

# Washington Update

COUNTY OF SANTA BARBARA

April 26, 2021

## FY 2022 APPROPRIATIONS

We are continuing to advocate in coordination with NACo and other local government stakeholders for the County's funding priorities for the fiscal year 2022 appropriations cycle. We are also working with our local delegation to provide them with budget justifications for their use in supporting key County programs with the Appropriations Committees.

President Biden released a brief outline of his discretionary budget request on April 9. The Budget proposes significant increases in domestic programs such as education, health care and environmental protection. It proposes \$769 billion for nondefense discretionary programs, a 16 percent increase, and \$753 billion for defense programs, an increase of 1.7 percent. Although a more detailed budget submission is needed to help guide the process, Congress has begun the hearings and other steps needed to enact the 12 separate annual appropriations bills by the start of the new fiscal year on October 1.

We are also working directly with Representative Carbajal regarding the requests for community project funding that your Board identified in the April 12 budget workshop. Representative Carbajal will be able to submit up to ten projects to the House Appropriations Committee for possible funding and his staff is currently sifting through the myriad submissions they received from across the Congressional District. The initial decisions about funding for Community Projects are likely to be known when the Committee starts drafting its bills in May.

## SURFACE TRANSPORTATION PROGRAMS

The House Transportation and Infrastructure Committee is expected to draft a multi-year bill to reauthorize federal surface transportation

programs during May. The legislation will build on H.R. 2, the *Moving Forward Act*, which was passed by the House last July, but which was not taken up by the Senate during the 116<sup>th</sup> Congress. H.R. 2 proposed a \$494 billion reauthorization of surface transportation programs, which was then made the core of a larger effort to fund other forms of infrastructure.

Committee Chair DeFazio (D-OR) has invited members of the House to submit projects for possible designated funding in the reauthorization legislation. We worked with County staff to develop requests for the transportation projects identified by your Board, and we worked with Representative Carbajal's staff to submit them for consideration. The Senate has not yet announced a decision on whether they will earmark funding for projects. The overall process in the Senate will be slower than the House but the Environment and Public Works Committee is hoping to draft the highway program provisions by this summer.

## AMERICAN FAMILIES PLAN

President Biden will be addressing a joint meeting of Congress this week to unveil his American Families Plan. This is the second part of the "Build Back Better" agenda. Some of the key components that are expected to be included are: \$300 billion of education funding, \$225 billion in child-care funding, \$225 billion for paid family and medical leave, and \$200 billion of additional Affordable Care Act subsidies. The plan will call for various tax increases to finance the initiatives such as increasing the top tax rate from 37 percent to 39.6 percent and increasing the taxation of capital gains. These tax increases will make it challenging to obtain bipartisan support for the American Families Plan.

## INFRASTRUCTURE

Following the release of President Biden's American Jobs Plan, Congressional leaders are weighing their options for moving the \$2 trillion infrastructure proposal through to enactment. This process has been delayed as leaders explore the possibility of bipartisan support for the legislation.

So far, Senate Republicans are only offering to support a much smaller \$568 billion proposal that they recently released. Major components in their plan include:

- \$299 billion for roads and bridges,
- \$61 billion for public transit,
- \$20 billion for rail,
- \$35 billion for drinking and wastewater,
- \$13 billion for safety,
- \$17 billion for ports and inland waterways,
- \$44 billion for airports,
- \$65 billion for broadband, and
- \$14 billion for water storage.

The Republican plan envisions user fees paying for part of the cost of the new spending and rejects the corporate tax increases proposed in the Biden plan.

The bipartisan Problem Solvers Caucus also released an infrastructure alternative that includes calls for new spending on transportation, freight movement, water, and broadband projects as well as investment to modernize the electric grid. The Caucus plan generally does not specify funding levels for the components of their proposal. Several financing mechanisms are included as possibilities including an increase in the federal gasoline tax and an annual registration fee on fully electric and hybrid vehicles.

Although talks between the parties are ongoing, the significant differences to be resolved indicate that at least part of the plan will be enacted through the expedited budget reconciliation process.

## HUD FUNDING

Earlier in April, the Department of Housing and Urban Development announced supplemental funding to help communities create affordable housing and services for people experiencing or at risk of experiencing homelessness. The County of Santa Barbara is slated to receive \$4,647,509, which will be allocated through the HOME Investment Partnerships Program. The County also received the following funding awards through separate announcements: \$651,705 through HUD's Capital Fund Program, which supports the building, renovation, and modernization of public housing, \$1,316,757 through the Community Development Block Grant program, and \$1,282,323 through the regular HOME Investment Partnerships program.

## SAFE BANKING ACT

The House passed Representative Perlmutter's (D-CO) H.R. 1996, the *Secure and Fair Enforcement (SAFE) Banking Act of 2021* on April 19. The bill includes provisions to protect banks from federal penalties if they provide services to legitimate cannabis-related businesses. Companion legislation has been introduced by Senator Merkley (D-CO) as S. 910, but no action has been scheduled on it yet.

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