FIRST 100 DAYS

NACo Webinar Series | Week 11

April 10, 2025

First 100 Days

Recent Executive Action

President Trump signs four Executive Orders aimed at boosting U.S. coal power

- Regulatory Relief for Certain Stationary Sources to Promote American Energy
- Strengthening the Reliability and Security of the United States Electric Grid
- Protecting American Energy from State Overreach
- Reinvigorating America's Beautiful Clean Coal Industry and Amending Executive Order 14241

These Executive Orders build off of recent efforts by EPA and DOI geared toward reducing environmental regulations and restrictions

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Recent Executive Action

President Trump signs four Executive Orders aimed at boosting U.S. coal power

- **Extending Operations of Coal-Fired Power Plants:** Permits certain coal-fired power plants slated for retirement to remain open and continue operations – Focused on meeting demand of data centers and AI
- **Lifting Barriers to Coal Mining on Federal Lands:** Federal agencies are directed to identify and remove obstacles to coal mining, including resuming coal leading on public lands – Ends previous moratoriums
- **Two-Year Exemption from Emissions Regulations:** Grants coal-fired power plans a two-year exemption from federal requirements to reduce emissions of toxic chemicals, including mercury, arsenic and benzene
- **Designates Coal as a "Mineral":** Designates coal as a "mineral," which now allows coal to benefit from previous orders that aims to increase American mineral production

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Recent Executive Action

President Trump signs four Executive Orders aimed at boosting U.S. coal power – County Impact

- Counties with coal mines or power plants may see **short-term job retention, increased tax revenues and stabilized economies**
- Counties that manage air quality districts or public health departments may **face increased pressure to monitor air pollution** from facilities exempted from mercury, arsenic and benzene limits
- Increased local input through **cooperative land use planning** with federal agencies
- Counties will need to be highly engaged with federal partners in federal land management decision – Potential impacts on **public infrastructure, house or tourism assets**

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Recent Executive Action

U.S. Department of Health and Human Services issues termination notice for health grant funding

- HHS has sent letters to states and counties with direct grant funding announcing the immediate termination of grants (both COVID-19 and not) originally set to run through Sept. 2025
  - **Community Mental Health Services Block Grant (MHBG) Supplement Grants:** Funds comprehensive community mental health services by providing funding for expanded mental health services, crisis response and community-based treatment programs
  - **Substance Use Prevention, Treatment and Recovery Services (SUPTRS) Supplement Grants:** Supports state and local efforts to prevent and treat substance use disorders
- ARPA allocated $1.5 to both MHBG and SUPTRS – *With the expedited deadline moved up by 6 months, an estimated $1 billion could be lost*

If a county received a letter from HHS, you have 30 days from the grant termination date to submit final financial reports

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Recent Executive Action

HHS issues termination notice for health grant funding – County impact

<u>Essential services</u>

- Termination of funds will impact programs like 988 crisis call centers
- Local substance use prevention efforts
- Community health worker initiatives
- Access to overdose prevention measures may be impacted

<u>Emergency response systems</u>

- EMS teams
- Public health infrastructure – Immunization programs

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Recent Executive Action

FEMA halts disaster mitigation program

Overview

- President Trump signed an EO that focused on shifting disaster preparedness to state and local governments
- FEMA announced it will not allocate $750 million this year for the Building Resilient Infrastructure and Communities (BRIC) grant program
- Halts funding for projects that were previously approved and still underway

Impact on Counties

- Counties may need to pause or cancel projects in early stages
- Counties that anticipated BRIC support may need to scale back or delay infrastructure investments
- Without BRIC funding, counties may find it hard to pursue large-scale mitigation program

BRIC provides funding for hazard mitigation projects aimed at reducing long-term risk and costs of natural disasters

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Recent Executive Action

USDA announces closure of D.C. headquarters with massive job cuts

- USDA plans to dismantle office in Washington, D.C. and open new hubs across the country
- Remaining workers to three separate hubs around the country
  - Any remaining workers that do not live within 50 miles of a hub, must move
- Plans are expected to be implemented April or early May
- No exact number has been announced – *Potential of going back to FY 2019 funding level?*
- USFS is planning to consolidate its 9 regional offices to as few as 3
- Impacts from Inflation Reduction Act funding and increased hiring?

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Recent Executive Action: Tariffs

1. **Global Baseline Tariff**:
    - A **10% tariff** applies to imports from most countries to address trade imbalances and has been maintained despite recent policy adjustments.
    - Imports from China are subject to a **125% tariff**, reflecting heightened trade tensions and efforts to address perceived unfair trade practices.

2. **Steel and Aluminum Tariffs**:
    - A **25% tariff** on steel and aluminum imports remains in place. Initially imposed in March 2025, these tariffs aim to bolster domestic metal industries.

3. **Automobile and Auto Parts Tariffs**:
    - A **25% tariff** on imported cars and auto parts has been effective since April 3, 2025

President Trump announced a 90-day pause on certain tariffs, **BUT** this pause does not affect the tariffs listed here, which are active

First 100 Days

Congress: Reconciliation Update From the House

- **April 5 –** Senate passes their budget blueprint
- **April 10 –** House Speaker Mike Johnson scraps the budget vote (216-214)
- Increases borrowing limit to $5 trillion

- Allows for up to $2 trillion in deficit increase over 10 years **BUT** uses "current policy" baseline, so real deficit is up to $5.7 trillion deficit increase – *Tax cuts amount to $5.3 trillion*
  - $1.5 trillion is for Senate Finance Committee for **NEW** tax cuts

- "Current policy" baseline assumes that expiring 2017 TCJA are extended in perpetuity and therefore is $0
  - HOWEVER, permanent extension costs $3.7 trillion without "current policy" baseline

- Lower targets for spending cuts

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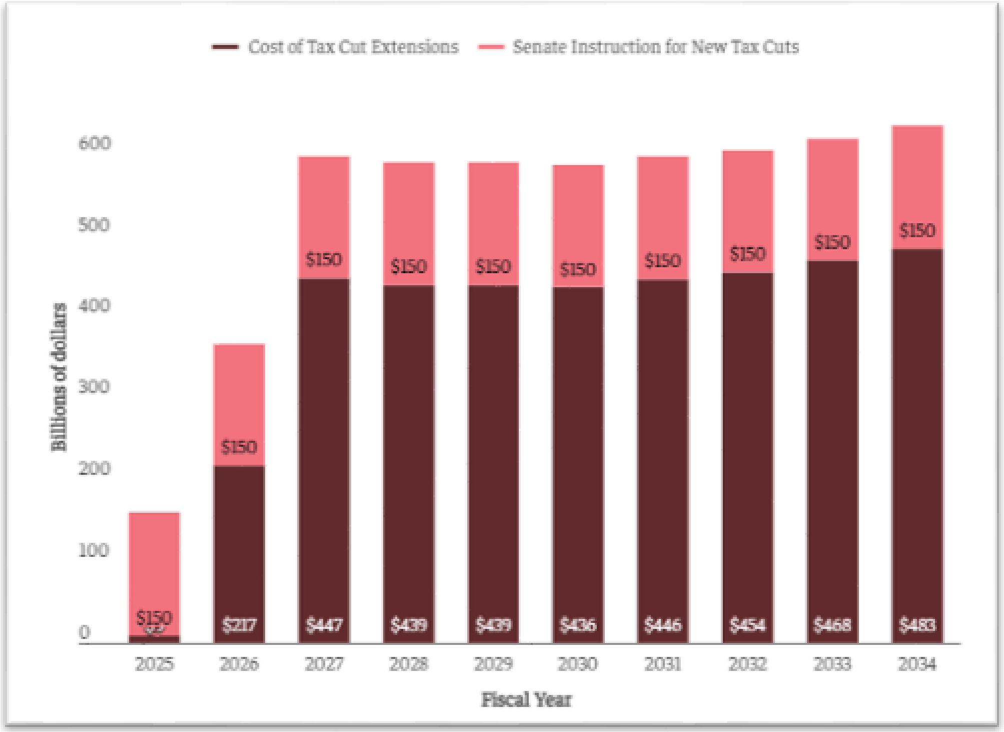
Reconciliation: Next Steps

What are the biggest hurdles?

- Spending cuts:
  - Senate blueprint calls for $4 billion in cuts
  - House Republicans want $1.5-$2 trillion in federal spending cuts – Focus on Medicaid
- Elimination of green energy tax credits – Some in both chambers want to preserve
- Caps on SALT
- Expansion of the Child Tax Credit

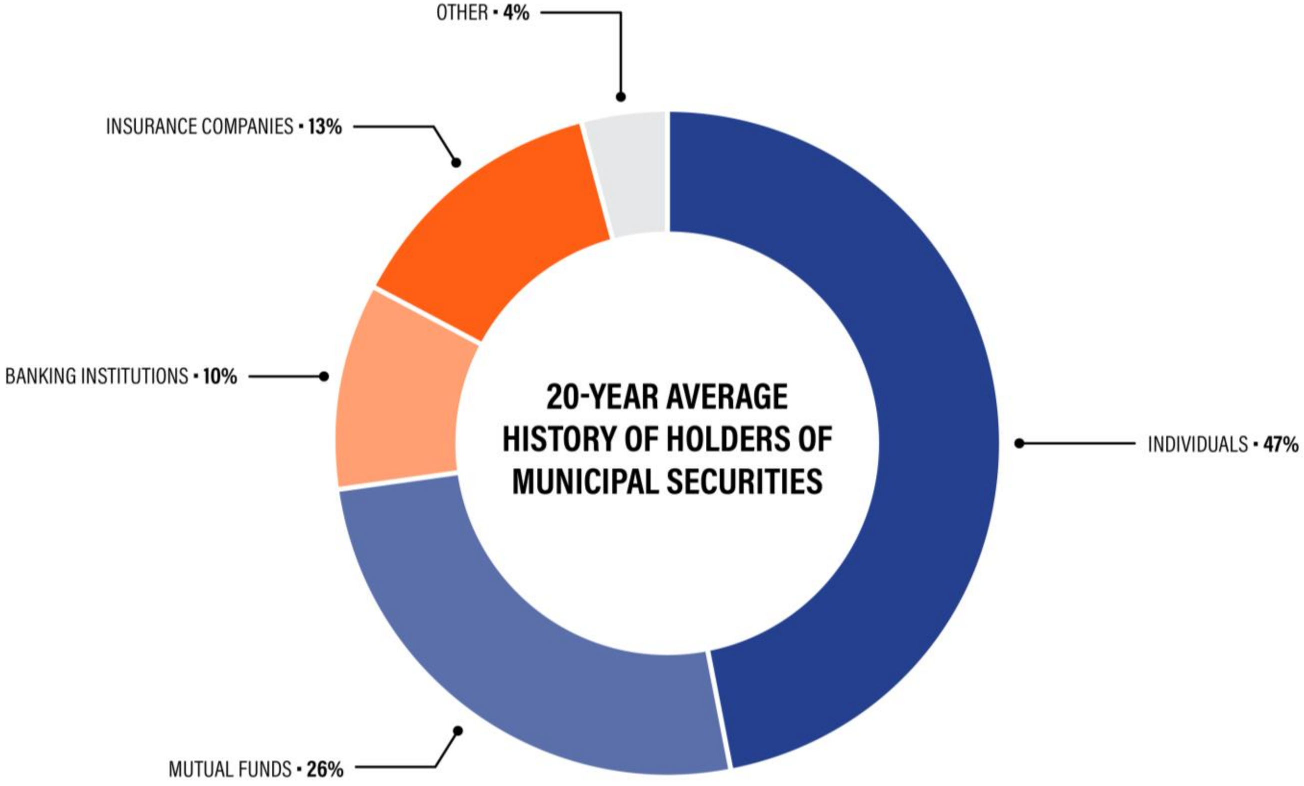
Extending Tax Cuts and Expanding On Them Costs $5 Trillion-Plus



Why are tax-exempt municipal bonds at risk?

Simple… by eliminating the tax-exempt status, the federal government would raise an estimated **$364B in new federal revenues!**

#BUILTbyBONDS



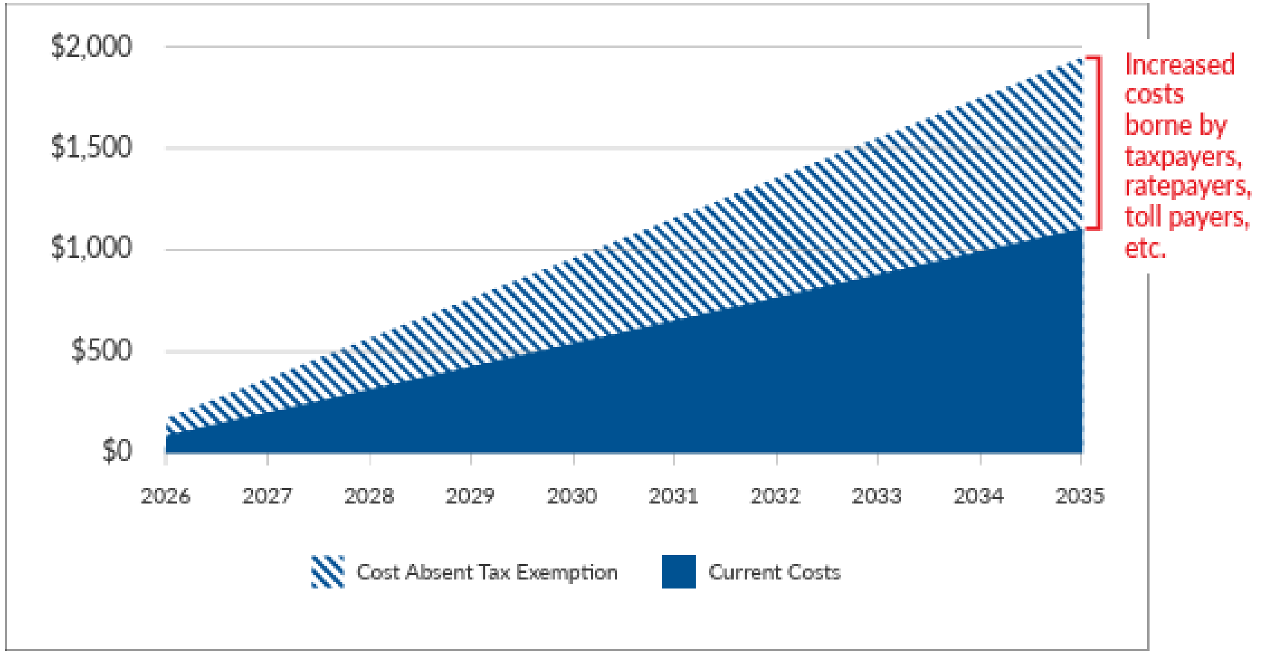
Protecting Tax-Exempt Municipal Bonds: What's at Stake

Eliminating the tax exemption would raise borrowing costs by **$823.92 billion, a cost that would amount to a $6,554.67 tax increase** for every American household over the next decade.

Impacts: Higher project costs, delayed infrastructure improvements, and increased financial strain on counties and local taxpayers

Scan to access additional resources on Protecting Bonds to Build Infrastructure and Create Jobs

Exhibit 9 | Projected Cumulative Borrowing Costs, 2026-2035 (in billions)



Source: Government Finance Officers Association Public Finance Network

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Tax-Exempt Municipal Bonds

- Rep. Don Bacon (R-Neb.) sponsored a Dear Colleague letter protecting tax-exempt municipal bonds
- 25 total signatories
  - 13 Republicans
  - 12 Democrats
- Conversations are now bubbling up in the Senate
- Counties should **reach out to their Representatives and Senators urging them to protect the tax-exempt status of municipal bonds**

Scan the QR code to view NACo's municipal bonds advocacy toolkit

Medicaid and Counties

- **Largest source of health coverage,** currently covering more than 79.3M individuals, including 37.6M children under Medicaid and CHIP
- **Counties contribute** to Medicaid in 25 states
- **Medicaid helps reduce county obligations** for indigent health care services in the 40 states that have expanded Medicaid
- **Medicaid supports** over 900 county hospitals, over 700 county long-term care facilities and 750 county behavioral health authorities

Medication is a federal-state-local partnership funding health care for vulnerable populations

Proposed Medicaid Reforms in Counties

- **Federal Medical Assistance Percentage (FMAP) adjustments** that would result in increased cost burden for state and local governments and loss of coverage for beneficiaries.
  - FMAP varies depending on states' per capita income relative to the national average

- **Restricting use of provider taxes** to finance the non-federal share of Medicaid through proposed changes that would gradually lower the safe harbor threshold for taxing providers from 6% to 3% by 2028

- **Work requirements** limit state and local flexibility in administering Medicaid, increase administrative costs in states where counties manage enrollment and eligibility and may result in coverage losses that drive up uncompensated care rates

- **<u>Bottom line:</u>** In many states, counties are required to provide medical services to low-income and chronically ill residents regardless of their ability to pay. Implementing these financing reforms to Medicaid would potentially shift indigent care burdens to counties

First 100 Days

Recapping 11 Weeks of High-Impact Executive and Congressional Policy Shifts

- FEMA Elimination
- NFIP – Flood Insurance
- PILT Program
- SRS Program
- "Sanctuary Jurisdictions"
- IRA Funding

- Municipal Bonds
- SLFRF Compliance
- SNAP Cuts
- Farm Bill Uncertainty
- Highway Reauthorization
- COVID-19 Grants

- Medicaid Cuts
- TANF Block Grant
- Social Services BG
- Federal Workforce Reductions
- Deregulation Initiatives
- DOGE
- Elections

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