Washington Watch Special Edition
Year-End Update on County Priorities and Federal Budget Negotiations

After months of partisan gridlock over funding levels for FY2014, House and Senate budget negotiators announced on December 10 that they had reached a two-year agreement, the Bipartisan Budget Act of 2013, that would fund the government through FY2015. This agreement was welcomed by counties because it restored regular order to the budget process, and also because county priorities were mostly protected in the deal. Important issues that could impact county priorities, such as comprehensive tax reform, entitlement reform and immigration reform, were largely punted into the new year.

The budget agreement would impact counties in several ways, most of which are positive. By smoothing out an impending dip in federal discretionary spending, the agreement prevents a second round of sequester cuts to programs of interest to counties, such as the Payment in Lieu of Taxes (PILT) and Community Development Block Grant (CDBG) programs. Additionally, the agreement does not include cuts to entitlement programs such as Medicaid or the Social Services Block Grant. For now, the tax exemption for municipal bond interest and the federal deduction for state and local taxes also remains intact.

Under the budget deal, which was passed by the House on December 12 in a 332-94 vote and is expected to be passed by the Senate before the chamber adjourns for the year, the overall discretionary spending for FY2014 is set at $1.012 trillion. This figure would be increased slightly to about $1.014 trillion for FY2015, and is roughly halfway between the Senate’s $1.058 trillion FY2014 proposal and the House’s $967 billion FY2014 proposal. The $91 billion gap between the two chambers’ proposals led to the shutdown of the federal government in October, but appears to have been bridged in time to avoid another shutdown.

Aside from avoiding another damaging shutdown of the federal government, the budget agreement would also provide $63 billion in sequester relief over two years ($45 billion in FY2014 and $18 billion in FY2015), split evenly between defense and non-defense discretionary spending. This sequester relief is achieved through $85 billion in savings and revenue, which will offset the sequester amount and provide a $22 billion reduction to the deficit. These savings are reached through numerous measures, such as an increase to Transportation Security Administration (TSA) fees.

Important Upcoming Dates for Federal Budget Negotiations and Appropriations
Jan. 15, 2014 – Expiration of the Continuing Resolution (CR) currently funding the federal government
Feb. 7, 2014 – Current debt ceiling reached, but Treasury can take measures to borrow until March
Mid-February 2014 – Expected release of President Obama’s FY2015 Budget
Despite this agreement on funding for FY2014 and FY2015, the longer term economic outlook holds risks to counties and the nation. The national debt, measured as a percentage of gross domestic product (GDP), has risen to historic levels. The Congressional Budget Office (CBO) announced in September that the current ratio of the national debt to GDP – about 73 percent – is higher than it has been at any point since World War II. Without major structural reforms, the debt will continue to rise, and CBO estimates that growing future deficits could push the debt to 100 percent of GDP in 25 years.

As the federal government continues to search for ways to bring in additional revenue and decrease annual deficits and stabilize long term debt, ideas for a “grand bargain” on entitlements, taxes and discretionary spending will continue to circulate. Such a “grand bargain” could impact counties in several important ways: tax reform could alter the tax exemption for municipal bond interest, making it more expensive for counties to fund critical infrastructure; entitlement reform could include cuts to Medicaid that would shift health care costs to states and counties and ongoing uncertainty over the annual appropriations process and sequestration could reduce federal funding for programs county governments use to serve their communities.

NACo continues to monitor these threats to counties, communicating our concerns to federal policy makers on Capitol Hill and in the Administration. The following provides an update on several key NACo legislative and policy priorities.

**Municipal Bonds Threatened by Tax Reform**

Whether or not a “grand bargain” is reached in this Congress, various tax reform proposals pose a threat to counties. The beginning of 2013 was marked by a high pace of activity from tax writing committees in both chambers of Congress, but passage of a comprehensive tax reform plan before the end of the year seems unlikely. Nonetheless, discussions on reforming the tax code will continue into 2014, and county priorities, namely the tax exemption for municipal bond interest, will remain under threat.
Changes to tax-exempt municipal bonds would make it more expensive for counties to fund critical infrastructure. From 2003-2013, state and local governments financed more than $1.65 trillion of infrastructure investment using municipal bonds, and 45 percent of long-term state and local tax-exempt bonds funded the building of schools, hospitals, roads and jails. Further, 75 percent of all national infrastructure projects are completed using bond financing. In short, tax-exempt municipal bonds are the single most important tool that local governments use for financing critical infrastructure.

Despite the demonstrated importance of tax-exempt municipal bonds to state and local governments, recent tax reform proposals have aimed to change the tax exemption for municipal bond interest. For example, President Obama’s FY2014 Budget proposed a 28 percent cap on the benefit of the exemption for municipal bond interest. Should such a proposal become reality, counties and other localities will spend billions more on interest payments when issuing bonds to finance much-needed infrastructure projects, ultimately hindering their ability to undertake such projects.

Other attempts at tax reform this year, such as the “blank slate” proposal of Sen. Max Baucus (D-Mont.) and Rep. Dave Camp (R-Mich.), the chairmen of the tax-writing committees in Congress, seem to have stalled before they could address county priorities. The “blank slate” proposal aimed to remove all special provisions of the tax code and re-insert certain provisions following debate between lawmakers. Despite the current lack of movement on this and other tax reform proposals, the tax exemption for municipal bond interest and the federal deduction for state and local taxes remain under threat heading into a new year in Congress.

**Discussions on reforming the tax code will continue into 2014, and county priorities, namely the tax-exempt status of municipal bonds, will remain under threat**

Partisan gridlock and divided government in Washington have made a “grand bargain” on the budget, deficits and debt unlikely in the near term. The White House has signaled that because it wants to encourage states to take up the ACA Medicaid expansion, it will not endorse major changes to the program that could unnerve state leaders and undermine the expansion effort. Furthermore, during recent meetings with budget conferees, both Republican and Democratic staff have told NACo that Medicaid is unlikely to be included in any deal that emerges from the ongoing negotiations set to conclude by December 13, because there is little bipartisan consensus about what changes could be made.

Nevertheless, proposals to make significant structural changes to Medicaid continue to be circulated and discussed as a part of long-term entitlement reform. For instance, in May, Sen. Orrin Hatch (R-Utah), the ranking Republican on the Senate Finance Committee, and Rep. Fred Upton (R-Mich.), the chairman of the House Energy and Commerce Committee, released a report calling for greater flexibility for states in managing their Medicaid programs and imposing per capita caps.

**Medicaid Battles Shift to States; Counties Remain at Risk**

With the Supreme Court’s June 2012 ruling that the Affordable Care Act (ACA) expansion of Medicaid would be voluntary for states, the most consequential controversies over Medicaid have been in state capitals. Twenty-five states and the District of Columbia are expanding the federal-state-local partnership health insurance program to cover people with incomes below 133 percent of the federal poverty level.
on the federal contribution. NACo does not endorse capping federal Medicaid contributions because of the risk of cost-shifting to counties.

**Marketplace Fairness Act Passes Senate, Stalls in House**

In May, the Senate passed the Marketplace Fairness Act of 2013 (MFA) (S. 743), with a strong bipartisan vote of 69-27. The MFA would grant state and local governments the authority to enforce existing sales and use tax laws on remote sales, such as goods sold over the Internet. As a legislative priority, NACo supports S.743 as it provides a fair way for state and local governments to collect online sales and use taxes already owed.

Despite the strong bipartisan support demonstrated in the Senate, movement in the House has stalled. House Judiciary Chairman Robert Goodlatte (R-Va.), whose committee has jurisdiction over the legislation, has signaled that he does not support the Senate-passed version. Earlier in the fall, however, in a rather positive development, Chairman Goodlatte released his principles to guide discussion on Internet sales tax and the Marketplace Fairness Act. The release of his principles is positive for two reasons. First, it signals his acknowledgement that the inability to collect sales and use taxes on remote sales hampers local brick-and-mortar businesses, and hurts state and local governments. Second, it provides another path forward on the issue of taxing remote sales given the low prospect that the House will take up the Senate-passed version.

NACo supports enacting remote sales tax legislation because it would not only create a level playing field for local business, it would also grant state and local governments the ability to enforce existing sales tax laws and stop the loss of billions of dollars in uncollected sales taxes in e-commerce every year, estimated to be more than $23 billion in 2012.

**The Push Continues for PILT Funding in FY2014**

In July 2012, President Obama signed into law P.L. 112-141, the Moving Ahead for Progress in the 21st Century Act (MAP-21). Included in the legislation was additional mandatory funding for the Payment in Lieu of Taxes (PILT) program for FY2013. After implementation of the Budget Control Act (sequestration cuts), counties received roughly $400 million in FY2013. Unless Congress acts, counties will have received their last fully funded PILT disbursement in June of 2013.

PILT provides payments to counties and other local governments to offset losses in tax revenues due to the presence of substantial acreage of federal land in their jurisdictions. PILT funding is deposited into counties’ general funds and is commonly used for education, solid waste disposal, law enforcement, search and rescue, health care, environmental compliance, firefighting, parks and recreation and other important community services.

NACo has actively engaged Congress throughout the year in an effort to raise awareness of the looming crisis. In September, a select group of county leaders representing counties in 15 states urged Congress to keep its promise to counties and communities and pass mandatory funding for PILT for FY2014 and beyond. NACo’s Western Interstate Region (WIR) assembled a team of county officials from public lands counties across the country to urge Administration officials as

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More than 1,850 counties across the country receive PILT payments. Unless Congress acts, these counties will have received their last fully funded disbursement in June of 2013.
well as members of Congress and key Congressional staff to ensure that the federal payments are not disrupted. The “fly in” advocacy efforts were led by NACo WIR President John Martin, commissioner, chair, Garfield County, Colo., and NACo Public Lands Steering Committee Chair Mike Murray, commissioner, Lewis and Clark County, Mont.

In addition to meetings with more than 50 Congressional offices, NACo hosted an educational Hill briefing on the history of PILT and importance of continued funding in the United States Capitol that was attended by more than 50 House and Senate staffers. County leaders also met with Department of the Interior Deputy Assistant Secretary Pam Haze to discuss the Administration’s continued support for full mandatory PILT funding in the President’s FY2014 Budget and potential long-term options for future program funding.

**Farm Bill Debate Goes to Conference Committee; County Priorities Included**

With the previous farm bill extension having expired on September 30, 2013, Congress continues to push for a long-term bipartisan farm bill. In June, the Senate passed the Agriculture Reform, Food and Jobs Act of 2013 (S.954). This legislation would authorize, and in some cases fund, programs that assist counties in their rural development efforts, nutrition-assistance programs, conservation initiatives, renewable energy and broadband deployment, support for new farmers/ranchers, and business development initiatives.

Stemming from contention surrounding funding levels over the nutrition title, the House failed to pass its long-term bill, the Federal Agriculture Reform and Risk Management Act of 2013 (H.R. 1947). Original cuts to the House nutrition title totaled $20 billion over the next 10 years. The division among House members regarding funding for the Supplemental Nutrition Assistance Program (SNAP) – formerly known as the food stamp program – prompted House leadership to announce that they would separate the nutrition provision of the farm bill into a separate piece of legislation. On July 11, the House passed its agriculture-only bill, the Federal Agriculture Reform and Risk Management Act of 2013 (H.R. 2642). Subsequently, House Majority Leader Eric Cantor (R-Va.) brought forward a stand-alone nutrition bill that would cut $40 billion from the program over the next 10 years. The nutrition-only bill passed the House and was reattached to the agriculture-only bill, H.R. 2642, for conference with the Senate.

Since 1996, the rural development title has averaged $413 million in mandatory funding per farm bill. While the bills from both chambers are well below this average, the House bill authorizes only $50 million in mandatory funding compared to the $227 million authorized by the Senate bill. Specifically, within the Rural Development title, NACo supports the Senate bill’s mandatory funding levels for the Rural Microentrepreneur Assistance Program ($15 million), the Water/Wastewater Backlog ($150 million) and Value Added Producer Grant Program ($62.5 million).

On October 12, House leadership announced the members of their conference committee, who would join their Senate counterparts named prior to the August recess. The farm bill Conference Committee consists of 17 House Republicans, 12 House Democrats, seven Senate Democrats and five Senate Republicans. House and Senate leadership and farm bill conferees continue to face major hurdles to completing a farm bill reauthorization measure—particularly related to the nutrition title and funding levels for the SNAP program. Polarization within Congress and veto threats from the White House over these funding levels have only complicated matters and must be addressed within the negotiations.
As conferees continue to work towards a final measure, counties are encouraged to contact their members of Congress, especially if they have been designated as a conferee, and urge them to support county priorities within the farm bill.

**Water Resources Development Act Passes in Both Chambers**

For the first time in more than six years, the Water Resources and Development Act (WRDA) successfully passed both chambers of Congress. The Senate passed its version, the Water Resources and Development Act of 2013 (S. 601) in May by a vote of 83-14. On October 23, the House followed suit, passing the Water Resources Reform and Development Act (WRRDA) (H.R. 3080). The two bills now head to a conference committee to iron out their differences.

Historically, WRDA has been a popular biennial bill that authorizes U.S. Army Corps of Engineers projects that deal with water resources, environmental, structural and navigation issues, flood protection and hydrology studies. Last enacted in 2007, WRDA has faced an uphill battle in the past several years due to the Congressional earmark ban.

The House and Senate bills address many water resources issues important to counties, including Army Corps of Engineers Vegetation Management Policy clarifications, language including state and local governments in decision-making processes, pilot programs that allow local governments the lead role in implementing projects and studies, levee safety and invasive species.

Although many county priorities are addressed by both versions of the bill, NACo continues to advocate for policies that will provide local governments reliable, long-term and increased investment in water infrastructure, including a provision in the Senate bill that ensures all Harbor Maintenance Trust Fund revenues be spent on port maintenance. Additionally, NACo has encouraged conferees to consider making grants available to small, rural and disadvantaged communities that are unable to address their water infrastructure needs with revolving loan funds.

Conferees for the bill were named in November and include eight Senators (five Democrats and three Republicans) who serve on the Environment and Public Works Committee and 28 members of the House of Representatives (12 Democrats and 16 Republicans), all of whom serve on either the House Transportation and Infrastructure Committee or the House Natural Resources Committee. If your member(s) of Congress has been appointed as a conferee, please contact them to stress county priorities in WRDA bills.

**CDBG Facing Cuts as Budget Negotiations Continue**

The U.S. Department of Housing and Urban Development’s Community Development Block Grant (CDBG) program continues to face funding cuts as Congress makes difficult decisions through the annual appropriations process. CDBG has been drastically reduced in recent years, having been cut by nearly 25 percent, or $1 billion, since FY2010. CDBG provides vital funding to counties to address local community and economic development, housing, water, infrastructure and human service needs.

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**During the appropriations process earlier this year, the House Appropriations Committee included $1.6 billion for CDBG, a 50 percent cut from the current level. The Senate Appropriations Committee included $3.1 billion for CDBG, a slight increase from the current $3.07 billion level**
While CDBG received a slight increase in funding in FY2013 to $3.07 billion (up from $2.95 billion in FY2012) despite sequestration cuts (due to the elimination of a disaster assistance set-aside within the CDBG program in FY2013), it still is subject to potential cuts in FY2014. Currently, FY2014 appropriations are being funded at FY2013 levels under the Continuing Resolution until January. During the appropriations process earlier this year, the House Appropriations Committee included $1.6 billion for CDBG, a 50 percent cut from the current level. The Senate Appropriations Committee included $3.1 billion for CDBG, a slight increase from the current $3.07 billion level. Since neither chamber has successfully passed the bills (the Senate was unable to secure a cloture vote to proceed with consideration and the House was forced to pull the bill due to lack of support), the current congressional budget negotiations, which are set end by December 13, should give more insight for the final FY2014 appropriations for CDBG.

Hope Fading for Immigration Reform

Following the June passage of a bipartisan comprehensive immigration reform bill (S. 744) in the Senate, a long-awaited overhaul of the nation’s immigration system seemed within reach. The 68 votes in favor of the bill, including 14 from Senate Republicans, invited optimism that the Republican-controlled House would also move immigration legislation, helping to meet President Obama’s request that a reform bill reach his desk by the end of 2013. Over the past several months, however, this optimism for immigration reform has faded.

Attempts to create a comprehensive reform measure in the House were abandoned when the “Gang of Eight” charged with that task dwindled to four members as a result of disagreements over policy and strategy. Instead, a series of incremental measures addressing various aspects of immigration reform were introduced. Five of these bills (H.R. 1772, H.R. 2131, H.R. 1773, H.R. 2278, H.R. 1417) have made it through the committee process, and for several months it was assumed that House leaders would take these incremental bills to conference with S. 744.

On November 13, however, House Speaker John Boehner (R-Ohio) ruled out any conference that would involve the Senate’s bill. If House leadership stands by the Speaker’s statements, the prospects for immigration reform in this session of Congress are poor. House leaders may bring their incremental bills to the floor – most likely in 2014, given that very few legislative days remain in this calendar year – but compromise on immigration reform between the two chambers as they are currently composed is beginning to seem far-fetched.

While immigration is a federal responsibility, counties are directly impacted by immigration. Counties provide health, education and public safety to all residents regardless of immigration

NACo supported an amendment to the Senate’s comprehensive immigration bill that would allow reimbursements to local governments for the incarceration of undocumented individuals who have not been convicted of a crime, and would continue reimbursements for “unknown” individuals – those who do not appear in the Department of Homeland Security database because they have not previously come in contact with federal immigration authorities.
status. NACo supports comprehensive immigration reform that includes a modernized legal immigration system, establishes a temporary worker program, provides an earned path to citizenship and enhances border security.

NACo supported an amendment to the State Criminal Alien Assistance Program (SCAAP) offered by Sen. Diane Feinstein (D-Calif.) during Judiciary Committee markups of S. 744. Specifically, the amendment would allow SCAAP reimbursements to local governments for the incarceration of undocumented individuals who have not been convicted of a crime, and would continue reimbursements for “unknown” individuals – those who do not appear in the Department of Homeland Security database because they have not previously come in contact with federal immigration authorities. The amendment was adopted by voice vote.

**Prevention and Public Health Fund Targeted from All Sides**

The U.S. Department of Health and Human Services (HHS) Prevention and Public Health Fund has been targeted by both parties as a source of funding for other priorities. In April, the House briefly considered H.R. 1549, the “Helping Sick Americans Act,” which would have extended Affordable Care Act (ACA) high-risk insurance pools by cutting $4 billion from the fund.

In June, HHS revealed its FY2013 Prevention and Public Health Fund allocations. After sequestration, the agency had $949 million available to distribute. NACo and other supporters of the fund were concerned to learn that the agency was diverting nearly half of the available resources (nearly $454 million) to the Centers for Medicare and Medicaid Services to use for health insurance enrollment and support pursuant to the ACA.

Five program areas supported by the fund are of particular interest and value to counties:

1. Community Transformation Grants program receives $146.34 million “to support community-level efforts to reduce chronic diseases such as heart disease, cancer, stroke and diabetes”

2. Public Health Workforce programs receive $15.6 million to “help to ensure a prepared, diverse, sustainable public health workforce by increasing the number of State and local public health professionals (e.g., epidemiologists, public health managers, informaticians)”

3. The National Public Health Improvement Initiative (NPHII) receives $21.66 million to “systematically increase the capacity of public health departments to detect and respond to public health events requiring highly coordinated interventions to improve and/or sustain the performance of public health organizations, systems, practices and essential services”

4. Immunization programs receive $90.88 million

5. Epidemiology and Laboratory Capacity (ELC) receives $32.42 million to improve state and local “capacity for detecting and responding to infectious diseases and other public health threats”

**Countdown Begins for MAP-21 Reauthorization**

October 1 marked the one-year anniversary of the enactment of the Moving Ahead for Progress in the 21st Century Act (MAP-21). Congress passed MAP-21 on June 29, 2012, establishing a two-year authorization of federal surface transportation programs. Traditionally, Congress has passed surface transportation bills that have covered or exceeded five years in duration. However, due to the growing insolvency of the Highway Trust Fund and lack of consensus on how to address it,
Congress agreed to a bill much shorter in length than its predecessors.

MAP-21 included several policy reforms, including provisions aimed at expediting project delivery and streamlining the environmental process. The U.S. Department of Transportation (DOT) has spent the time since MAP-21’s passage implementing the bill’s policies and programs, including a rulemaking on the expanded use of categorical exclusions. While the implementation process continues at DOT, the authorizing committees are now looking to begin work on MAP-21’s reauthorization. Since MAP-21 is only a two-year bill, set to expire on September 30, 2014, the committees’ work on reauthorization will occur simultaneously with its implementation. Therefore, Congress will assume the task of reauthorization before the full impacts of MAP-21’s reforms have been fully realized.

**Workforce Investment Act Reauthorization Passes House, Stalled in Senate**

In March, the House passed the Workforce Investment Act (WIA) (H.R. 803). The bill would eliminate provisions related to automatic designation of local workforce areas, allowing state boards to designate local areas in consultation with the governor. The bill would also consolidate more than 35 existing federal employment and training programs into a single Workforce Investment Fund. Since the bill, if enacted, could undermine the important role of local stakeholders in the administration of workforce development activities and also reduce access to education and training for the nation’s most vulnerable workers, NACo sent a letter to the congressional members outlining these concerns.

In July of this year, the Senate Health, Education, Labor and Pensions (HELP) Committee voted to advance a WIA reauthorization measure (S.1356) out of committee. The bill has yet to reach the Senate floor for a vote. NACo supports the bipartisan Senate WIA reauthorization bill, which maintains a locally-based and private sector-driven system that would improve education and training opportunities for jobseekers and address the needs of employers for a skilled workforce.

The leadership role of elected officials is essential to maximizing WIA’s impact in state and local jurisdictions through collaboration with state and local Workforce Investment Boards (WIB), and setting policy for the workforce system to achieve broader human capital and economic development goals. NACo signed a WIA reauthorization support letter along with more than 400 other national, state and local organizations, encouraging the Senate to bring the WIA reauthorization bill to the floor for a vote. WIA reauthorization will help ensure that America’s workers can develop the skills needed for meaningful employment by having access to effective job training and placement services.

**Big Win for Counties: Secure Rural Schools Funding Extended**

The Secure Rural Schools and Community Self-Determination Act (SRS) was enacted in 2000 to provide counties and schools funding to compensate for steep reductions in revenues shared with counties and schools. The Act stabilized payments to county schools and road departments, invested in the land and created employment opportunities, improved cooperative relationships between forest communities, users of public land and federal agencies responsible for
land management decisions. Historically (since 1908), the Forest Service provided counties and schools 25 percent of the revenues collected from management activities on the National Forest System.

Following the expiration of the program in 2012 and intense education and advocacy by NACo and forest county officials nationwide, the Helium Stewardship Act (H.R. 527) – which included a provision that would extend the Secure Rural Schools and Community Self-Determination (SRS) program for an additional year – was signed into law in October. The extension provides $327 million in funding to ensure that children in rural counties receive essential education services and that counties have funding for roads, conservation projects, search and rescue missions, and fire prevention programs.

Counties and states are required to make certain elections related to opting in or out of the program and percent allocations of funding between Titles I, II, and III. The Forest Service is currently working on issuing guidance to states and counties along with a timeline and deadline for county and state compliance. More information will be communicated to NACo members as soon as it becomes available.

Historically, the Forest Service has made SRS payments in late December or early January. Because of the congressional delays in program reauthorization, counties should be prepared for potential delays in funding distribution.

NACo has also continued advocating for a long-term solution to provide stability in long-term forest payments to counties. The House passed H.R. 1526, the Restoring Healthy Forests for Healthy Communities Act. This landmark legislation would restore critical funding for counties by extending the Secure Rural Schools program, renew the federal government’s commitment to manage federal forests for the benefit of counties impacted by federal forestland, improve forest health, and help prevent catastrophic wildfires.

The enactment of a modern revenue sharing program, as included in H.R. 1526, to allocate revenues generated from the management of designated federal lands to forest counties and schools, would ensure that students receive essential education services and that rural communities have funding for roads, conservation projects, search and rescue missions, and fire prevention programs. NACo supports this legislation, and urges county officials to contact their Senate delegations and ask for swift passage of comprehensive forest health legislation (such as H.R. 1526).

Second Chance Reauthorization Act Introduced in Both House and Senate

On November 13, Sens. Patrick Leahy (D-Vt.) and Rob Portman (R-Ohio), along with Reps. Jim Sensenbrenner (R-Wis.), Danny Davis (D-Ill.), Howard Coble (R-N.C.), Bobby Scott (D-Va.), Spencer Bachus (R-Ala.), Marcia Fudge (D-Ohio) and Steve Chabot (R-Ohio) introduced the Second Chance Reauthorization Act of 2013. First enacted in 2008, the Second Chance Act provides...
federal, state and local governments with the additional tools necessary to help incarcerated individuals successfully reintegrate into their communities upon release and to avoid reoffending. The legislation has provided more than $90 million to counties to explore and test common sense, evidence-based approaches to reducing crime and improving public safety. The bipartisan Second Chance Reauthorization Act of 2013 not only improves and consolidates the U.S. Department of Justice programs authorized by the 2008 Second Chance Act, but reauthorizes them at reduced levels to better reflect current appropriations.

Counties invest $70.2 billion in local funding for justice and public safety services each year and keep communities safe by providing law enforcement and promoting crime prevention. From patrolling and policing the streets, to operating and maintaining county detention facilities, to serving as the arm of the county courts, county sheriffs and police departments, counties are the linchpin of the criminal justice system. Other key components of the system are judges, district attorneys, public defenders, court clerks, jail directors and coroners. County law enforcement, mental health, substance abuse treatment and other agencies are often at the front lines of dealing with the challenges posed by reentry. In addition to running their own reentry programs, county agencies are indispensable partners in reentry task forces and coalitions around the country.

NACo supports the legislation because it aims to reduce jail and prison costs to taxpayers and improve public safety. NACo will continue to educate members of Congress about the need to continue to improve public safety and reduce the high reentry and recidivism rates.

Justice and Mental Health Collaboration Act on Hold in Senate

In January, Sens. Al Franken (D-Minn.) and Mike Johanns (R-Neb.) and Reps. Richard Nugent (R-Fla.) and Bobby Scott (D-Va.) introduced S. 162/H.R. 401, the Justice and Mental Health Collaboration Act of 2013 (JMHCA). This legislation, which reauthorizes and improves the Mentally Ill Offender Treatment and Crime Reduction Act (MIOTCRA) of 2004, supports collaborative programs between criminal justice and mental health agencies across the country. The program supports mental health courts, law enforcement training and other collaborative approaches to identifying and treating people with mental illness who come in contact with the criminal justice system.

The legislation has 62 co-sponsors in Congress and has been endorsed by NACo and organizations representing law enforcement officials, mental health professionals, judicial organizations and veterans groups, including the National Alliance on Mental Illness, the National Association of Police Organizations and the American Legion.

JMHCA was passed out of the Senate Judiciary Committee by voice vote in late June. Sens. Charles Grassley (R-Iowa), Lindsey Graham (R-S.C.) and other Senate Judiciary Republicans cosponsored the legislation. The bill was hotlined with hopes that it would pass the Senate by unanimous consent, as did the original 2004 bill and the 2008 reauthorizing statute. However, Sens. Mike Lee (R-Utah) and Tom Coburn (R-Okla.) objected to the unanimous consent request, essentially blocking the bill. NACo is working with its coalition partners to urge Sens. Lee and Coburn to release the hold.
Update on EPA’s Regulatory Agenda

On November 26, the Administration released its biannual Unified Agenda of Federal Regulatory and Deregulatory Actions. The Agenda contains expected regulatory actions for all federal agencies including the Environmental Protection Agency (EPA). EPA clocks in with more than 100 regulations in pre-rule actions, proposed and final rules; rules recently completed and long-term rule-makings. A number of these proposed regulations are of particular importance to counties. Among the most important to counties, EPA sent a new “Waters of the U.S.” (WOUS) definition to the White House Office of Management and Budget for interagency review. WOUS defines which waters are under Clean Water Act (CWA) federal jurisdiction and thus must follow federal laws. Such changes to WOUS are relevant to counties since counties both regulate and are regulated under CWA. If the definition changes, so does the scope of CWA programs. Programs impacted through WOUS changes include National Pollution Discharge Elimination System (NPDES), Total Maximum Daily Loads (TMDL), Water Quality Standards and Section 404 permits. NACo has expressed concerns over proposals to broaden WOUS.

Other potential regulations of concern include, but are not limited to, stormwater runoff from logging roads, Water Quality Standards Regulatory Clarifications, the NPDES program update rule, Management Standards for Hazardous Waste Pharmaceuticals, new emission standards for solid waste landfills and the National Ambient Air Quality Standards (NAAQS) for ozone pollution, among others. NACo is monitoring these regulations, looking for opportunities to make improvements either through the regulatory process or through targeted legislation.

Registration is Open for the 2014 NACo Legislative Conference!

Register now for NACo's 2014 Legislative Conference, slated for March 1-5 at the Washington Hilton Hotel! This annual event brings 2,000 elected and appointed county officials from across the country to our nation's capital to focus on legislation and policies impacting county government. Attendees will hear from key Administration officials and members of Congress and are offered a myriad of educational opportunities addressing current issues. A day of lobbying on Capitol Hill rounds out an information-packed conference that should not be missed! Visit www.naco.org to register today.
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<td>Status: Pre-proposal; Ongoing</td>
<td>RIN: 2040-AF30</td>
<td>According to the EPA, the purpose of this upcoming rule would be to clarify which bodies of water (and their ditches) fall under federal jurisdiction in the Clean Water Act (CWA).</td>
<td>Local governments that oversee a number of ditches (roadside, stormwater, floodwater, etc.) would be impacted.</td>
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<tr>
<td>Water Quality Standards</td>
<td>Status: Proposed Rule Stage</td>
<td>RIN: 2040-AF16</td>
<td>EPA has proposed changes to water quality standards (WQS) regulations which would: tighten current standards, clarify designated uses, and address variances to WQSs.</td>
<td>Many local governments must comply with WQS for their CWA programs. The standards are not always achievable or affordable.</td>
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<td>Stormwater Regulations Revision to Address Discharges from Developed Sites</td>
<td>Status: Pre-proposal Final Rule: unknown</td>
<td>RIN: 2040-AF13</td>
<td>EPA is working on crafting an updated version of its existing stormwater rule. The proposed rule may impact all Phase I, Phase II and non-regulated Municipal Separate Storm Sewer Systems (MS4). The rule would establish requirements, at minimum, for managing stormwater discharges from newly developed sites.</td>
<td>Local governments are likely to be both regulated and involved in implementation of this rule. Since the rule may include requirements to expand the current universe of Phase 1, Phase 2, and MS4s to other localities, local governments may be impacted.</td>
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<td>Drinking Water Regulations for Lead and Copper: Regulatory Revisions</td>
<td>Status: Pre-proposal Final: June 2014</td>
<td>RIN: 2040-AF15</td>
<td>In 2004, EPA began to assess whether there is a national problem related to elevated lead or copper levels. EPA is also planning to address the revised definition of lead free plumbing materials from the 2011 Drinking Water Lead Reduction Act that becomes effective January 4, 2014. Industry and other stakeholders have been asking for clarification on new EPA plans to implement this statute.</td>
<td>This rule will impact local governments who own or operate water utilities. NACo recently weighed in on EPA’s proposal to regulate fire hydrants under the lead rule.</td>
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<td>Drinking Water Regulations: Regulation of Perchlorate</td>
<td>Status: Pre-Proposal Final: Sept. 2015</td>
<td>RIN: 2040-AF28</td>
<td>EPA announced in February 2011 that it is beginning development of a national drinking water regulation for perchlorate in drinking water. Perchlorate is a naturally occurring or manmade chemical that can originate from fireworks, fuel, explosives, bleach and some fertilizers.</td>
<td>This rule will impact local governments who own or operate water utilities.</td>
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<td>NPDES Permit Requirements for Municipal Sanitary and Other Systems</td>
<td>Status: Proposed Rule Stage</td>
<td>RIN: 2040-AD02</td>
<td>The EPA will develop a broad-based regulatory framework for sanitary sewer collection systems requirements on reporting, public notification and recordkeeping for sanitary sewer collection systems and publicly owned treatment works (POTW), and a prohibition on SSOs.</td>
<td>Local governments are likely to be regulated if they own or operate one of these systems.</td>
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<td>Regulation Details</td>
<td>Status</td>
<td>RIN Number</td>
<td>Description</td>
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<td><strong>NPDES: Forest Road Discharges</strong></td>
<td>Advanced Notice of Proposed Rulemaking</td>
<td>2040-AF43</td>
<td>The EPA will propose to use flexible non-permitting approaches under the Clean Water Act to regulate certain discharges of stormwater from forest roads, including logging roads, in order to address water quality impacts from those discharges. The EPA recognizes that effective best management practices (BMPs) exist that protect receiving waters and minimize impacts. Local government own/manage roads that are multi-purpose in nature – recreators, residents, wildfire, emergency – that may be impacted. EPA may exempt local and state government owned roads.</td>
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<td><strong>NPDES Electronic Reporting Rule</strong></td>
<td>Proposed Rule Stage NPRM: 7/2013 Final Rule: 6/2014</td>
<td>2020-AA47</td>
<td>This regulation would identify the essential information that EPA needs to receive electronically, primarily from NPDES permittees with some data required from NPDES agencies (NPDES-authorized States, territories and tribes) to manage the national NPDES permitting and enforcement program. Through this regulation, EPA seeks to ensure that such facility-specific information would be readily available, accurate, timely, and nationally consistent on the facilities that are regulated by the NPDES program. An electronic reporting rule would impact areas that don’t have broadband or other types of infrastructure.</td>
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<td><strong>Polychlorinated Biphenyls (PCB) Light Fixtures</strong></td>
<td>Status: Pre-Proposal Unassigned</td>
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<td>Due to a lawsuit, EPA is considering whether to require all building operators who may still use ballast light fixtures (common in buildings older than 1978 and have not been subject to energy efficiency upgrades) to replace them. These fixtures may be common in schools, hospitals, government centers, etc. If EPA required immediate replacement of all PCB fixtures, this would create a huge unfunded mandate on local governments.</td>
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<td><strong>Standards for the Management of Coal Combustion Residuals Generated by Commercial Electric Power Producers</strong></td>
<td>Status: Proposal; Ongoing</td>
<td>2050-AE81</td>
<td>In 2010, EPA proposed the first-ever national rules to ensure the safe disposal and management of coal combustion residuals. Coal combustion residuals, also known as coal ash, are a byproduct of combustion at power plants, and can cause health problems and contamination if not properly handled. Coal ash can be recycled for beneficial uses, rather than disposing of the byproducts in landfills. The EPA sought to clarify these beneficial uses. Local governments use coal ash as a major component in road bed construction projects. Byproducts are also heavily used in cement, concrete, brick, roofing materials, agriculture applications, paints, plastics, and snow and ice control.</td>
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<td><strong>Emission Standards for Municipal Solid Waste Landfills</strong></td>
<td>NPRM: 9/2006 Supplemental NPRM: March/2014 Final Rule: Jan 2015</td>
<td>2060-AM08</td>
<td>Due to a judicial consent decree, EPA agreed to reassess its New Source Performance Standards (NSPS) and Emission Guidelines for municipal solid waste landfills. There are a number of options on the table ranging from no changes to tighter emission standards for all landfills. New and/or tighter emissions requirements will impact every county that owns/manages a landfill.</td>
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<td><strong>Ozone Air Standards</strong></td>
<td>Reconsideration?</td>
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<td><strong>Management Standards for Hazardous Waste Pharmaceuticals</strong></td>
<td>2nd NPRM</td>
<td>2050-AG39</td>
<td>A small portion of pharmaceuticals are regulated as hazardous waste under the Resource Conservation and Recovery Act when discarded. Health care (and associated) facilities that generate hazardous waste pharmaceuticals have reported having difficulties complying with the manufacturing-oriented framework of the subtitle C hazardous waste regulations for a number of reasons. Counties own and operate nursing homes and hospitals that may be impacted. The impact on pharmaceutical give-back programs is also uncertain.</td>
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