

Metropolitan Transportation Commission and Association of Bay Area Governments
Joint MTC ABAG Legislation Committee

July 11, 2025

Handout - Agenda Item 4a

Washington D.C. Legislative Update

Subject:

June 2025 Report from Washington, D.C. advocate.

Issues:

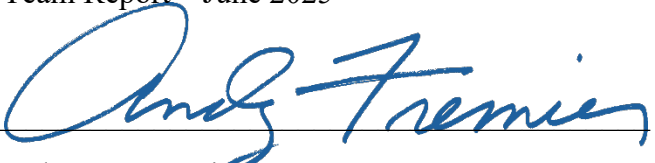
None identified.

Recommendations:

Information

Attachments:

- Attachment A: Summit Strategies Team Report – June 2025


Andrew B. Fremier



SUMMIT
STRATEGIES

440 1st Street, NW, Suite 440
Washington, DC 20001
(202) 638-3307 main
www.summitstrategies.us

Summit Strategies Team Report – June 2025

From: Summit Strategies Team

To: Andrew B. Fremier, Executive Director

Date: July 9, 2025

Subject: June 2025 Federal Policy Monthly Report

- **President Trump Signs Megabill**
 - **DOT Announces More Grant Agreements**
 - **Supporting MTC Priorities in Congress**
 - **National Transportation News Roundup**
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Below is a status update on issues of interest to MTC and the actions that we have taken to date.

President Trump Signs Megabill

On July 4, 2025, President Donald Trump signed his signature legislative package into law, a massive tax cut and spending package that will have far-reaching impacts on the U.S. economy. The bill included several provisions that could directly impact transportation, housing and land use, and many others that could have downstream impacts. Key changes include:

Housing

In good news, the bill makes permanent a 12% increase to the 9% low-income housing tax credit's ceiling on annual state allocations starting in tax year 2026. The program primarily helps fund construction of housing for lower-income renters, along with preserving affordable rental housing. Notably, the measure also would lower the minimum bond-financing threshold for the 4% Low-Income Housing Tax Credit to 25%, instead of 50%, for projects financed by bonds starting in 2026. MTC and ABAG have been advocating for housing tax credit modifications for years, including during your visit to Washington, D.C. in May 2025. It's notable that the final changes in the bill go even further than the agencies' most recent recommendations for a *temporary* increase in the 9% tax credit ceiling and a lowering of the bond-financing threshold to 30%.

Transportation

The bill rescinds billions of unobligated balances from transportation grant programs funded through the 2022 Inflation Reduction Act (IRA), including nearly \$2.5 billion from the U.S. Department of Transportation's (DOT) Biden-era Neighborhood Access and Equity Grant program. The bill also rescinds unobligated balances of U.S. DOT-administered grants targeted toward clean trucks, transit and rail. The final bill did not include a House-passed provision that would have instituted a new federal user fee for electric and hybrid vehicles.

Environment

Project sponsors can pay a fee totaling 125% of a federal agency's costs to receive expedited environmental reviews. Agencies would have to complete an environmental assessment within 180 days or an environmental impact statement within one year. The final bill omitted a provision from the House that would have blocked judicial review of the expedited environmental assessment or environmental impact statement.

The bill also makes significant changes to programs and tax credits from the Inflation Reduction Act (IRA), including:

- *Phaseout of certain credits:* Accelerates the phaseout for primarily wind, solar, and electric vehicle (EV) clean energy tax incentives created or modified by the IRA
- *Eliminates funding from IRA grant and financing programs:* Rescinds tens of billions of dollars in unobligated balances from myriad IRA grant and financing programs, including the transportation programs listed above.
- *Clean hydrogen producer credit:* Phases out the section 45V clean hydrogen production credit by requiring construction on facility to commence before January 1, 2028.
- *Energy generation and storage credits:* Permits credits for nuclear, geothermal and energy storage and provides an increased credit for certain advanced nuclear facilities in communities with a threshold amount of employment at such facilities.

Wind and solar investment and production credits: Ends wind and solar investment and production tax credits for facilities placed in service after December 31, 2027. There is an exception for facilities that begin construction within 12 months from the date of enactment.

- *Energy-efficient commercial buildings:* Terminates the section 179D deduction for energy-efficient commercial buildings for property the construction of which begins after June 30, 2026.
- *New energy efficient home credit:* Terminates the section 45L credit for qualified property acquired after June 30, 2026.
- *Alternative fuel vehicle refueling property:* Terminates the section 30C credit for property placed in service after June 30, 2026.
- *Qualified commercial clean vehicles credit:* Terminates the section 45W credit for vehicles acquired after September 30, 2025.
- *Transferability of clean energy credits:* Broadly, allows taxpayers to transfer credits under section 6418 if the underlying credits are still available.

- *Clean energy provisions affecting individuals:* Terminates the individual clean energy credits, including those for:
 - Electric vehicles acquired after September 30, 2025
 - Residential clean energy property (including solar energy property) placed in service after December 31, 2025
 - EV charging equipment placed in service after June 30, 2026
- *Foreign entity of concern rules:* Makes additional changes to the proposed foreign entity of concern rules applicable to most energy credits, including certain facilities where construction begins after December 31, 2025

Medicaid and SNAP

The tax and spending bill includes significant changes to Medicaid (called Medi-Cal in California) and the Supplemental Nutrition Assistance Program (SNAP, called Cal-Fresh in California) – federally funded programs that states administer – that are expected to have major impacts on state and local budgets. Beginning in 2028, states like California, which expanded coverage under the Affordable Care Act, will be subject to a new cap on “provider taxes,” a tool many states currently use to make Medicaid payments to providers and expand coverage. The bill also includes new work requirements for Medicaid recipients. Although research shows that the vast majority of adults who receive Medicaid already work full time, the additional paperwork and more frequent administrative hurdles are expected to result in deep cuts in coverage.

Furthermore, the bill shifts some of the cost of SNAP to states and alters the age requirements for individuals to qualify for SNAP benefits. Currently, able-bodied adults between the ages of 18 and 54 must meet work requirements. This will be expanded to people between 18 and 64.

Land Sales

After pushback from Senate Republicans from western states, a provision that would require mandatory sales of Bureau of Management land to allow for more housing was stripped from the final package.

DOT Announces More Grant Agreements

This month, Transportation Secretary Sean Duffy announced that the U.S. DOT approved nearly 530 grant agreements, primarily for projects that had secured grants under the Biden administration. Although it's highly unusual for a new administration to claw back an awarded grant, even if that grant was awarded under a prior administration, the Trump administration put a hold on a series of previously awarded grants and re-reviewed the projects in light of the new administration's priorities. The action this month restored certainty to many grant recipients who had been awaiting final approval, including MTC's \$20 million PROTECT grant for State Route 37 Sears Point to Mare Island that was awarded in 2022.

Supporting MTC Priorities in Congress

The DC Team has been hard at work and has communicated with several congressional offices and agencies over the last month. This list includes:

The DC Team spoke with the Offices of Representatives Mark DeSaulnier (D-CA), Jared Huffman (D-CA), Lateefah Simon (D-CA), and John Garamendi (D-CA) on MTC's surface transportation reauthorization priorities. The Office of Representative Mark DeSaulnier (D-CA), Representative Lateefah Simon (D-CA), Representative Zoe Lofgren (D-CA), Senator Adam Schiff (D-CA), and Senator Alex Padilla (D-CA) confirmed that they submitted all of MTC's priorities. The Office of Representative Jared Huffman confirmed that they submitted MTC's priorities on resiliency efforts.

The DC Team spoke with the staff of the House Transportation and Infrastructure Committee's Highway and Transit Subcommittee regarding project delivery and pre-award authority.

National Transportation News Roundup (links to articles)

- [California lawmakers announce deal on transit funding \(Trains\)](https://www.trains.com/trn/news-reviews/news-wire/california-lawmakers-announce-deal-on-transit-funding/)
<https://www.trains.com/trn/news-reviews/news-wire/california-lawmakers-announce-deal-on-transit-funding/>
- [Eno Center's latest report explores how transit agencies can improve project delivery \(Mass Transit\)](https://www.masstransitmag.com/management/press-release/55298937/eno-center-for-transportation-eno-centers-latest-report-explores-how-transit-agencies-can-improve-project-delivery)
<https://www.masstransitmag.com/management/press-release/55298937/eno-center-for-transportation-eno-centers-latest-report-explores-how-transit-agencies-can-improve-project-delivery>

- [Chicago's Transit Systems Face a Fiscal Cliff \(Governing\)](https://www.governing.com/transportation/chicagos-transit-systems-face-a-fiscal-cliff)
<https://www.governing.com/transportation/chicagos-transit-systems-face-a-fiscal-cliff>
- [OR: Tax hikes in proposed Oregon transportation package would eventually raise more than \\$2 billion per year, new report says \(Mass Transit\)](https://www.masstransitmag.com/management/news/55297911/or-tax-hikes-in-proposed-oregon-transportation-package-would-eventually-raise-more-than-2-billion-per-year-new-report-says)
<https://www.masstransitmag.com/management/news/55297911/or-tax-hikes-in-proposed-oregon-transportation-package-would-eventually-raise-more-than-2-billion-per-year-new-report-says>