

ALCALDE & FAY

GOVERNMENT & PUBLIC AFFAIRS CONSULTANTS

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MEMORANDUM

TO: **Brandon Wagner**

FROM: **Hector Alcalde
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SUBJECT: ***October Legislative Report***

Fiscal year 2012 began on the first of October and P.L. 112-36, the Continuing Appropriations Act 2012 which funds the government through November 18, was enacted on October 5.

APPROPRIATIONS/AUTHORIZATIONS

PROJECT	CURRENT STATUS	RECOMMENDED STRATEGY	INTERESTED PARTIES
<u>FY2011 APPROPRIATIONS</u>	As reported previously, \$527 million was provided in FY 2011 appropriations for another round of the Transportation Investment Generating Economic Recovery (TIGER) competitive grant program. Final applications were due on or before October 31, 2011.	Alert County to funding opportunities.	
<u>HILLSBOROUGH COUNTY 2011 APPROPRIATION PROJECTS AND PROGRAMS FOR FEDERAL FY2012</u>	No FY2012 Appropriations bills were enacted in October. The Senate began consideration of a "minibus" (H.R. 2112) that includes FY 2012 funding for the Agriculture, Commerce Justice Science and Transportation HUD appropriations bills. The Senate is scheduled to continue its deliberations on November 1. The House has passed six of the 12 appropriations bills while the Senate has completed one. Between now and November 18, an omnibus funding bill or a series of minibuses could be agreed upon that will fund the government through	Identify programs that are of importance to the County so that we can consider the appropriate strategy to implement and encourage continued funding for the	NACo, Delegation

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	<p>all of fiscal 2012. If not, the federal government will operate under a series of short-term continuing resolutions. Many believe that final funding for 2012 will not be resolved until the Joint Select Committee on Deficit Reduction has completed its efforts.</p> <p>As reported previously, both the House and Senate Appropriations Committees have instituted an earmark moratorium.</p>	<p>programs.</p> <p>Discuss and develop FY 2012 appropriation requests and monitor submission date.</p> <p>Continue monitoring highway funding opportunities</p>	
<p><u>BUDGET CONTROL ACT</u></p>	<p>The Joint Select Committee on Deficit Reduction, created by the Budget Control Act (BCA) to reduce the deficit by \$1.5 trillion over the period through FY 2021, had one public hearing on October 26. Both Democrats and Republicans submitted deficit reduction plans before and after this hearing. Democrats proposed \$2.5 to \$3 trillion in deficit reduction measures. The proposal consists of an even split between tax increases and spending cuts, and also \$200 to \$300 billion in new stimulus spending that would be paid by lower interest payments on the debt. The plan calls for \$400 billion in Medicare cuts split evenly between beneficiaries and providers. Republicans released a counteroffer to the Democrats deficit reduction proposal that would rely principally on spending cuts for its savings and would reform the current tax code. Certain revenue in the Republican plan may come from moving to a different cost-of-living adjustment index, known as the chained consumer price index, which would also have the effect of limiting annual increase in Social Security benefits. October 14 was the deadline for House and Senate Committees to submit their recommendations for budget spending cuts and/or caps as well as revenue generating options such as modifications to tax benefits or tax increases. The Joint Committee must vote to approve its deficit reduction recommendations by November 23, 2011, and a vote on passage of the Joint Committee bill must occur in the House and Senate on or before December 23, 2011. Should Congress fail to pass the recommendations of the Joint Committee, additional across the</p>		

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	board spending cuts are automatically implemented through a sequestration process and adjustment of the security and non-security spending caps.		
<u>WISE</u>	Regional Water Infrastructure and Supply Enhancement Project (WISE) – A letter to Senator Bill Nelson regarding FY 12 funding for the WISE project has been drafted and modified.	Encourage continued grant seeking Send letter to Senator Nelson	
<u>FY 2013 BUDGET</u>	The White House has directed federal departments and agencies to find ways to set their fiscal 2013 budget requests up to 10 percent below current spending levels. In an August 17 memo, the Office of Management and Budget (OMB) said requests for discretionary appropriations for the fiscal year that begins Oct. 1, 2012, should be at least 5 percent below what departments and agencies received for fiscal 2011, unless they received specific direction otherwise. In addition, they should identify additional cuts that would put their requests 10 percent below the current level. Even a 5 percent cut in discretionary appropriations, if carried out across the government, would amount to significantly less than the amount presumed by the just-enacted debt limit deal, the Budget Control Act , which established spending caps for each of the next 10 years.	Identify programs of importance to the County that could be adversely impacted by cuts and communicate with delegation and White House about the need for continued funding.	
<u>Water Resources Development Act of 2011</u> <i>Egmont Key</i>	During February, House Transportation and Infrastructure Chairman John Mica (R-FL) announced that the Committee would begin work on the next WRDA bill which, depending on the situation with earmarks, can be used to authorize needed work on Egmont Key. Senator Barbara Boxer (D-CA) and Senator James Inhofe (R-OK) are now accepting requests for WRDA projects. The deadline for submission into the Senate Environment and Public Works Committee was been extended until September 20, 2011. However, Hillsborough County provided the WRDA submission to Senator Nelson by the first deadline established by the Senator's office of April 18. In addition, we talked with Senator Nelson and staff numerous times in regard to the Egmont Key submission, the details of the project, the impediments with the Corps language passed by the House Committee last year, and other methods, congressional support, and agencies involved in	Continue to inform and follow up with Sen. Bill Nelson on WRDA application. We have sought private as well as federal funding opportunities for Egmont Key.	Delegation, State of Florida, Army Corps of Engineers, USFWS, Egmont Key Alliance

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	<p>achieving a final solution on the beach revitalization project. Senator Rubio's office is not accepting WRDA requests.</p> <p>Few people believe a bill will pass until 2013. The last bill passed in 2007, and the previous bill passed seven years earlier.</p>		
<p><u>SURFACE TRANSPORTATION AUTHORIZATION ACT 2011</u></p>	<p>The Safe, Accountable, Flexible, Efficient Transportation Equity Act: A Legacy for Users (SAFETEA-LU) and current gas tax provisions have been extended through March 31, 2012. The provisions have been extended eight times since the original authorization expired on September 30, 2009.</p> <p>Late in October, the Senate Environment and Public Works Committee announced that they would be marking up their two-year surface transportation bill, Moving Ahead for Progress in the 21st Century (MAP-21), on November 9. There is currently a \$12 billion gap between the proposal's cost and what the Highway Trust Fund anticipates collecting over the life of the legislation. The Senate Finance Committee continues to work to identify offsets for the funding gap. The Committee released their bipartisan outline of legislation to replace SAFETEA-LU in July.</p> <p>Rep. John Mica (R-FL), Chairman of the House Transportation and Infrastructure Committee stated that he would try to move immediately to a six-year surface transportation bill with a price tag of about \$285 billion if an FAA reauthorization (H.R. 658, S. 223) could be completed this year. The Committee released a 22-page summary of their proposal earlier this year.</p> <p>There is a significant gap between the spending needs and what the Highway Trust Fund is expected to bring in through motor fuels taxes. During the month there were reports that Speaker John A. Boehner had begun on a proposal to use money raised through the sale of bonds linked to expanded offshore oil and gas drilling to replenish the Highway Trust Fund.</p>	<p>Identify programs that are essential to the County and any changes that the County might wish to propose in existing surface transportation law and communicate that position to the delegation.</p>	<p>NACo, Delegation</p>

POLICY ISSUES

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<p><u>AMERICAN JOBS ACT</u></p>	<p>In October, the Senate was unable to proceed to a vote on S.1660, Senate Majority Leader Harry Reid's version of the American Jobs Act outlined by the President in September. In addition, the Senators rebuffed S. 1723, the Teachers and First Responders Back to Work Act of 2011, which included elements of the President's job-creation proposal. In November, Senate Democrats announced that they will take up the infrastructure piece of the President's jobs-creation package. The \$60 billion package of transportation infrastructure projects would be offset by a 0.7 percent surcharge on income exceeding \$1 million. The plan includes:</p> <ul style="list-style-type: none"> • \$2 billion for airport development grants, plus \$1 billion for the Federal Aviation Administration to advance its NextGen air traffic control system upgrade. • \$27 billion for highway and bridge projects. • \$4 billion specifically for passenger-rail upgrades, including some high-speed rail projects, and \$2 billion for Amtrak to upgrade and replace equipment and infrastructure. • \$3 billion to capitalize public transit projects, with another \$6 billion for "fixed guideway" light rail and electric trolley buses, as well as bus systems. • \$5 billion for competitive grants available for any transportation additions and upgrades. <p>For the longer term, the bill would establish a national infrastructure bank to fund future transportation projects, helping to match public and private money. The proposal would also provide \$10 billion in seed money and establish a board and an executive to run the bank, which would be responsible for reviewing potential projects for viability and matching public and private partners willing to invest together.</p>		

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<u>THREE PERCENT (3%) WITHHOLDING REQUIREMENT</u>	On October 27 the House passed H.R. 674 (405-16) to repeal the law that requires governmental and non-governmental entities to withhold three percent of their payments to vendors and to remit those monies to the IRS. To offset the cost of repeal, the House also passed legislation to modify the calculation of modified adjusted gross income for purposes of determining eligibility for certain healthcare-related programs under the new health care reform law. The two bills will now be combined and sent to the Senate. Senate leaders agree on repealing the three percent withholding but have not yet agreed on how to offset the cost.	Continue to inform and follow up with Hillsborough Delegation.	U.S. Chamber of Commerce, NACo
<u>MORATORIUM ON DRILLING IN THE GULF OF MEXICO</u>	On October 11 the Obama Administration lifted its moratorium on oil and gas drilling in the deep waters of the Gulf of Mexico. British Petroleum (BP) announced October 26, that it had earned its first permit to drill for oil in the Gulf and that a resumption of drilling is imminent.	Continue to monitor and report.	

ADDITIONAL PRIORITIES

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<u>DRAFT INTERNET TRAVEL FAIRNESS ACT</u>	We continue to monitor the internet hotel tax issue. Of recent interest are stories about the five Counties in Michigan reaching an “amicable settlement without any admission of fact or law” with Internet booking companies regarding hotel/motel lodging taxes and Orange County, FL reaching a voluntary settlement with Expedia. Several online travel companies (OTCs), the targets of a class-action lawsuit over unpaid taxes led by the Town of Breckenridge, CO are moving to have the litigation dismissed, saying they do not owe anything. Also, U.S. District Court Judge Ronald A. Guzman ruled October 14, that seven online travel companies named in the lawsuit must pay taxes on the fees they charge customers for booking hotel rooms in Rosemont, IL. On October 26, the Texas 14th Court of Appeals affirmed that online travel companies (OTCs) pay all of the taxes that they are legally	The American Hotel and Lodging Association has begun an effort to publicize the impact that the proposed provisions would have on local jurisdictions. Continue to inform and follow up with Hillsborough Delegation.	NACo, AHLA, U.S. Conference of Mayors

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	required to, and that the City of Houston and the Harris County-Houston Sports Authority cannot impose taxes on them for their reservation services.		

OTHER

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<u>NATIONAL FLOOD INSURANCE LEGISLATION</u>	On July 12, the House passed H.R. 1309 reauthorizing the National Flood Insurance Program (NFIP) through September 30, 2016. It would give authority to temporarily suspend mandatory purchase requirements for those in special flood hazards areas, and provide a five-year phase-in of flood insurance rates for newly mapped areas. The Senate has received the bill and referred it to the Senate Committee on Banking, Housing, and Urban Affairs . On September 8, 2011, the committee unanimously approved the "Flood Insurance Reform and Modernization Act," sending it to the full Senate for consideration. This is the Committee's response to the NFIP reform bill (H.R. 1309) passed by the House earlier this year. Similar to the House bill, this one would also provide for a 5-year extension as well as premium-rate and flood-mapping reforms that ensure the continuation of the program long term. As of the end of October this legislation had not been taken up in the full Senate. On October 4, Congress passed a temporary extension to the NFIP until November 18.	Continue to monitor status in Senate.	