

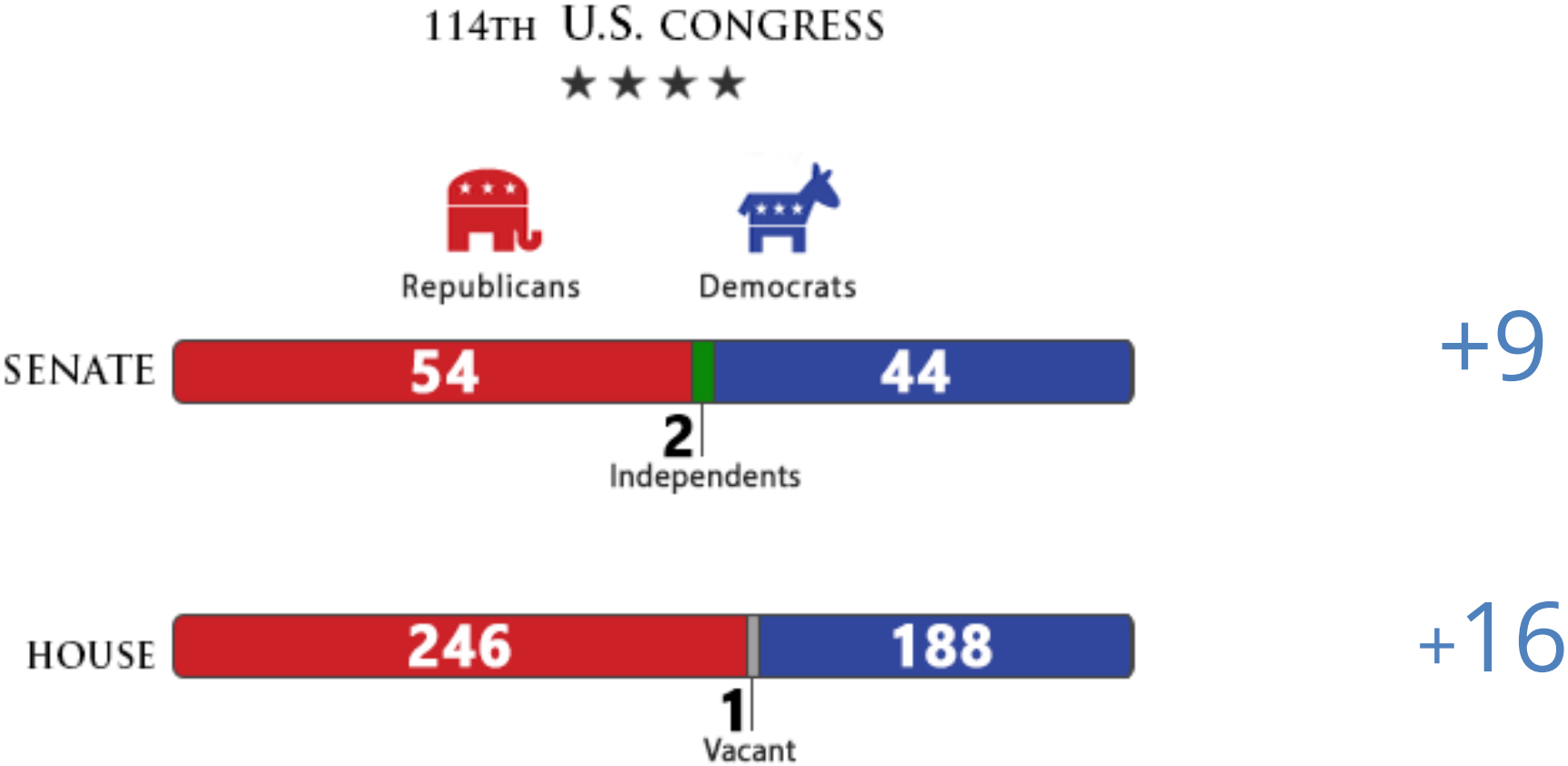
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# **The State of Play:** A Legislative Update on Congress and County Priorities

October 20, 2015

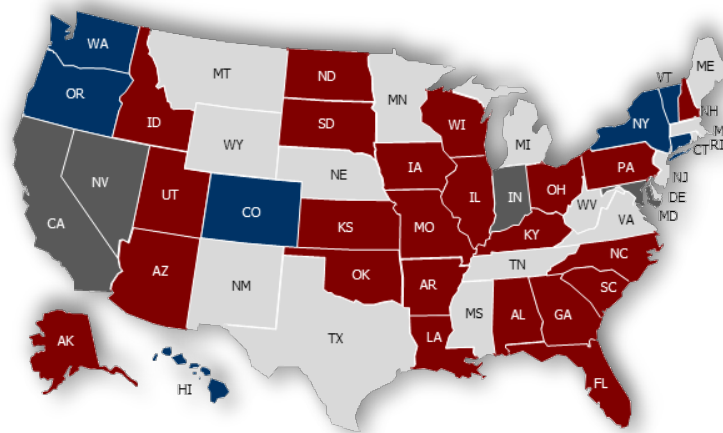


# Legislative Update | Congress by Numbers

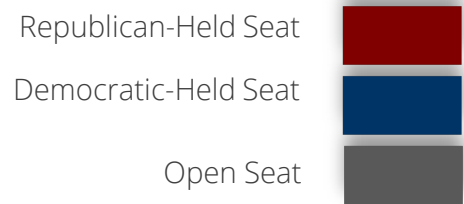


# Legislative Update | Congress by Numbers

## 2016 U.S. Senate



- GOP defending 23 seats
- Democrats defending 7 seats
- 4 open seats



# Legislative Update | GOP Internal Battle Continues...

A petition banner with a blue background. On the right is a photo of Congressman Mark Meadows. The text 'STAND WITH REP. MEADOWS & REMOVE THE SPEAKER' is prominently displayed in white and yellow. Below this, there is a text box explaining the petition's purpose and a sign-up form with fields for name, email, and zip code, along with social media sign-in options.

**STAND WITH REP. MEADOWS & REMOVE THE SPEAKER**

**Congressman Mark Meadows has just introduced a resolution to remove John Boehner as Speaker of the House!**

John Boehner's Speakership has done nothing but raise taxes, grow government, and restrict freedom.

We can't accept a Speaker of the House who continually surrenders to Obama's radical agenda.

**Sign the petition to stand with Mark Meadows' efforts to remove Boehner as Speaker!**

Sign with Facebook Sign with Twitter

OR SIGN BELOW:

First name Last name

Email address 20003

**Remove John Boehner**

Join 5,756 other signers!

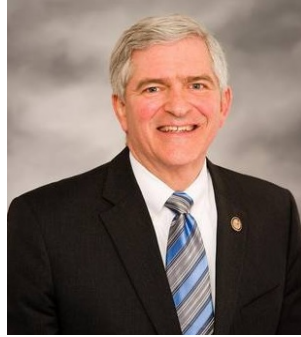
# Legislative Update | Candidates for Speaker



Rep. John Boehner



Rep. Paul Ryan



Rep. Daniel Webster



Rep. Lynn Westmoreland



Rep. Bill Flores



Rep. Mike Conaway



Rep. Kevin McCarthy



Rep. Jason Chaffetz



Rep. Marsha Blackburn



Rep. Greg Walden



Rep. Michael McCaul



Rep. Pete Sessions

# Legislative Update | Key Issues for Counties

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## **Triple Threat Facing Counties**

Finalize a long-term surface transportation bill and address the solvency of the Highway Trust Fund

Complete the FY 2016 appropriations process

Address the debt-ceiling and potentially negotiate a budget deal including federal spending caps/sequestration



## **Can Congress complete a transportation bill?**

- Current extension expires Oct. 29
- Both chambers have now introduced six-year proposals
- **Biggest issue remains:** Where to find funding?

# Legislative Update | FY 16 Appropriations

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## **Will there be a government shut down?**

- No agreement on the 12 annual bills
- House has passed 6, Senate zero
- Congress passed a Continuing Resolution through Dec. 11
- **Biggest issues:** funding levels and policy riders
- Options ahead: CR, omnibus or shutdown



## **Will there be a major budget deal?**

- Debt ceiling last raised in 2014 to \$18.1 trillion
- Treasury currently using “extraordinary measures”
- Those measures may run out early November
- **Biggest issue:** Will Congress grant authority without requiring major cuts in spending?

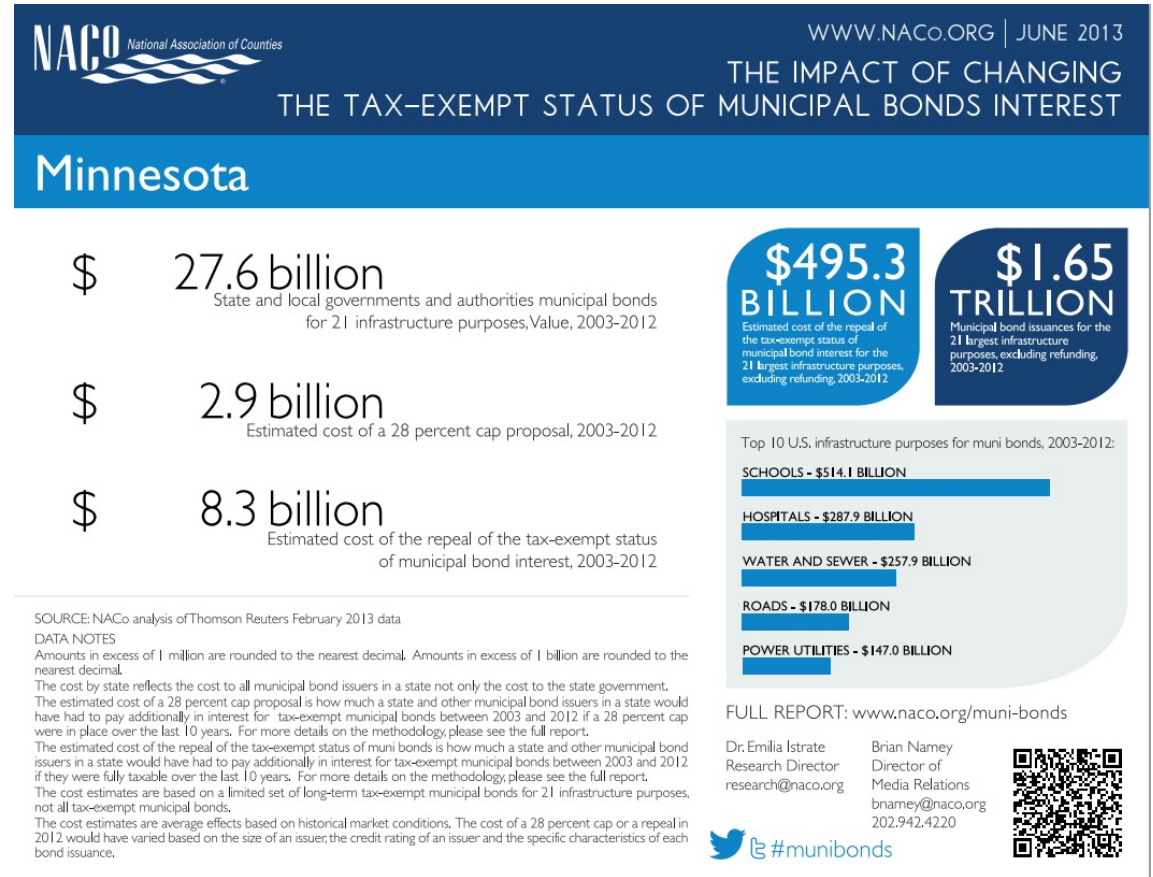
# Legislative Update | Tax and Finance Issues



**Mike Belarmino**  
Associate Legislative Director  
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Intergovernmental Affairs  
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# Legislative Update | Tax Reform & Muni Bonds

- Although no major movement, comprehensive tax reform is still on the table.
- Counties need to be proactive on municipal bonds.



Available at <http://explorer.naco.org/#>

# Legislative Update | Marketplace Fairness Act (MFA)



Congress should act now on this critical legislation for counties by enacting legislation similar to the Marketplace Fairness Act (MFA) that passed the Senate in 2013. Action to extend the Internet Tax Freedom Act (ITFA), which expires October 1, 2015, may provide an opportunity to move remote sales tax legislation.

- MFA is not a new tax. It would allow state and local governments to collect existing sales and use taxes on remote sales.
- MFA would enable state and local governments to collect sales taxes that are already owed each year that could be dedicated to providing important local services such as infrastructure, public safety, education and economic development.
- The ITFA was originally intended to be a temporary measure to provide a boost to the then-fledgling Internet. A temporary extension of the ITFA would preserve the intent of the original bill.

Source: NACo Analysis of data from U.S. Census Bureau; U.S. Bureau of Economic Analysis; Federal Communications Commission; University of Tennessee.



MISSING REVENUE IS CRITICAL FOR SERVICES INCLUDING:



- MFA would allow state and local governments to collect existing sales taxes from online or remote sales.
- The Senate passed MFA in 2013, and reintroduced the legislation this year (S. 698).
- H.R. 2775, the Remote Transactions Parity Act (RTPA), has been introduced in the House. Currently, RTPA has 54 cosponsors, but the path forward remains uncertain.

# Legislative Update | Marketplace Fairness Act (MFA)

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## Action Needed!

NACo urges counties to contact their house representatives to cosponsor H.R. 2775, the Remote Transactions Parity Act of 2015 (RTPA).

NACo urges counties to contact their Senators to cosponsor S. 698, the Marketplace Fairness Act of 2015 (MFA).



# Legislative Update | 40 Percent Excise Tax

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- Under the Affordable Care Act (ACA), state and local governments face a 40 percent tax on employer-sponsored health benefits, which would negatively impact many counties.
- The tax would be imposed in 2018 on coverage above \$10,200 for individuals and \$27,500 for spouse or family coverage.
- NACo opposes the taxation of employer-sponsored health benefits and submitted official comments in May and October 2015 to the IRS outlining counties' concerns and is preparing comments for the second IRS notice.



# Legislative Update | 40 Percent Excise Tax

## Action needed!

NACo urges counties to contact their members of Congress to support repeal legislation:

- **H.R. 2050** – Middle Class Health Benefits Tax Repeal Act of 2015
  - Rep. Courtney (D-Conn.)
- **H.R. 879** – Ax the Tax on Middle Class Americans' Health Plans Act
  - Rep. Guinta (R-N.H.)
- **S. 2045** – Middle Class Health Benefits Tax Repeal Act of 2015
  - Sen. Heller (R-Nev.), Sen. Heinrich (D-N.M.)
- **S. 2075** – American Worker Health Care Tax Relief Act of 2015
  - Sen. Brown (D-Ohio)





# Legislative Update | Health & Mental Health Issues



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# Legislative Update | Reconciliation Bill: Health Provisions

## What's Next...

- The bill would repeal significant parts of the [Affordable Care Act \(ACA\)](#)
- Bill will go to the House floor on [Friday, October 23](#)
- Expected to pass House, but Senate passage may be more difficult based on rules
- President Obama has stated he would [veto the bill](#)

## County Impact

### Good

The bill would [repeal the 40 percent excise tax](#) on employer insurance, also known as the “Cadillac tax”.

### Bad

The bill would repeal the [Prevention and Public Health Fund \(PPHF\)](#), which helps support core functions of county public health departments.

# Legislative Update | Behavioral Health Reform

## Helping Families in Mental Health Crisis Act (H.R. 2646) & Mental Health Reform Act (S. 1945)

### Key Similarities

Both pieces of legislation would create new HHS Assistant Secretary for Mental Health and Substance Abuse.

Both pieces of legislation would ease the Institution for Mental Diseases (IMD) exclusion.

### Key Differences

Only the House bill would create incentives to expand access to Health Information Technology (HIT).

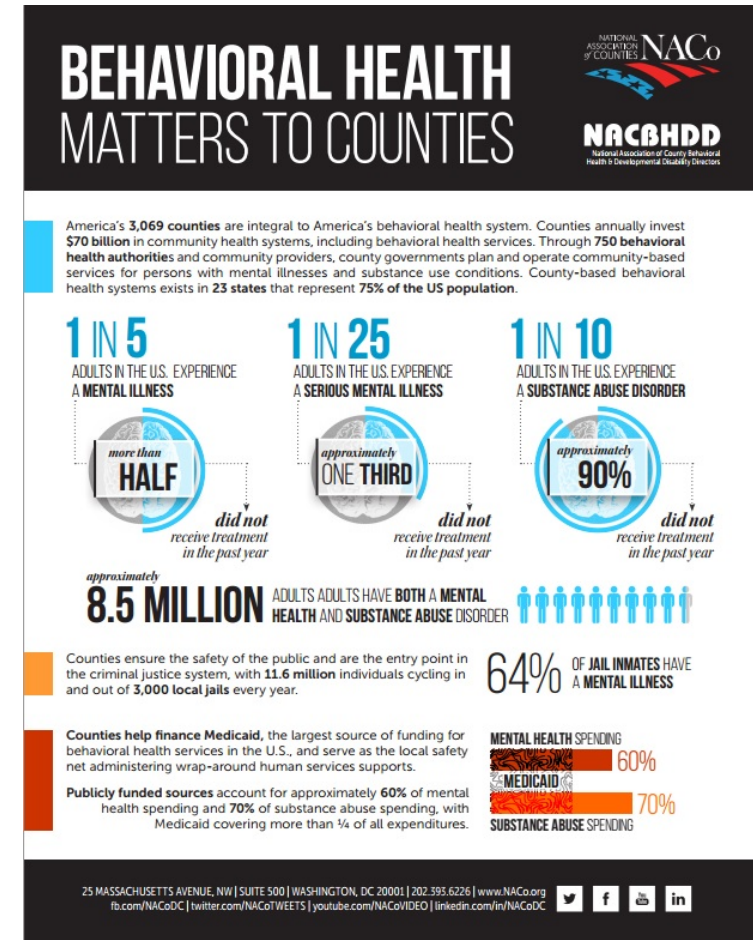
While both bills would clarify guidance around Health Insurance Portability and Accountability Act (HIPPA), the House bill goes farther.

- **1 in 5 adults** in the U.S. experience a mental illness
- **1 in 25 adults** in the U.S. experience a serious mental illness
- **1 in 10 adults** in the U.S. experience a substance abuse disorder

# Legislative Update | Behavioral Health Reform

## Next Steps

- Mark-ups of each bill must be held in relevant committees.
- Assembly of comprehensive reform package would need to occur early next year.
- NACo and NACBHDD are co-hosting a briefing on October 28<sup>th</sup> titled, "Improving America's County Behavioral System".
- NACo asks you to thank members of Congress for their leadership on behavior health reform and educate them on county priorities for behavioral health reform.



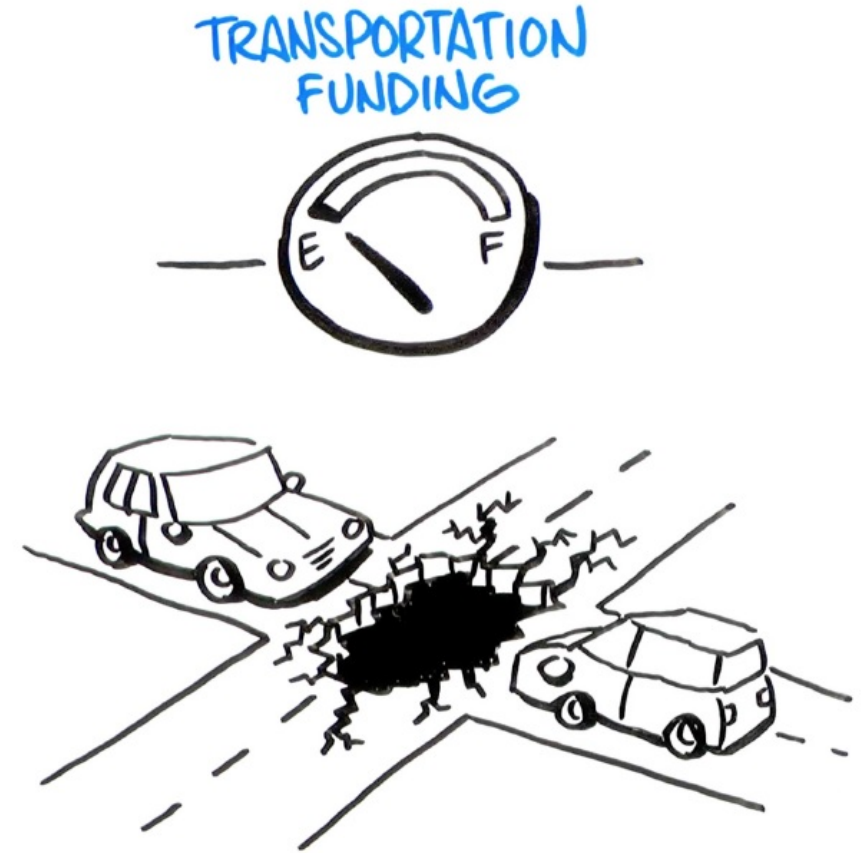
# Legislative Update | Transportation Issues



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202.942.4217

# Legislative Update | Surface Transportation & Highway Trust Fund

- Under MAP-21, funding for locally owned infrastructure was cut by approximately 30%
- Highway Trust Fund (HTF) insolvent
- Congress passed a short-term funding solution through October 29
- How do we pay for a long-term reauthorization?



# Legislative Update | Surface Transportation & Highway Trust Fund

## Senate

The Senate passed [the six-year DRIVE Act](#) which provides three years of funding.

Addresses number of county priorities, but there is [need for improvement](#).

## House

House Transportation Committee introduced six-year policy and spending bill, [Surface Transportation Reauthorization and Reform Act of 2015](#).

[Funding is yet to be determined](#) by Ways and Means Committee.

The House bill goes further than Senate bill to [support county priorities](#).



# Legislative Update | Surface Transportation & Highway Trust Fund

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## What's Next?

House Transportation & Infrastructure Mark-Up  
Thursday, October 22

Possible that House bill will be considered on the floor  
Week of October 26

Current extension of MAP-21 Expires  
October 29

Another extension expected to provide time for conference process

**Biggest Issues Remains: How do we pay for a long-term reauthorization?**



# Legislative Update | Transportation Reauthorization Bills

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**Action needed!**

Thank T&I leadership for their support of county priorities

Urge for passage of fully funded six-year authorization in the House

\*Conference process requires critical outreach to shape final bill\*



# Legislative Update | Transportation: NACo Resources

## Transportation Funding & MAP-21 State Profiles

**NACo** National Association of Counties  
www.NACo.org | February 2014  
STATE SUMMARY OF  
COUNTY TRANSPORTATION FUNDING AND FINANCE  
MINNESOTA COUNTIES

**FUNDING SOURCES FOR COUNTY TRANSPORTATION PROJECTS**

**From State Funds:**

- Revenues from the state motor vehicle licensing fees, motor fuel taxes, and the motor vehicle sales tax are deposited into the Highway Users Tax Distribution Fund (HUTDF) and are constitutionally dedicated to road and bridge projects and maintenance. After a five percent set aside, 20 percent of these funds are distributed to counties; out of the 20 percent share, counties are required to provide funding and maintenance not only for the County State Aid Highway System (CSAH) but also for CSAH that run through cities with a population of less than 5,000.
- Any proceeds from state taxes on motor fuel also go into the HUTDF. A portion of these proceeds is dedicated to the county state-aid highway fund for allocation to counties for highway purposes. A county must use its portion of the revenues from the state tax on gasoline for the management and maintenance of forest roads.
- The first \$52 million in revenue from the leased motor vehicle sales tax is deposited in the State General Fund. Revenues above this amount are split between some metro counties and Greater Minnesota Transit.

**From County Funds:**

- Counties are responsible for two separate road systems, the County State Aid Highway System (CSAH) and the local county road system. The County State Aid Highway System is largely funded through state revenue sources such as the distribution of fuel tax, registration and vehicle sales tax revenues from the Highway User Tax Distribution Fund, while county road system is funded through local revenue sources such as property tax revenue, or local option sales and wheelage taxes.
- Counties impose a \$10 per vehicle wheelage tax to be used towards local road and bridge improvements. Authority to impose this tax was recently expanded to all counties, 47 of which have voted to implement the tax in 2014. Counties have the option of collecting the tax themselves or delegating collection to the state which then issues the payments to the counties on a monthly basis; all counties have chosen to delegate the collection to the state.
- Non-metro counties can now enact up to 1/2 cent transportation sales tax without holding a referendum and revenue use has been expanded to transit operating costs, not only capital. It can also be used for road and bridge capital costs. The tax is levied on anything that is currently subject to sales tax in the county. Because motor vehicles are not subject to a state sales tax, there is authority to apply a one time \$20

**Share of County Owned Road Miles**  
Out of Public Roads Statewide: **34%**

**Share of County Owned Bridges**  
Out of Public Bridges Statewide: **41%**

**Share of Structurally Deficient Bridges**  
Out of County Owned Bridges: **13%**

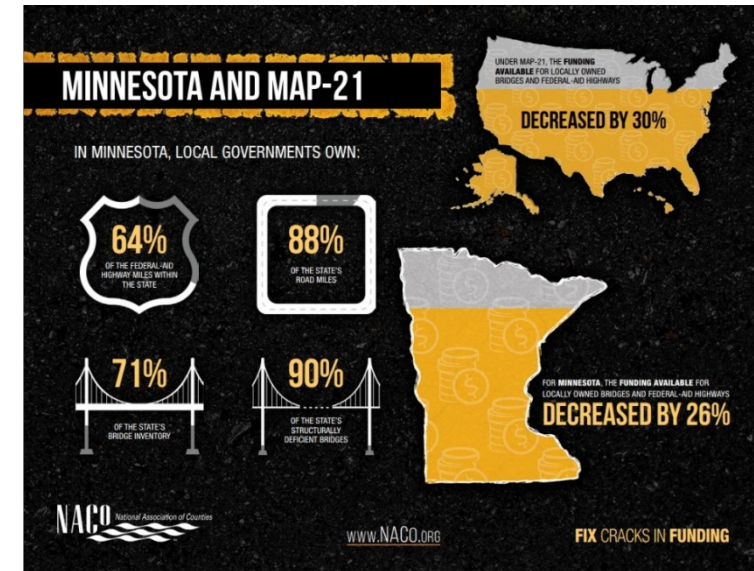
**COUNTY FINANCIAL AUTHORITY**

	County Authority	Limitations
Levy Property Taxes	X	Counties have limitations on property tax rates.
Levy Personal Property Taxes		
Levy Local Option Sales Taxes	X	With County Board approval, counties may levy up to 1/2 cent local sales tax for transportation or a use tax at the same rate.
Levy a Local Gas Tax		
Charge a Motor Vehicle License or Registration Fee	X	Counties have authority to impose a wheelage tax of up to \$10 and in 2018 amounts of up to \$20 will be allowed. Counties may also impose a license tab renewal fee.
Form Special Districts for Transportation		

Questions? Contact Dr. Brian Brink, NACo Research Director | bbrink@naco.org | 800-NACo-2014  
www.naco.org | 1201 Massachusetts Ave NW | Suite 900 | Washington, DC 20001 | Tel: 202-361-6266 | Fax: 202-361-3630 | Twitter: @NACoCounts | Facebook: NACoDC | YouTube: NACoVideos

### State Transportation Funding Profiles

Available at <http://explorer.naco.org/#>



### MAP-21 State Profiles

Available at <http://explorer.naco.org/#>

# Legislative Update | Public Lands Issues

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Chris Marklund

Associate Legislative Director  
Public Lands | Western Interstate Region  
[cmarklund@naco.org](mailto:cmarklund@naco.org) | 202.942.4207

# Legislative Update | Payments in Lieu of Taxes (PILT)

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- The Continuing Resolution (CR) included a PILT technical fix to expedite full payment of this year's PILT funds. This allows the [Department of Interior \(DOI\)](#) to distribute the final \$37 million as soon as possible.
- This funding is vital to counties across the nation containing federal land within their [boundaries](#), helping them pay for services ranging from education to infrastructure to public safety.
- Currently, funding for PILT in FY 2016 remains uncertain. The House Interior Appropriations bill included \$452 million while the Senate did not include funding. [In order to fully fund the PILT FY 2016 estimate, \\$452 million is needed while a full year CR would only provide \\$372.](#)

# Legislative Update | SRS & Forest Management Reform

## Secure Rural School (SRS)

SRS authorization expired on Sept. 30, 2015. [NACo is currently working on immediate funding and a sustainable solution for the future.](#) Counties will receive SRS payments in calendar year 2016 based on FY 2015 forestry receipts.

## Resilient Federal Forest Act (H.R. 2647)

In July, the House passed the Resilient Federal Forest Act (H.R. 2647), which is currently awaiting further action in Senate Agriculture Committee. Senate hearings are expected to take place before the end of the year. [NACo supports H.R. 2647.](#)

The recently passed CR included \$700 million in emergency funds to offset 2015 fire suppression costs.

NACo continues to urge Congress to act to address both forest management and fire suppression in comprehensive legislation as [both are vital to counties across the nation.](#)





# Legislative Update | Endangered Species Act (ESA)

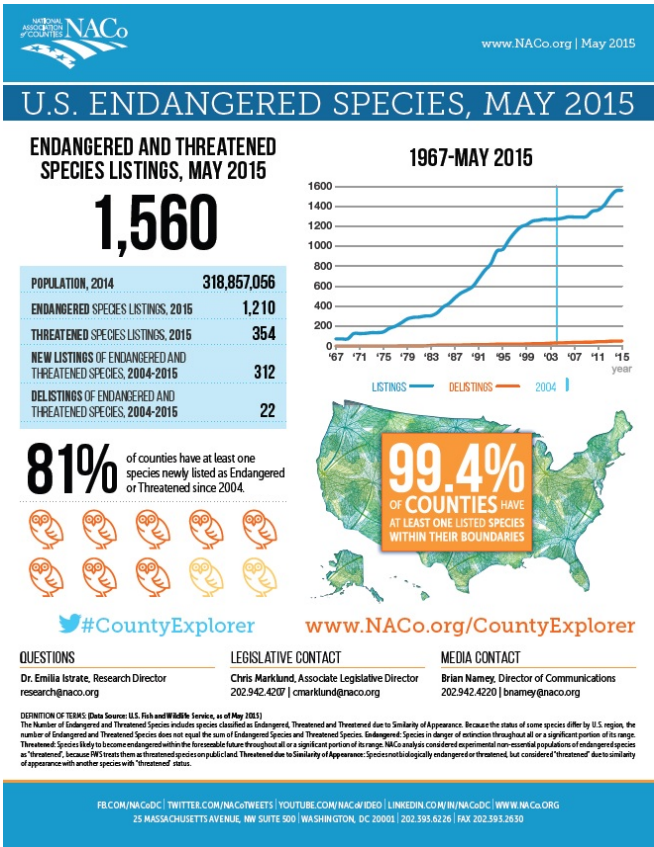
- As part of the National Endangered Species Act Reform Coalition (NESARC), NACo filed comments on the newly proposed rules for ESA listing petition process and continues to work to increase county engagement in the ESA listing process.
- NACo has had county officials testify in front of Congress on ESA reform this year and continues to provide the county perspective on this issue.
- Department of the Interior (DOI) released a statement announcing that the greater sage grouse will not be extended Endangered Species Act (ESA) protections, due to successful landscape-scale conservation efforts across the United States.
- ESA reform legislation continues to be discussed, however, no proposals are moving forward at this time.



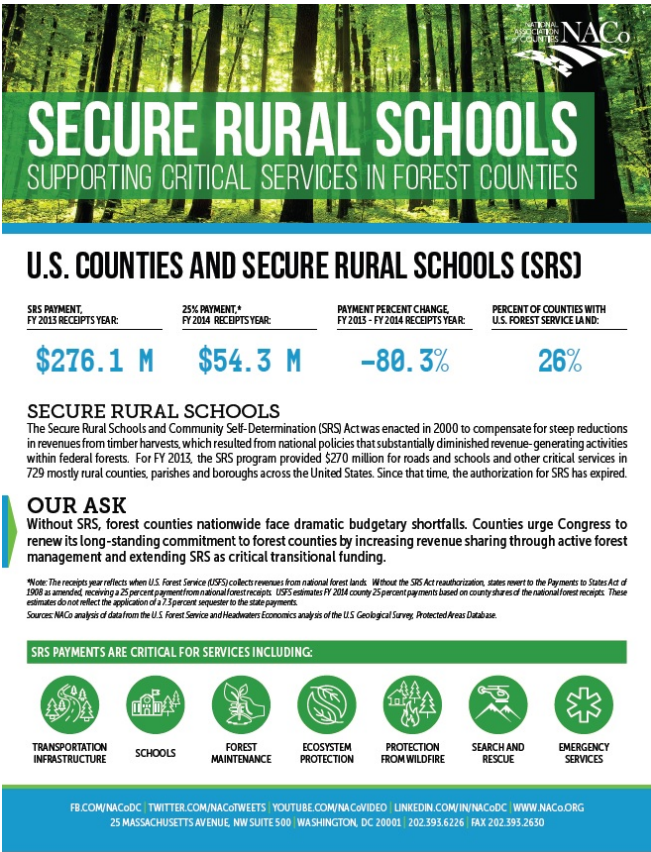
Commissioner Gordon Cruickshank, Valley County, Idaho testified in front of Senate Committee on Environment and Public Works on the ESA.



# Legislative Update | Public Lands: NACo Resources

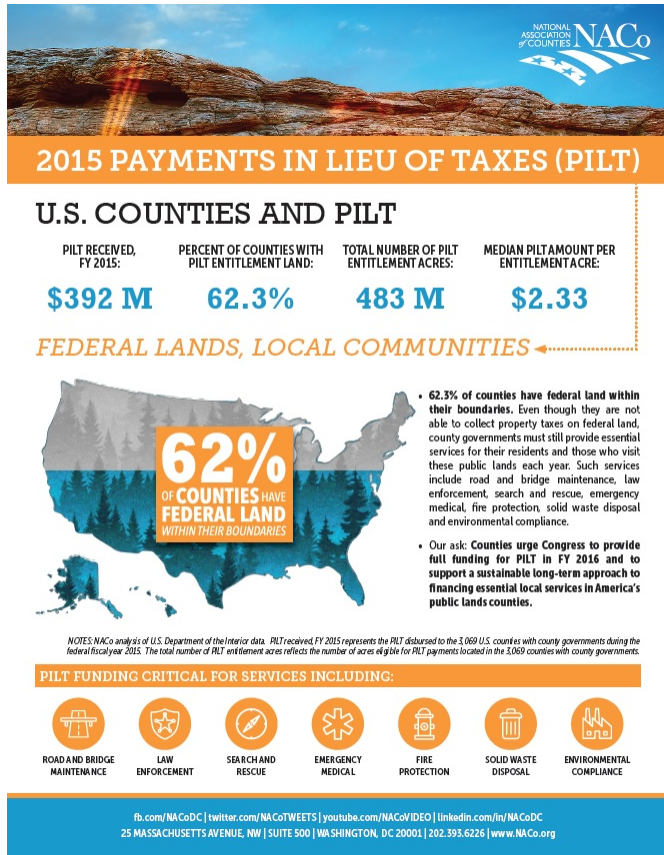


ESA State Profiles



SRS State Profiles

All profiles available at <http://explorer.naco.org/#>



PILT state profiles

# Legislative Update | Additional Items

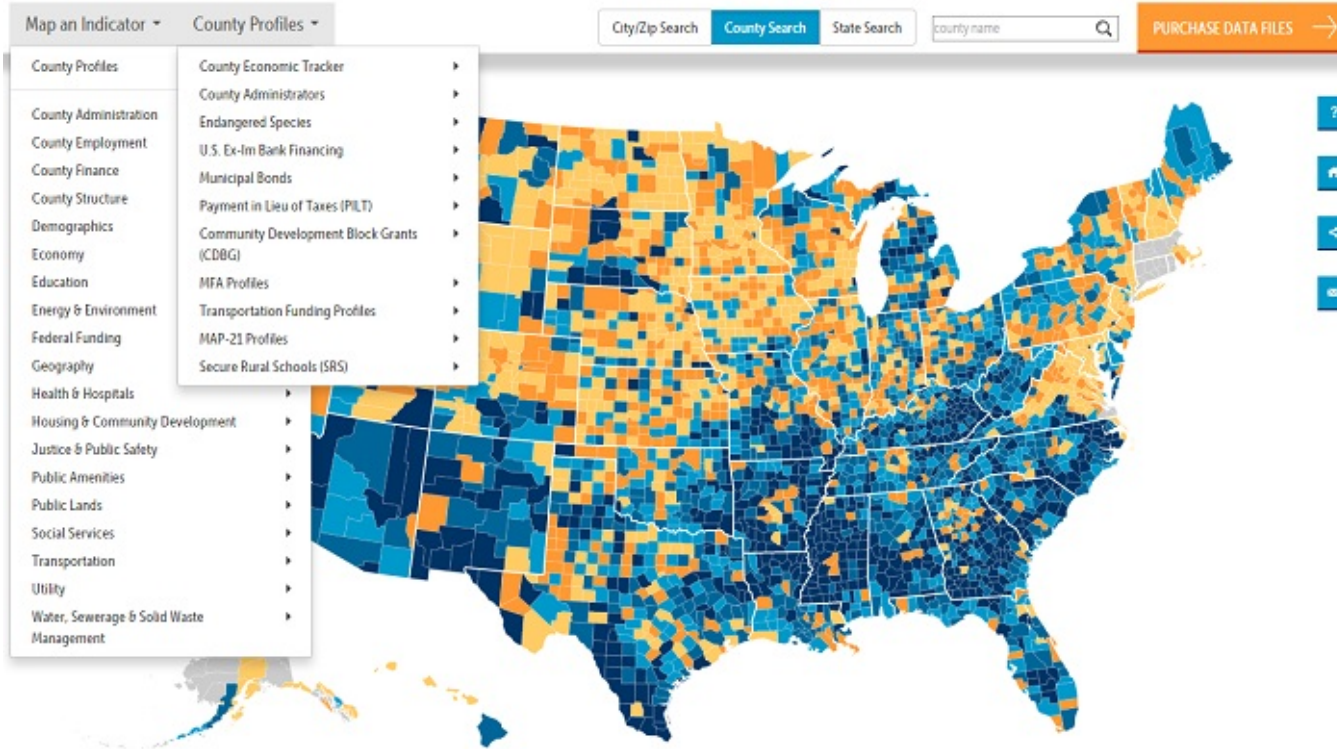
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- [Internet Access Tax Ban](#) (extended as part of CR through Dec. 11)
- [Federal Aviation Administration reauthorization](#) (temporarily extended through March 31, 2016)
- [EX-IM Bank authorization has lapsed](#) (charter expired June 30)
- Tax Extenders—[more than 50 temporary tax incentives](#) expired on Dec. 31, 2014

# Legislative Update | NACo County Explorer

## NACo COUNTY EXPLORER

MAPPING COUNTY DATA



- The NACo County Explorer is an online tool for individuals to search for county data and profiles for each of the **3,069 U.S. counties**.
- Use **NACo's County Explorer** to view your county's latest data ranging from transportation funding to early childhood development.

Available at <http://explorer.naco.org/#>

# Legislative Update | Upcoming NACo Events

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- 2015 Safe and Secure Symposium & NACo Board of Directors: December 2-5, El Paso County, Colo.
- 2016 NACo Legislative Conference: February 20-24, Marriott Wardman Park, Washington, D.C.
- 2016 Western Interstate Region Conference: May 24-26, Teton County, Wyo.
- 2016 NACo Annual Conference: July 22-25, Los Angeles County, Calif.





# Legislative Update | Upcoming NACo Webinar

## The Latest Federal Regulations The Could Impact Your County

Join NACo on **November 4<sup>th</sup>** to hear updates on the top regulatory initiatives of concern to counties and what you can do to get involved in the process. The regulatory initiatives being discussed include:

- Waters of the U.S.
- Ozone
- Overtime Pay
- Home Affordability
- Affordable Care Act (ACA) Excise Tax

Click [here](#) to register for NACo's Regulations Webinar



# Legislative Update | 2016 U.S. Presidential Election

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**2016. GET INVOLVED.**

#countiesconnectUS

# Legislative Update | **Get Involved with NACo!**

