

CITY COUNCIL STUDY SESSION ITEM

SUBJECT

Federal Legislative Update

STAFF CONTACTS

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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

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DIRECTION

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INFORMATION ONLY

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No formal action is required; this is an informational briefing. Council may wish to provide direction to staff regarding particular legislative proposals.

BACKGROUND/ ANALYSIS

Congress began its Memorial Day recess on May 28. When members return on June 4, they will have eight weeks of work before the scheduled August recess. There is some discussion among some Senate Republicans of shortening, or even eliminating, the August recess to allow more time for the appropriations process and consideration of other major legislation before the end of the fiscal year on September 30. It is unlikely that those efforts will yield a change to the schedule as the August recess is seen as a critical period for campaigns in advance of the November midterm elections.

While the ongoing investigation into possible foreign involvement in the 2016 election continues to dominate the headlines, legislative and regulatory action is proceeding. Congressional leadership and appropriators are pushing forward on Federal Aviation Administration (FAA) reauthorization, a new two-year Water Resources and Development Act (WRDA), the Farm Bill, and FY19 spending among other issues.

Appropriations and Budget

Using the topline spending numbers set in the two-year budget deal reached earlier this year, appropriators are moving the 12 appropriations bills through the committee process. The House has five appropriations bills through the full appropriations committee, and two through subcommittee. The Senate has set out its own ambitious timeline to markup all 12 bills between the end of May and the end of June.

While appropriators work on FY19 spending, the White House is pressing Congress to pass a rescissions package that would roll back spending from previous fiscal years. In a proposal from the Office of Management and Budget, the White House has proposed to cut approximately \$15 billion in unspent funds

from previous years. The Administration and some congressional Republicans see a rescission package as an opportunity to demonstrate fiscal restraint in the wake of the budget deal that dramatically boosted discretionary spending. Under budget rules, a rescission package can be passed with a simple majority in each chamber, allowing it to sidestep the filibuster in the Senate. However, some members have raised concerns about the package's proposed cuts to the Children's Health Insurance Program (CHIP) and elimination of funding for some transportation projects. Further complicating the matter, Senate Republicans are operating with a razor-thin margin with Senator John McCain home in Arizona for treatment for brain cancer, their technical 51-49 vote majority is functionally a 50-49 majority.

Transportation and Infrastructure

THUD Appropriations – The House Transportation, Housing and Urban Development (THUD) Subcommittee passed its FY19 spending bill on May 16. The measure would provide \$71.8 billion in total funding, a boost of \$1.5 billion over the FY18 enacted level and \$23.8 billion more than the President's budget request.

The House THUD bill includes language requiring the Federal Transit Administration (FTA) to spend 85% of the Capital Investment Grant program (CIG, sometimes called New Starts) by the end of 2020 in an effort to put an end to the Administration's delays in signing funding agreements and distributing grants for transit projects. CIGs represent a significant portion of the funding for Sound Transit's projects, and the delays have alarmed many in the region.

TIGER/BUILD Grants – The Trump Administration announced plans to transition the TIGER grant program into a new program called BUILD: the Better Utilizing Investments to Leverage Development grant. The funding will still go to local or regional authorities to support investments in roads, bridges, transit, rail, ports, and intermodal transportation. In addition to the TIGER grant's scoring categories of safety, quality of life, economic competitiveness, environmental protection and state of good repair, nonfederal revenue will be a factor in awarding the grants, which aligns with the Administration's infrastructure focus on boosting state and local investment. The BUILD program will also place a heavier emphasis on projects in rural communities.

In the House THUD spending bill, BUILD is funded at \$750 million, a significant reduction from the \$1.5 billion appropriated in FY18.

Water Resources and Development Act (WRDA) – The Senate Environment and Public Works Committee and House Transportation and Infrastructure Committee are both working on their proposed WRDA bills. WRDA, typically passed every two years, authorizes U.S. Army Corps of Engineers projects and includes provisions relating to the Water Infrastructure Finance and Innovation Act (WIFIA) loan program to fund investments in water infrastructure.

Technology

Net Neutrality – Last December, the Federal Communications Commission (FCC) announced that it would roll back previous FCC rulemaking to protect net neutrality by regulating internet providers under its Title II authority. The FCC's action to roll back the regulation is set to go into effect in June. Earlier this month, Senate Democrats, joined by Republican Senators Susan Collins (ME), Lisa Murkowski (AK),

and John Kennedy (LA), passed a resolution to overturn the FCC's December decision on net neutrality. While Senate Democrats celebrated the victory, it appears unlikely the legislation will move forward in the House where Republicans hold a larger majority and, if approved by the House, it would likely be rejected by the President.

Tax and Finance

Taxing Internet Sales - A decision by the Supreme Court challenge to the *Quill* decision, which prohibits states from collecting sales tax on vendors without an in-state physical presence, is expected by late June. A decision overturning *Quill* would be favorable for state and local governments, including Washington and Bellevue, in the absence of action on the Marketplace Fairness Act, Remote Transactions Parity Act, and other similar legislation to allow collection of state and local sales tax on internet sales. A decision upholding *Quill* would likely spur Congressional action, although it may wait until after the retirement of House Judiciary Chairman Bob Goodlatte (R-VA) who has long blocked legislation in his committee that would allow states to collect sales taxes on internet sales.

Immigration

Census Question - The U.S. Commerce Department, which executes the decennial census, decided in March to add a question on citizenship status to the census. Some have raised concerns that the inclusion of the citizenship question will depress census participation in immigrant communities which could impact the allocation of federal funds and apportionment of Congressional seats which are based on total population, including non-citizens. Washington State Attorney General Bob Ferguson has joined other attorneys general in a lawsuit challenging the Commerce Department's decision, and some members of Congress are pushing for an amendment on the Commerce, Justice and Science spending bill to block the question's inclusion on the 2020 Census.

Deferred Action for Childhood Arrivals (DACA) - Moderate House Republicans have teamed up with House Democrats to push for floor votes on several immigration bills. The procedural strategy, called "Queen of the Hill" would call up legislation to protect "Dreamers", protected under President Obama's DACA policy. Following a court decision blocking President Trump's rollback of the DACA program, legislative action has stalled, but the Queen of the Hill move could push the issue back onto the agenda.

Farm Bill - Of note, the House failed to pass its Farm Bill, which authorizes U.S. Department of Agriculture (USDA) programs and the Supplemental Nutrition Assistance Program (SNAP, formerly known as food stamps) after a push from conservative Republicans to bring up an immigration bill that would severely curtail immigration and offer no protection for Dreamers before voting on the Farm Bill.

ALTERNATIVES

N/A

RECOMMENDATION

N/A

ATTACHMENT(S)

N/A