

CITY COUNCIL STUDY SESSION ITEM

SUBJECT

Federal Legislative Update

STAFF CONTACT

Joyce Nichols, Intergovernmental Relations Director, 452-4225
City Manager's Office

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

Lawmakers in Washington, DC, have been very busy since returning from Easter recess earlier this month. With long recesses looming to allow time for Presidential nominating conventions and campaigning, Congressional leaders are making a concerted effort to move through their authorizing and appropriating work before mid-July. Even with the flurry of activity around appropriations bills, the Federal Aviation Administration (FAA) reauthorization, an energy policy bill and others, expectations are low around DC that they will be able to make it through their "to-do" list by the summer.

Budget & Appropriations

The Senate has long since scrapped efforts to pass a budget resolution that sets topline spending numbers since a provision in last fall's Bipartisan Budget Act (BBA) was included to serve that purpose. The BBA set discretionary defense spending at \$551 billion and non-defense discretionary spending at \$518.5 billion.

The BBA provision doesn't apply in the House where Budget Committee Chairman Tom Price (R-GA), Speaker Paul Ryan (R-WI) and others in leadership have spent the last few months trying to get conservatives in their chamber on board with a budget resolution that would lock in the spending plan for the coming fiscal year (FY17), but House conservatives have steadfastly pushed to ditch the levels in the BBA.

On the appropriations front, attempts at moving the 12 spending bills through the normal process for FY17 are well underway with one major difference: the Senate is taking the lead on moving appropriations bills. Senator Mike Enzi (R-WY), chairman of the Budget Committee, released spending levels for all 12 of the appropriations bills (called "302(b)s") earlier this week. So far, the Senate has

passed the Energy-Water Appropriations bill on the floor and is working on Commerce-Justice-Science, Transportation-Housing and Urban Development and Military Construction-VA appropriations bills in committee.

Ultimately, a continuing resolution to keep the lights on from October 1 (the start of the new fiscal year) through the November election is extremely likely.

Transportation, Infrastructure & Housing

Senate passage of FAA reauthorization last week was the major transportation news. A short-term extension of the agency's authorization was passed earlier this year, and now it falls to the House and Senate to reach a deal on long-term authorization.

The Senate's Transportation-Housing and Urban Development (THUD) appropriations bill spends \$56.5 billion for FY17, a \$1.4 billion increase over FY16. The THUD appropriations bill funds the Departments of Transportation, Housing and Urban Development and related agencies. The FY17 measure funds highway and transit grants consistent with last year's FAST Act surface transportation authorization, including funding the TIGER Grant Program at \$525 million. The measure also funds rental housing assistance, public housing and sustains funding for the Community Development Block Grant (CDBG) and the HOME program, key funding streams for the King County housing coalition.

Taxation & Finance

Online Sales Tax. There has been no notable legislative movement on the Remote Transactions Parity Act (RTPA) in the House or the Marketplace Fairness Act in the Senate in recent months. Earlier in April, a coalition of business interests who support a national solution to taxing internet sales sent a letter to House Judiciary Chairman Bob Goodlatte (R-VA) urging him to let the bill move through his committee. Rep. Goodlatte has long been opposed to this type of legislation, and it's unlikely that he will clear a path for it prior to the election in November. In the unlikely case that RTPA makes it out of House Judiciary at some point this year, then there is some potential that the full House and subsequently the Senate could take action since House Speaker Paul Ryan (R-WI) and Senate Majority Leader Mitch McConnell (R-KY) both committed to acting on taxing sales on the internet as part of the deal to include in the Internet Tax Freedom Act (barring taxes on internet services) in the customs enforcement bill passed earlier this year. In the absence of Congressional action, states are beginning to act via legislation and litigation to level the playing field between in-state retailers and their out-of-state competitors.

Technology

Broadband Regulation. On April 15, the House passed a broad bill that would block the Federal Communications Commission (FCC) from regulating broadband internet rates. Supporters of the bill say that it will provide a needed check on the FCC while opponents say that it is too broad and will limit the agency from implementing its net neutrality rules and protecting consumers. Those rules, put into effect last year, allow the FCC to regulate internet service like other utilities and ensure that all internet traffic is treated the same. FCC Chairman Tom Wheeler has said that he doesn't intend to regulate broadband rates under the net neutrality rules, and Republicans in Congress say the bill would just ensure that Wheeler and future FCC chairs will stick with that commitment. Ultimately, the bill is just the latest battle in the war between the FCC and Congressional Republicans trying to limit agency overreach. There could be some support for the measure in the Senate, but its prospects are dim nonetheless since the White House has issued a veto threat.

Energy & Environment

Energy Policy Bill. Following a two-month delay where holds from senators and an attempt to address the Flint Michigan water crisis stalled its progress, the Senate has passed a bipartisan energy policy bill. The measure, the first energy bill since the George W. Bush Administration, focuses on improving energy efficiency, security, workforce training and modernization. It also improves the availability and viability of hydropower – notable in Washington State where hydro is a central part of our energy mix. The bipartisan bill was shepherded through the process by Senators Lisa Murkowski (R-AK) and Maria Cantwell (D-WA), the chair and ranking member of the Senate Energy and Natural Resources Committee. The House passed its own version of an energy policy bill in 2015, so now the House and Senate will select members of a conference committee to iron out the details for final passage and the President's signature.

Unlinking the energy bill from a solution for the Flint water issue has drawn the ire of some groups, including the US Conference of Mayors, who were hoping to see a solution to the public health crisis.

Land and Water Conservation Fund. The Senate's energy bill included a permanent reauthorization of the Land and Water Conservation Fund (LWCF). The provision wasn't included in the House's energy bill, so it's not clear whether it will be included in the final, conferenced energy bill. The provision, if it makes it through the conference committee, would eliminate the uncertainty around reauthorization that now comes up every few years. Even without the permanent reauthorization, LWCF will be around for at least a few more years since the final FY16 omnibus spending bill passed at the end of 2015 included a three-year extension for the program. LWCF provides funds (including nearly \$2 million to Washington state in FY16) for state and local recreational facilities and parks.

Waters of the US. The controversial Waters of the US (WOTUS) rule, a joint regulation from the EPA and the U.S. Army Corps of Engineers, would expand the agencies' authority to regulate waterways under the Clean Water Act. However, groups ranging from business to agriculture to municipalities have expressed concerns that the new rule is too wide reaching. Late last year, the Sixth Circuit placed a stay on implementation. There's no timeframe for a final decision at this point.

Immigration

The Supreme Court heard a challenge to President Obama's immigration executive actions last week. The President's executive orders expanded the number of immigrants in the US illegally who could remain under deferred action. The case, brought by 26 states, seems likely to end in a 4-4 tie with the current vacancy on the Supreme Court, which would leave in place a lower court's decision to block the plan.

ALTERNATIVES

NA

RECOMMENDATION

NA

ATTACHMENT(S)

NA