



February 10, 2009

Dear Conferees:

As you consider negotiations on the Economic Recovery and Reinvestment Act the National Association of Counties (NACo) urges your support for the following programs critical for providing services and jobs at the county level.

Repeal of Three Percent Withholding

NACo strongly supports Section 1541 of the House version of the bill, which would repeal the three percent withholding tax on government contractors. Currently scheduled to take effect on January 1, 2011, this expensive unfunded mandate marks the first time that federal tax withholding and reporting are imposed on the purchase of goods and services – a requirement that applies only to the public sector. The Department of Defense alone estimates that its costs to comply with the withholding requirement will be in excess of \$17 billion over the first five years, which far exceeds any estimated revenue gains.

Health

NACo supports the \$87 billion temporary increase to the Medicaid federal medical assistance percentage (FMAP) in both the House and Senate bills, including “pass-through” language for counties contributing to the non-federal share of Medicaid as well as increased Disproportionate Share Hospital (DSH) payments for county hospitals which serve large numbers of the unemployed and uninsured.

We urge adoption of the House provision to extend existing moratoria on six rules proposed by the Centers for Medicare and Medicaid Services (CMS) and place a sixth rule relating to outpatient services under moratorium.

We support the House provision of \$3.0 billion for prevention and public health.

State Fiscal Stabilization Fund

Support House passed funding for the State Fiscal Stabilization Fund at \$79 billion.

Justice Public Safety

NACo supports the House version that sets aside \$3 billion for the Byrne/JAG program and \$1 billion for COPS.

Homeland Security and Disaster Assistance

NACo supports the Senate passed version for homeland security and disaster assistance:

Support \$100 million for mass transit security upgrade programs.

Support \$100 million for Port Security Grants.

Support \$500 million for the upgrade or construction of critical infrastructure facilities.

Support \$250 million for Emergency Operation Centers.

Support \$500 million for FEMA's Firefighter Assistance Grant Program.

We urge conferees to support provisions in the Senate bill that remove the \$5 million cap on FEMA's Community Disaster Loan Program.

We also support authorizing funding for redeveloping foreclosed and abandoned homes damaged or destroyed as a result of the 2005 hurricanes, severe flooding in the Midwest in 2008, and other natural disasters.

Workforce

NACo supports the House passed provisions for existing workforce development programs, including three state formula grant programs that provide funding for youth \$1.2 billion, adults \$500 million and dislocated workers \$1 billion and assistance for Title I-B at \$2.3 billion in discretionary funding.

Human Services

NACo appreciates the inclusion of provisions in the House and Senate bills that will help counties provide services to needy families, particularly the restoration of child support enforcement funds and the increase for administrative costs related to the Supplemental Nutrition Assistance Program.

Regarding the differences in program funding for social services, NACo supports the following:

Senate funding for the Social Services Block Grant -- \$400 million

House funding for the Community Services Block Grant -- \$1 billion

House funding for the School Improvement Construction Grants -- \$16 billion

House funding for Child and Adult Care Food Program -- \$631 million

House funding for Head Start and Early Head Start -- \$2.1 billion

House funding for Senior Meals -- \$200 million

House funding for the Low Income Home Energy Assistance Program -- \$1 billion

Housing and Economic Development

Community Development Block Grant

We support at least \$1 billion in Community Development Block Grant (CDBG) funds as contained in the House version of the bill.

HOME Program

We support \$1.5 billion for the HOME Investment Partnerships Program as passed by the House and allocate these funds to state and local participating jurisdictions pursuant to the current formula. This

funding should be in addition to any HOME funding to be used to fill financing gaps in Low-Income Tax Credit projects contained in the Senate version of H.R. 1.

Neighborhood Stabilization Program

We support the \$4.2 billion for the Neighborhood Stabilization Program (NSP) program as passed by the House. We also support the repeal of Section 2301(d)(4), reinvestment of profits from sales, rentals and redevelopment of NSP-assisted housing that is included in the House bill.

Economic Development Assistance Grants

Support \$250 million for Economic Development Assistance grants as passed by the House.

Energy and Environment Issues

Clean Water State Revolving Fund

NACo supports \$6 billion, for wastewater infrastructure through the Clean Water State Revolving Fund (CWSRF) as passed by the House. We also support the House's 50 percent set aside that requires states to make negative interest loans, grants, etc. Ideally, we would like the money to be offered strictly in the form of grants due to the difficulty in securing bond market financing.

Energy Efficiency and Conservation Block Grant (EECBG) program

NACo supports the House passed funding of \$3.5 billion and the EECBG technical corrections. Although the Senate bill includes \$4.2 billion, only \$2.1 billion is slated for the formula grant specified in EECBG. The other \$2.1 billion is geared toward a competitive grant program in which a state's Governor certifies certain building code and decoupling standards. NACo supports removing this standard from the parameters of the EECBG program.

Interior

NACo supports the Senate funding levels for Bureau of Land Management construction, land management, and wild land fire at \$330 million and Bureau of Reclamation water projects at \$1.4 billion.

NACo supports the House passed levels for the National Park Service (\$1.7 billion), USDA Forest Service funding for wild land fire activities (\$850 million) and US Fish & Wildlife Service funding for resource management and construction (\$300 million).

Transportation

Highway—NACo supports the Senate bill that provides \$27 billion for highway funding. We support the requirement in the Senate bill that 40 percent of the funds be allocated to local jurisdictions, which must obligate such funds within one year.

Mass Transit—NACo supports the House bill that provides \$12 billion for mass transit programs; however, we support the Senate language, which provides 180 days to obligate 50 per cent of the transit funds and 1 year to obligate the remaining funds.

Aviation—NACo supports the House bill that provides \$3 billion for the Airport Improvement Program; however, we support the Senate language, which gives priority to projects that can be completed within two years.

Rail—NACo supports the Senate bill that provides \$850 million for Amtrak, \$250 million for states, and \$2 billion for high speed rail corridors.

USDA Rural Development

NACo supports the larger emphasis on grants in the House passed bill for two key USDA infrastructure programs: the USDA's Rural Water and Waste Disposal Program at \$1.1 billion in grants and the Rural Community Facilities Program at \$137 million in grants.

We support the House passed language for rural single family housing with USDA's Section 502 Loan Program receiving \$500 million.

NACo also favors the House provision requiring that at least 10 percent of USDA Rural Development funding be allocated for assistance in persistently poor counties.

NACo supports the Senate's inclusion of \$130 million for the Guaranteed Business and Industry (B&I) Loan Program.

We support Senate language that provides \$20 million for the Rural Business Enterprise Grant (RBEG) Program.

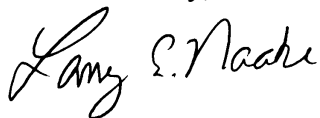
NACo also supports the Senate's inclusion of \$250 million for new rural energy programs. This includes \$200 million for the advancement of biofuels and \$50 million for the Rural Energy for America Program. In addition, NACo supports the Senate's inclusion of \$100 million for USDA's Distance Learning and Telemedicine Program.

NACo opposes the Senate provision which will ban county owned land from being eligible for USDA's Conservation Reserve Program (Sec. 105).

NACo supports robust funding for broadband deployment in rural areas.

We appreciate your support for these provisions and speedy enactment of the Economic Recovery and Reinvestment Act.

Yours sincerely,

A handwritten signature in black ink that reads "Larry E. Naake". The signature is written in a cursive, flowing style.

Larry E. Naake
Executive Director