

Washington Update

COUNTY OF SANTA BARBARA

September 28, 2021

FY 2022 FUNDING

As the October 1 start of the new federal fiscal year approaches, Democratic leaders are still scrambling to craft a strategy to avoid a government shutdown when the current fiscal year funding bills run out this week. This issue has been complicated by the impending deadline to increase the federal debt limit in order to allow the federal government to borrow money and pay debts. Under current estimates, the federal government will run out of money and the authority to borrow at some point between October 15 and November 4, which would make it impossible to honor its financial obligations.

The House passed H.R. 5305 on September 21 on a party-line vote to extend current-year funding authorities through December 3. The legislation also includes a provision to suspend the debt limit through December 16, 2022. However, H.R. 5305 has faltered in the Senate, where procedures require 60 votes to move the legislation. A key vote in the Senate on September 27 resulted in a 48-50 defeat of an attempt to bring the measure up for a floor vote. Senate Republicans are instead proposing S. 2789 to provide the same interim appropriations Continuing Resolution, without the suspension of the debt limit.

INFRASTRUCTURE LEGISLATION

The House appears headed for a vote on H.R. 3684, the *Infrastructure Investment and Jobs Act*, later this week. The Senate voted on August 10 to pass H.R. 3684, by a vote of 69-30. This legislation would reauthorize surface transportation and water programs and provide about \$550 billion of new funding for roads, bridges, water systems, broadband, passenger rail, transit, and other infrastructure.

House Democrats have been divided on the timing of bringing up H.R. 3684 for a final vote.

Dozens of progressive House Democrats have been insisting that President Biden's other domestic policy agenda must be enacted first through a \$3.5 trillion budget reconciliation bill. On the other hand, moderate members have been insisting on passing the infrastructure package immediately. In order to obtain moderate votes needed to begin the budget reconciliation process, Speaker Pelosi pledged to hold a House vote on the infrastructure bill no later than September 27. Debate on the measure began earlier in the week and a vote on final passage is expected September 30.

BUDGET RECONCILIATION

Congressional Democrats are pressing forward with their efforts to use the budget reconciliation process to enact key portions of President Biden's *Build Back Better* plan. Thirteen House Committees have drafted their recommendations for inclusion in the package, which the House Budget Committee assembled together and reported out of Committee on September 25. The House budget reconciliation package currently includes major aspects of President Biden's domestic policy agenda, such as Medicaid and Medicare expansion, housing assistance, educational support, paid family and medical leave, workforce development and transportation investments.

We have been advocating that the budget reconciliation package give priority to measures to mitigate climate change and House committees have drafted dozens of provisions to respond to that challenge. As currently drafted, the House package includes:

- \$150 billion to implement a carbon-free grid program to pay power companies to shift to low-and zero-carbon fuel sources and penalize those that don't in order to achieve the goals of a Clean Energy Standard.

- A Methane fee for emissions from natural gas and oil drilling, storage and transmission facilities.
- A Civilian Climate Corps program to deploy young people for conservation projects.
- \$10 billion for rural communities and rural electric co-ops to transition to renewable energy practices.
- \$26 billion for electric vehicles and charging infrastructure.
- \$27.5 billion to invest in nonprofit, state, and local financing institutions designed to rapidly deploy low- and zero-emission technologies by leveraging investment from the private sector.
- Tax incentives for producing renewable energy
- Extension and expansion of the tax credit for electric vehicle purchases. The per-manufacturer cap would be removed, the full \$7,500 credit would only be allowed if the vehicles meet certain battery capacity standards, and an extra \$4,500 credit would be added if the final assembly of the vehicle is at a facility in the United States which operates under a union-negotiated collective bargaining agreement.
- Tax incentives for EV charging infrastructure, green homes, residences and commercial buildings.
- \$3.5 billion in grants and rebates for technology that reduces emissions from ports, for example by capturing the emissions from ships when they are docked.
- \$9 billion for rebates to homeowners for energy-efficient renovations.
- \$7.5 billion for the purchase of electric vehicles and related infrastructure at the General Services Administration and the U.S. Postal Service.
- \$4 billion for Department of Transportation carbon reduction project grants. \$3 billion of this would be for competitive grants to local governments.

This package is subject to further revisions before the House votes on it as Democratic Leaders work behind the scenes to accommodate the priorities and concerns of various factions within the party. In addition, the Senate is waiting to see what the House passes before drafting its version of the package. The support of all 50 Democratic Senators will be needed for Senate passage because Republicans remain united in their opposition. Senator Manchin (D-WV) and Senator Sinema (D-AZ) have expressed concerns about the size and details of some provisions in the House plan, which could result in changes to the House bill.

IMMIGRATION REFORM

The version of the House budget reconciliation legislation that was reported by the House Budget Committee on September 25 includes immigration provisions that we have advocated for as part of the County's support for comprehensive immigration reformation. As currently drafted, the House budget reconciliation bill would provide a process to grant lawful permanent residence for those who entered the US as children, who worked in critical industries during the pandemic, or who are in the U.S. under temporary humanitarian protections. It would also provide additional green cards by recapturing green cards that went unused between 1992 and 2021.

The pathway for Senate adoption of the immigration reform provisions is unclear because of the restrictive rules regarding what can be included in the expedited budget reconciliation process. The Senate parliamentarian reportedly informed members earlier in September that the immigration provisions would be ruled out-of-order if challenged during the Senate budget reconciliation process. House Democratic Leaders may try to revise the House provisions before bringing their budget reconciliation bill to the floor for a vote.

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