

**CITY COUNCIL STUDY SESSION**

## Federal Legislative Update

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*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**

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**BACKGROUND & ANALYSIS****D.C. Big Picture**

The \$1.9 trillion American Rescue Plan Act was passed in Congress and signed into law by President Joe Biden. Implementation of some parts of the Act are on hold waiting for guidance from the Treasury Department outlining allowable uses of the funds. As you know, this Act included a direct distribution for cities and Bellevue is poised to receive nearly \$21 million. The funding will come in two installments, one-half this month and one-half a year from now. With this big package done, the attention of the White House and Congress shifts to infrastructure, FY 2022 federal spending, and Democratic domestic priorities.

**Infrastructure**

On the heels of the passage of the \$1.9 trillion American Rescue Plan Act, President Biden unveiled part one of his Build Back Better plan, the American Jobs Plan. The Build Back Better effort is the President's multi-part infrastructure strategy and the \$2.25 trillion American Jobs Plan is the first part of the package. A second "infrastructure" package that may exceed \$1 trillion is expected to focus on expanding social policies or "human infrastructure".

**The American Jobs Plan** proposes over \$2.25 trillion for a broad range of infrastructure investments that include traditional infrastructure like roads, bridges, and transit and investments in water projects, broadband, the electric grid, housing, schools, elder care, and labor policy.

A few key highlights are detailed below:

Transportation projects are slated to receive over \$620 billion, which includes:

- \$115 billion for bridges, highways, and roads
- \$20 billion for road safety
- \$85 billion for public transit
- \$80 billion for Amtrak
- \$25 billion for airports
- \$17 billion for ports, inland waterways, and ferries
- \$20 billion transportation projects to support racial equity and environmental justice.

**Electric vehicles** are supported with \$174 billion proposed for sale rebate and tax incentives for consumers and grants to state and local governments and the private sector for the installation of 500,000 charging stations by 2030. Funding is also proposed for electrification of school bus fleets and federal vehicles like U.S. Postal Service trucks.

**Housing programs**, with a particular focus on expanding affordable housing, would receive over \$213 billion in the form of tax credits, formula funding and grants with the goal of building more than two million affordable homes and rental assistance. Grants would also be available to jurisdictions that take steps to eliminate exclusionary zoning and land use policies. Other housing dollars include \$40 billion for public housing infrastructure and \$27 billion for clean energy investments.

**Water infrastructure** to improve the nation's drinking water and wastewater systems would receive \$56 billion for grants and low-cost loans to states, tribes, and disadvantaged communities. \$45 billion would go toward replacing water pipes including 400,000 schools and childcare facilities, and \$10 billion would be directed to focus on monitoring and remediation of contaminations by PFAS chemicals.

Other investments include:

- \$300 billion to boost American manufacturing, including \$50 billion targeted specifically to semiconductor manufacturing and research.
- \$400 billion for housing for the elderly and for care for elders with disabilities.
- \$112 billion to improve public school and community college buildings.
- \$25 billion for childcare facilities.
- \$100 billion for electric grid resiliency.
- \$100 billion for broadband infrastructure, especially in rural communities and subsidies for low-income families.
- \$18 billion for Veteran's Administration (VA) hospitals.
- \$100 million for workforce development.

President Biden proposes to pay for this package by increasing taxes on corporations which are estimated to cover almost \$2 trillion of the proposal's costs and are included below:

- Increasing the corporate tax from 21 percent to 28 percent.
- 15 percent minimum tax on corporate profits for financial reporting.

- Preventing companies from piling up tax breaks to reduce their tax obligation to zero.
- Increasing the minimum tax on overseas profits from 13 percent to 21 percent; a
- Eliminating the tax preferences for the oil and gas industry.

A second “infrastructure” package that would focus on social policies is expected to be paid for, at least in part, through increased taxes on high earners.

### ***Surface Transportation Reauthorization***

On top of President Biden’s Build Back Better infrastructure efforts, Congress must address another infrastructure bill, the surface transportation reauthorization. The FAST Act, which authorizes funding for existing federal surface transportation programs such as roads, bridges, transit, and Amtrak, among others, is set to expire on September 30. This deadline is an extension from the original expiration date in 2020.

The House Transportation and Infrastructure Committee kicked off efforts to consider reauthorization legislation of federal surface transportation programs in March with an announcement that the Committee plans to advance a bill that builds on HR 2, the “Moving Forward Act,” from the 116<sup>th</sup> Congress. Chairman Peter DeFazio (D-OR) said the process will provide an opportunity for Members of Congress to submit requests for highway and transit project designations. This means earmarks would be considered as part of the surface transportation reauthorization bill.

Members from both sides of the aisle have spent the last several weeks gathering proposals from their districts for possible inclusion in the Committee’s draft bill. Proposals must meet specific eligibility criteria. Bellevue submitted requests for two priority projects:

- A \$150 million request to WSDOT to keep the I-405 North End Improvement project at SR 522 to SR 527 on schedule to avoid delays to I-405 bus rapid transit (BRT); and
- A \$40 million request to complete construction of the “Bellevue Gap” portion of the Mountains to Sound Greenway trail located in the Eastgate and Factoria neighborhoods.

A draft of the House surface transportation bill is expected to be released soon by the Committee. It remains uncertain if Democratic leaders will advance the bill on its own or as part of the President’s larger infrastructure package. The addition of earmarks to the bill is part of a strategy to win bi-partisan support for the bill and develop enough traction to move even a larger infrastructure effort with it.

While Republicans have expressed support for reauthorizing surface transportation programs and infrastructure investments in general, they have already voiced opposition to the possible size of Representative DeFazio’s reauthorization proposal. Senate Republicans recently announced plans to propose their own, more limited infrastructure concept package that will focus on “core” infrastructure, does not raise corporate taxes, and would include provisions to make it easier for infrastructure projects to clear environmental and other reviews. In a separate effort, Senator Mitt Romney (R-UT) is leading a bipartisan group of senators in the “early stages” of a possible pared-down, bi-partisan proposal that will focus on roads, bridges, airports, and broadband access.

House Speaker Nancy Pelosi (D-CA) announced plans to have the American Jobs Plan voted out of the House by July 4 and both Speaker Pelosi and Senate Majority Leader Chuck Schumer (D-NY) pledged to have an infrastructure package to the President by the end of August. This ambitious schedule may be possible if Republicans support the plan; however, Republicans are expressing opposition to the size and reach of the President's first infrastructure proposal, the American Jobs Plan, and this opposition is likely to intensify when a second proposal is released that would include social policies costing trillions of dollars and increasing taxes. With the Senate evenly divided, the political back-and-forth on infrastructure is likely to go well into the fall unless Democrats take the political risk to attempt to eliminate or reform the Senate filibuster. This would change the prospects and speed of implementation for the Democratic bold agenda but it would also irrevocably change the nature of the U.S. Senate.

### **President's FY 2022 Budget Proposal**

The President released part of the Administration's budget proposal for fiscal year 2022 on April 9. The \$1.5 trillion budget calls for a 16 percent boost to nondefense spending and a 1.7 percent increase in defense spending. The proposal ends a decade-long Washington tradition of increasing military and domestic spending levels by similar amounts. The "skinny" budget outline is less detailed than a usual presidential budget proposal. It includes requests for discretionary funds but leaves out policy proposals and expectations for the economy and the deficit. According to an Administration official, a more detailed budget proposal will come later in the year. Some highlights of the "skinny" budget include the following:

- Across the board increases in discretionary spending.
- Big investments in the Administration's key initiatives across federal agencies:
  - \$14 billion to address climate change
  - A \$2.5 billion increase, or 4.3 percent, in funding for the Departments of Agriculture and Interior to fight wildfires
  - \$1.7 billion for the Housing and Urban Development Department (HUD) and \$400 million for the Energy Department to support home retrofits and weatherization programs
  - \$815 million to incorporate climate effects into pre-disaster planning and projects
  - \$600 million to support the procurement of electric vehicles
  - \$200 million for community violence intervention initiatives between the Departments of Health and Human Services (HHS) and Justice to address gun violence
  - Resources to support 125,000 refugee admissions in 2022
- The Education Department would receive the biggest increase--\$29.8 billion more than in FY 2021, a 40.8 percent increase.
  - \$20 billion increase for Title I grants for schools, the largest-ever annual increase, to address disparities between wealthier and under-resourced schools.
  - \$15.5 billion for Individuals with Disabilities Education Act grants, a \$2.6 billion increase
  - \$1 billion to increase the number of nurses and mental health professionals in schools.

- HUD would receive a 15.1 percent increase over FY 2021, including:
  - A \$5.4 billion increase for Housing Choice Vouchers to aid 200,000 more households with priority given to those experiencing homelessness and domestic violence
  - \$3.8 billion for the Community Development Block Grant (CDBG) program
  - A \$500 million increase for Homeless Assistance Grants to support more than 100,000 additional households
  - \$3.2 billion for Public Housing modernization grants, a \$435 million increase
  - \$1.9 billion for the HOME Investment Partnerships Program, a \$500 million increase
- Transportation would receive a \$3.2 billion increase over FY 2021, including:
  - \$2.5 billion for the Capital Investment Grant program, a 23 percent increase
  - \$1 billion for the BUILD grant program
  - \$625 million for a new passenger rail competitive grant program

## Congressional Budget and Appropriations

The President's budget proposal is a blueprint for Congress. Unlike in past years, when the President's budget proposal was often considered dead on arrival when the opposing party controlled one or both branches of Congress, this year it is expected that the President's party, which holds power by a slight majority in both chambers, will try to follow through with many of his budget proposal priorities.

The House and Senate budget and appropriations leaders began holding hearings on the FY 2022 budget a couple months ago. The Budget Committees plan to consider a Budget Resolution to set topline spending targets for each of the Appropriations Committees and tee-up possible reconciliation instructions. Democratic leaders have indicated they will use Budget Reconciliation as a tool to avoid the needed 60 votes in the Senate needed to push through elements of their agenda and the President's agenda if they cannot get Republican support.

As noted earlier, House and Senate Appropriators launched their work in February, announcing that member-directed priorities—formerly earmarks—now referred to as “Community Project Requests”, will be considered in appropriations bills for FY 2022. The House Appropriations Committee initiated the process to consider member requests and Bellevue has submitted several projects for consideration by Representatives Adam Smith and Representative Suzan DelBene. The Senate has not yet announced an official process for the consideration of appropriations earmarks. Bellevue's federal appropriations requests are summarized below:

Project/Program	Description	Funding Request
Community Crisis Assistance Team (CCAT)	Funding will launch a CCAT program to provide an embedded mental health professional to assist Bellevue Fire and Police respond to 911 calls. Funding will support the salary and benefits of one mental health professional and necessary equipment to support the program.	\$915,900

Bellevue Police Department Camera Program	Funding will help the Bellevue Police Department establish an integrated camera program consisting of both Body Worn Cameras (168) and In-Car Video Cameras (54) that will meet national public safety industry standards and guidelines.	\$1,361,500
Bellevue Transit Center Safety and Connectivity Project	This project will reconstruct the intersections at both ends of the Downtown Bellevue Transit Center and the new Downtown Bellevue light rail station to improve safety at one of the most active bicycle and pedestrian corridors in the City and facilitate safe, convenient and accessible transfers between bus and light rail services. It will provide a seamless connection between the Downtown Bellevue light rail station and Bellevue Transit Center, which will improve access to transit and help manage growth, mobility, and safety within the City. This project is urgently needed before light rail service begins in 2023.	\$1,000,000
Safety Improvements at 156 <sup>th</sup> Avenue SE and Lake Hills Boulevard	Funding will support the reconstruction of the high-collision intersection at 156 <sup>th</sup> Avenue SE and Lake Hills Boulevard to improve safety for all modes, improve transit speed and reliability, and provide safer access to Tillicum Middle School. 156 <sup>th</sup> Avenue SE is a federally classified major collector roadway.	\$1,000,000

## **Federal Policy Agenda**

In addition to directing funding to their priority programs, House Speaker Pelosi and Senate Majority Leader Schumer also plan to pass as much of their party's domestic policy agenda as possible in the coming months. In the last month, the House passed bills related to the following Democratic priorities and Majority Leader Schumer hopes to get them passed in the Senate as well.

### Immigration Legislation

- HR 6 – DREAMERS—Deferred Action on Childhood Arrivals, or DACA
- HR 1603 – Agriculture workers
- HR 1177, S. 348—U.S. Citizenship Act of 2021 introduced in the House.

### Hate Crimes Legislation—HR 1843, S.937

Expedites review of hate crimes against Asian Americans and Pacific Islanders. The Senate may vote on this bill soon. It has broad bi-partisan support and is expected to pass in the Senate.

### Elections Reform—For the People Act. HR 1, S.1

Broad bill that expands voting access and online registration, provides public financing of congressional campaign, increases disclosure.

### Police Reform—George Floyd Justice in Policing Act, HR 1280, S. 353

Would make it easier to sue police and would establish a national police misconduct database, would end transfers of military equipment to police departments.

### Gun Control—Background Checks Act, HR 8, S.529

Ends the gun show loophole by expanding background checks. Several other gun control bills are making their way through the House.

Other proposals expected to receive attention in the coming months deal with semiconductor supply and labor laws related to wage discrimination (HR 7—Paycheck Fairness Act); workplace violence in health care and social services (HR 1195); minimum wage, and collective bargaining among others.

## **POLICY & FISCAL IMPACTS**

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.

## **OPTIONS**

N/A

## **ATTACHMENTS & AVAILABLE DOCUMENTS**

N/A

## **AVAILABLE IN COUNCIL LIBRARY**

N/A