measure. Earlier this month, the Federal Highway Administration gave states \$37.3 billion in highway spending authority for FY16; Washington State's share is just over \$652 million.

The Senate Energy and Public Works Committee is kicking off efforts to pass a Water Resources Development Act (WRDA) measure this year to invest in flood protection, navigation and ecosystem projects. A 2016 WRDA bill will build on the major 2014 Water Resources Reform and Development bill which included significant policy reforms in addition to authorization for projects. The 2014 bill authorized local project sponsors to submit projects to the U.S. Army Corps of Engineers which will then submit them to Congress for consideration.

### **Taxation & Finance**

***Online Sales Tax*** – Legislators continue to seek leverage to bring the issue of online sales taxes to a vote. The most recent legislation, the Remote Transactions Parity Act from Utah Republican Jason Chaffetz has yet to receive a hearing in the House Judiciary Committee because committee chairman Robert Goodlatte is opposed to the measure. The efforts to link action on online sales taxes with a ban on taxing internet service also continue with the latter measure currently included in a customs enforcement bill likely to come to the Senate floor in the coming months. Supporters of providing states with online sales tax authority are hoping to strip the internet tax ban from the customs bill to keep options open for pairing the two tax pieces in the future. In the meantime, there is a concerted effort by states to pass legislation that could set up a legal challenge to the Supreme Court ruling that only allows states to collect sales tax when a seller has a physical presence in the state.

### **Technology**

***Net Neutrality*** – A policy rider blocking funding for the FCC to implement its net neutrality rules was not part of the final budget deal last December. The House Energy and Commerce Communications and Technology Subcommittee has already held several hearings this year on broadband and net neutrality

issues, but it's not clear what congressional action might arise. In the meantime, a lawsuit challenging the rule has been working its way through the federal appeals court system based on the claim that the FCC doesn't have the authority to reclassify the internet as a telecom service in order to regulate it.

## **Energy & Environment**

***Waters of the US Rule*** –Attempts to overturn the Environmental Protection Agency (EPA)/Army Corps waters of the US rulemaking, which would expand those agencies' jurisdiction over waterways under the Clean Water Act, are continuing in the courts. While a policy rider to overturn the rule was in the mix during FY16 negotiations, it did not get included in the final deal. It is likely that there will be similar efforts during this year's appropriations process. In addition, the House recently passed a resolution expressing opposition to the rules under the Congressional Review Act, which the president vetoed.

***Land and Water Conservation Fund*** – A three year extension of the Land and Water Conservation Fund was included in the final FY16 spending deal. A permanent extension is part of the Senate's broad energy policy bill which is expected to come before the full Senate during the last week of January.

## **ALTERNATIVES**

NA

## **RECOMMENDATION**

NA

## **ATTACHMENT**

NA