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DATE: May 16, 2019
TO: City of Seattle
FROM: Holland & Knight LLP
RE: May 2019 Federal Update

This memo provides an overview of federal issues important to the City of Seattle, including FY 2020 appropriations, infrastructure, housing/homelessness, the Violence Against Women Act, immigration, the Administration's proposed rule on poverty measures, and cannabis.

I. FY 2020 Appropriations

The House Appropriations Committee is marking up FY 2020 spending bills. Labor-Health and Human Services (HHS)-Education, Military Construction-Veterans Affairs (VA), and Legislative Branch have passed out of Committee. The Interior-Environment, Defense, and Energy-Water bills have already passed out of the House Appropriations Sub-Committees. Although a budget deal has not been reached in Congress, House Appropriations Chairwoman Nita Lowey (D-NY) has determined budget caps for the 12 appropriations bills, referred to as 302(b)s, that set the overall spending levels for FY 2020 measures. House Majority Leader Steny Hoyer (D-MD) says his goal is to complete appropriations work by June 30, an ambitious timeline given the contentious issues that will likely be considered, such as funding for a border wall.

The Senate has not started work on FY 2020 appropriations, as they are continuing to conduct hearings with agency leaders on their FY 2020 budget requests. Senate Appropriations Committee Chairman Richard Shelby (R-AL) said he expects the House will finish appropriations work before the Senate.

The House Appropriations Committee passed the \$189.8 billion Labor-HHS-Education Appropriations bill on May 8th. The bill's funding is an increase of \$11.7 billion over the 2019 enacted level and \$47.8 billion over the President's 2020 budget request. The bill includes:

- \$3 billion for **Workforce Innovation and Opportunity Act Grants**, \$178 million above the FY 2019 enacted level and President's budget request;
- \$250 million for **Registered Apprenticeships**, an increase of \$90 million above the FY 2019 enacted level and the President's budget request;
- \$27.9 billion for the **Administration for Children and Families (ACF)**, an increase of \$4.7 billion above the FY 2019 enacted level and \$9.6 billion above the President's budget request;
 - This includes \$7.7 billion for the **Child Care and Development Block Grant (CCDBG)**, an increase of \$2.4 billion from the FY 2019 enacted level;
 - \$760 million for the **Community Services Block Grant**, an increase of \$35 million from the FY 2019 enacted level.

The Energy-Water bill was approved in subcommittee on May 15th, and included \$46.4 billion, an increase of \$1.8 billion from FY 2019:

- \$7.36 billion for the **Army Corps of Engineers**, an increase of \$357 million above FY 2019 and \$2.53 billion above the President’s budget request;
 - \$2.34 for **Construction**, an increase of \$154 million above the FY 2019 level and \$1.17 billion above the request;
 - \$1.697 billion for **Harbor Maintenance Trust Fund (HMTF) projects**, \$147 million above the FY 2019 level, increase of \$732 million above the request and \$100 million above target set by the Water Resources Reform and Development Act of 2014.
- \$1.63 billion for the **Bureau of Reclamation**, an increase of \$82.8 million above the FY 2019 level and \$523 million above the President’s budget request. This includes:
 - \$400 million in **additional funding for water resources projects**, including those authorized in the Water Infrastructure Improvements for the Nation (WIIN) Act.

The Interior-Environment bill was approved in subcommittee on May 15th, with \$37.28 billion in overall funding, an increase of \$1.73 billion over FY 2019 and \$7.24 billion above the President’s request.

- \$523.9 million for the **Land and Water Conservation Fund (LWCF)**, including \$244 million for the federal program and \$280 million for state programs; the total is \$85 million above the FY 2019 enacted level and \$491 million above the President’s budget request;
- \$1 million for the **Water Infrastructure Workforce program**, a new program authorized in the WRDA 2018 bill that will provide grants for utilities, school districts and higher education institutions that utilize to train utility workers. Seattle Public Utilities helped create the program and has been advocating for federal funding;
- \$4.64 billion for **State and Tribal Assistance Grants**, a \$511 million increase above the FY 2019 enacted level and \$1.87 billion above the President’s budget request;
 - \$3.11 billion for **Clean Water and Drinking Water State Revolving Funds**, an increase of \$345 million above the FY 2019 enacted level and \$1.13 billion above the President’s budget request;

II. Infrastructure

House Speaker Nancy Pelosi (D-CA), Senate Minority Leader Chuck Schumer (D-NY), and several congressional Democrats met with the President on April 30 to discuss an infrastructure package. During that meeting, the group agreed to pursue a \$2 trillion infrastructure proposal, though a pay-for remains elusive. While some House Democrats, such as Transportation and Infrastructure Committee Chairman Pete DeFazio (D-OR), have supported increasing the gas tax to pay for infrastructure, Schumer has said he will not consider that proposal unless the President offers to eliminate some of the tax cuts for the wealthy from the 2017 Tax Cuts and Jobs Act. Senate Democrats have proposed raising the corporate tax rate to 25 percent and reversing tax cuts from the 2017 tax law, but Senate Majority Leader Mitch McConnell (R-KY) has made it clear that is a non-starter for Republicans. At this point, it appears unlikely that a plan that both sides agree on will materialize. Nevertheless, a second meeting is planned for May 22nd.

The surface transportation bill that authorizes funding for road and transit projects, the FAST Act, expires in September 2020. The Senate Environment and Public Works (EPW) Committee and the House Transportation Committee have asked members and stakeholders for their surface transportation priorities. The House committee convened a Members Day hearing on May 1st, where members not on the committee stated their priorities.

Separately, House Energy and Commerce Chairman Frank Pallone (D-NJ) introduced a sweeping infrastructure package on May 15th, the Leading Infrastructure for Tomorrow's America (LIFT America) Act. The proposal seeks investments in combating climate change, expanding broadband access, and protecting public health and the environment. Investments are proposed in several areas, including:

- Over \$33 billion for clean energy
- \$2.7 billion to spur the development of Smart Communities
- More than \$21 billion to protect drinking water
- \$2.7 billion for Brownfields redevelopment
- \$40 billion for the deployment of secure and resilient high-speed broadband internet service
- \$5 billion in federal funding for low-interest financing of broadband infrastructure deployment
- \$100 million to establish a community-based care infrastructure program.

The committee will conduct a hearing on the legislation on May 22nd.

III. Housing/Homelessness

Congress continues to focus on the nation's growing affordable housing crisis. House Financial Services Committee Chairwoman Maxine Waters (D-CA) released draft legislation, the [Housing Is Infrastructure Act of 2019](#), to direct \$70 billion to address the public housing capital backlog, \$10 billion for the Community Development Block Grant (CDBG) program specifically for incentivizing states and cities to eliminate impact fees and streamlining development of affordable housing, and \$5 billion for the Housing Trust Fund (HTF). A [hearing](#) was conducted on April 30th to review the legislation, and stake holders from housing and real estate groups provided input. Other notable housing legislation introduced includes:

- [H.R. 1856, Ending Homelessness Act](#): The bill would appropriate \$13.27 billion in mandatory emergency relief funding over five years to several critical federal housing programs and initiatives. This would include \$5 billion over five years for McKinney-Vento Homeless Assistance Grants, \$2.5 billion over five years for new Special Purpose Section 8 Housing Choice Vouchers, \$1.05 billion in mandatory annual appropriations for the National Housing Trust Fund, \$500 million over five years for outreach funding, and \$20 million for states and localities to integrate healthcare and housing initiatives. The bill was passed out of committee on March 28th.

- [S. 923, the Fighting Homelessness Through Services and Housing Act](#): The bill would authorize \$750 million in grants annually for the next five years, for local governments to combat homelessness. Specifically, the money would fund supportive housing models that provide comprehensive services and intensive case management. A 25 percent match would be required for services and housing from non-federal funds. Grants could be used for any combination of operations and capital building costs, as long as housing and services requirements are fulfilled. Grantees would be required to track outcomes and report on housing stability and improvements in health and wellbeing, including education of children.

In the Senate, the Banking Committee, led by Chairman Mike Crapo (R-ID), has been working on housing finance reform. The committee conducted two days of hearings on housing finance reform on March 26th and March 27th. Chairman Crapo stated it would be a top priority of the committee to find a comprehensive, legislative solution to housing finance reform.

IV. Violence Against Women Act (VAWA)

While the House has passed a [reauthorization](#) of the Violence Against Women Act (VAWA), the Senate has yet to take action. The House passed a bill reauthorizing VAWA on April 10th, with 33 Republicans joining the Democratic majority in approving the bill. However, the bill has stalled in the Senate due to disagreement over a gun control provision. Current law already bars spouses or former spouses convicted of abuse from buying guns. The VAWA reauthorization passed by the House would expand existing gun prohibitions to include dating partners convicted of abuse or stalking charges, closing the so-called “boyfriend loophole”. The new bill also adds protections for Native women and transgender women. Senate Republicans face pressure from the NRA to oppose the bill

V. Immigration

On May 15th, the White House previewed its plan to alter the composition of incoming legal immigrants, focusing on increasing the share of highly skilled immigrants. It does not currently include any reductions or changes for H1-B or H2-B temporary work visas. The White House has said the proposal would restrict family-based migration, to focus on allowing nuclear families to migrate to the U.S., rather than extended family members. It would also keep the level of green cards unchanged, at 1.1 million new green cards per year. Moreover, the proposal would focus on improving physical border security. Though it lacks key details, the proposal does not include protections for individuals under Deferred Action for Childhood Arrivals (DACA), which Democrats have said is their main priority. The proposal has been criticized by Democrats and Republicans in both the House and Senate and is unlikely to become law.

Separately, the Department of Housing and Urban Development (HUD) [proposed a new rule](#) on May 10th that replaces current policy that allows undocumented immigrants with children who are citizens to qualify for public housing. Under HUD’s new proposal, only families in which every member is a legal resident or citizen would qualify. The agency’s analysis of the proposal concluded that around 25,000 households in subsidized housing would have at least one person who would be ineligible. HUD Secretary Carson and White House officials argue that the rule

would result in more resources for legally eligible recipients, and shorten waitlists for public housing and Section 8 housing vouchers. However, low-income housing groups have said the rule is unlikely to impact the national public housing shortage—and may even worsen it. Further, the National Low Income Housing Coalition (NLIHC) said that, “If forced to, the majority of [mixed-status families] would likely split up their families rather than lose the assisted unit. So while the proposal may scare or force families into breaking up their household, it’s very unlikely to free up units for others on the waiting list.” HUD is accepting public comment on the rule through July 9th.

The Administration also called for asylum-seekers to pay fees, and proposed new restrictions on April 30th. In a [presidential memorandum](#), President Trump gave Attorney General (AG) William Barr and acting Homeland Security Secretary Kevin McAleenan 90 days to propose new regulations to accelerate the processing of asylum claims, charge application fees, and ban work authorization for certain applicants. While the regulations have yet to be specified by Barr and McAleenan, immigrants’ rights advocates and Democrats raised concerns that changes would prevent migrants from applying for types of relief for which they are eligible. Further, concerns have been expressed that changes would not address current processing delays at the border. The final language of the proposed regulations is likely to be challenged in court.

VI. Administration Proposes to Change Poverty Measures

The Trump Administration has proposed changing the way poverty is measured. The proposed rule would adjust the poverty line annually using a different inflation measure that would result in a slower increase over time. The current poverty line for a family of four is about \$26,000, and each year the line is adjusted for inflation based on the consumer price index (CPI). The Administration [published a notice](#) in the Federal Register on May 7th, that recommends changing this poverty calculation and seeks comment on the benefits of using a chained CPI, which assumes that as prices of goods increase, individuals substitute less expensive items, thus reducing their overall expenses. Several anti-poverty groups have raised concerns that low-income individuals would be pushed off assistance programs, such as SNAP, Medicaid, and Head Start. Groups such as the National Women’s Law Center have said the existing poverty measure is already inadequate because it is based on an outdated formula that assumes the average family spends approximately one-third of income on food, which is no longer the case. The Administration is accepting comments on the proposal until June 21.

VII. Cannabis

On March 28th, the House Financial Services Committee approved the [SAFE Banking Act](#). The bill, which would allow financial institutions to serve legitimate cannabis businesses, may come to the House floor for a vote before Memorial Day recess at the end of May. It currently has over 175 bipartisan cosponsors. It is possible that the STATES Act ([S. 1028/H.R. 2093](#)), a separate cannabis-related bill that would protect states’ rights to enact their own marijuana policies, may be a vehicle for the banking bill. Given strong Senate Republican opposition, it is unlikely that this bill is enacted into law this session of Congress. Nevertheless, House passage of the SAFE Banking Act is an important marker in the effort to help cannabis businesses access financial services.

