

CITY COUNCIL STUDY SESSION ITEM

SUBJECT

Federal Legislative Update

STAFF CONTACT

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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/Fiscal Year 2017 (FY17) Appropriations

Members of the House and Senate have been back in DC after their summer recess. They have until September 30 to pass a measure to keep the government funded into the new fiscal year, which begins on October 1. It's an open question what form the measure will take – proposals for the duration of a continuing resolution (CR) that would largely hold funding steady at FY16 levels range from short to long term proposals.

A short term CR would bump ultimate FY17 spending decisions into the lame duck session after the November election. A long term CR would last into the New Year, likely through March, pushing decisions on spending onto the new Congress and new President. Congressional Democrats and the Obama Administration strongly favor a short term CR, as do some members of Republican leadership and senior appropriators. However, many Congressional Republicans, led by the conservative House Freedom Caucus, prefer a longer CR that would avoid any further appropriations negotiations during the lame duck session with the outgoing administration and members who have retired or lost elections at the table.

As a stopgap spending plan, a CR will give appropriators some breathing room to reach an agreement on an FY17 omnibus bill that would roll all 12 spending bills into one package or several "minibuses" which would each include two or three appropriations bills. While House Republicans continued to weigh the options on the length of the CR, Senate Majority Leader Mitch McConnell (R-KY) announced that he has initiated talks with Senate Minority Leader Harry Reid (D-NV) and the White House on the contents of a short term CR that would run through December 9. There is some speculation that, if the Senate can reach a deal, it would

adjourn early for October recess which would force the House to either accept the deal or face the blame for shutting down the government.

One fly (or mosquito) in the ointment is the ongoing disagreement on how to fund efforts to combat the spread of Zika. Before the start of the summer break, Senate Democrats twice blocked a Zika funding measure over policy concerns relating to contraceptive services in Puerto Rico. When the Senate returned after Labor Day, there was a third vote on the measure which also failed. Zika funding is likely to be included in the CR, although it's not clear at this juncture what form it will take.

The appropriations process and the upcoming election are expected to fill the calendar in the coming weeks, which means that substantial movement on other policy issues is unlikely. The annual National Defense Authorization Act (NDAA) is also on the "to do" list before the end of the year, and conference committee negotiations are ongoing. Congress has a long track record of passing an NDAA before the end of the year and this year is no different, but action before the election is unlikely.

Members are set to head back to their home districts at the end of the month. They will be on recess until the week after the November election.

Transportation & Infrastructure

Appropriations – The Transportation, Housing and Urban Development (THUD) appropriators are among the supporters of a short term CR. Holding spending steady at FY16 levels would not reflect the changes made in the Fixing America's Surface Transportation Act (FAST); whereas a new appropriations measure would reflect the new surface transportation measure passed late last year.

Water Resources and Development Act (WRDA) – Floor consideration of WRDA, which authorizes U.S. Army Corps of Engineers' projects, is underway in the Senate. In addition to its main sponsors, Senator Jim Inhofe (R-OK) and Senator Barbara Boxer (D-CA), the bill is getting a major push from the Michigan delegation because it contains measures to address the Flint drinking water crisis. The Senate's WRDA bill enjoys broad support and Senators may vote on it within the next week.

The House, meanwhile, hasn't indicated any intention to place its version of the WRDA bill on the calendar, so it's unclear what the prospects are for getting WRDA across the finish line anytime soon. However, it is not unprecedented to have a bill go to a conference committee even when one chamber has not fully moved the bill. It is unknown how much political capital will be expended post-election, on moving a WRDA conference package, but it would likely depend on whether both chambers can agree on an Energy and Water funding bill. If Energy and Water funding ends up being part of a CR for any length of time, chances are Congress will simply wait until the next session to pass an authorization and in this scenario, there is no funding for new projects until a regular appropriations bill could pass next year.

TIGER Grant Awards Announced – This summer, USDOT announced \$485 million in TIGER grants for a total of 40 projects around the country. In Washington State, the Port of Everett was awarded \$10 million—toward a total project cost of \$55.5 million—to modernize its South

Terminal. U.S Department of Transportation (USDOT) Secretary Anthony Foxx stressed that almost two-thirds of this year's grantees were repeat applicants who had been turned down in previous years.

Tax & Finance

Online Sales Tax – After months with no movement on the online sales tax issue (since February when Senate Majority Leader Mitch McConnell promised a vote on the Marketplace Fairness Act sometime this year), Congressman Bob Goodlatte (R-VA), released a new proposal shortly before members returned to DC from their summer recess. Congressman Goodlatte is the chairman of the House Judiciary Committee which has jurisdiction over the online sales tax issue. Congressman Goodlatte has long opposed legislation that would allow buyers' home states to collect taxes on online transactions such as the Marketplace Fairness Act (S698 from Sen Enzi) and the Remote Transactions Parity Act—HR2775 from Congressman Jason Chaffetz (R-UT). This new measure is Congressman Goodlatte's attempt to find another way forward on the online sales tax issue. The Goodlatte bill, the Online Sales Simplification Act, would have the seller's home state collect sales taxes on interstate online transactions based on a single statewide rate set by the buyer's home state. So far, no word from Congressman Goodlatte on possible committee action on his proposal.

Energy & Environment

Energy Policy Bill – The energy bill conference committee kicked off with its first meeting on Thursday, September 8. The energy bill, which would be the first since 2007, addresses energy infrastructure, cyber security, energy efficiency and workforce development. Major sticking points in the conference committee negotiations include what to do with the Land and Water Conservation Fund, offshore oil leases and the severe droughts in California and elsewhere. While there is strong bipartisan, bicameral support for getting an energy bill to President Obama's desk, it's extremely unlikely to happen before the election. And, depending on the outcome of the election, efforts could be derailed for the rest of the year if Democrats retake the Senate and see an opportunity to exercise additional influence over the measure.

ALTERNATIVES

N/A

RECOMMENDATION

N/A

ATTACHMENT(S)

N/A