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

October 20, 2015
Legislative Update | Congress by Numbers

114th U.S. Congress

Republicans: 54
Democrats: 44
2 Independents

Senate

House

246 Republicans: 188 Democrats
1 Vacant

+9
+16
2016 U.S. Senate

- GOP defending 23 seats
- Democrats defending 7 seats
- 4 open seats
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!
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
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?
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?
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Although no major movement, comprehensive tax reform is still on the table.

Counties need to be proactive on municipal bonds.
• 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.
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).
40 Percent Excise Tax

- 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.
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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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.
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 (HIPAA), 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
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 28th 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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• 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?
<table>
<thead>
<tr>
<th>Senate</th>
<th>House</th>
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<tr>
<td>The Senate passed the <strong>six-year DRIVE Act</strong> which provides three years of funding.</td>
<td>House Transportation Committee introduced six-year policy and spending bill, <strong>Surface Transportation Reauthorization and Reform Act of 2015</strong>.</td>
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<td>Addresses number of county priorities, but there is <strong>need for improvement</strong>.</td>
<td>Funding is yet to be determined by Ways and Means Committee.</td>
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<td>The House bill goes further than Senate bill to support county priorities.</td>
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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?
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*
Transportation Funding & MAP-21 State Profiles

State Transportation Funding Profiles
Available at http://explorer.naco.org/#

MAP-21 State Profiles
Available at http://explorer.naco.org/#
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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.
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.
Secure Rural Schools: Supporting Critical Services in Forest Counties

U.S. COUNTIES AND SECURE RURAL SCHOOLS (SRS)

- **SRS Payments FY 2015 Budget**
  - $276.1 M
  - $54.3 M
  - $226.8 M

- **Percent of Counties with a Pilot Entitlement**
  - 81%

- **Median SRS Pilot Payment**
  - $2,33

ESAs State Profiles

Secure Rural Schools State Profiles

All profiles available at [http://explorer.naco.org/](http://explorer.naco.org/)

2015 Payments in Lieu of Taxes (PILT)

- **PILT Recipient FY 2015**
  - $392 M
  - 62.3%

- **Median PILT Payment**
  - 62%
  - $483 M
  - 26%

- **Federal Lands, Local Communities**
  - 62%

PILT State Profiles

All state profiles available at [http://explorer.naco.org/](http://explorer.naco.org/)
Legislative Update | Additional Items

- 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
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.
Legislative Update | Upcoming NACo Events

• 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.

• 2015 NACo Annual Conference: July 22-25, Los Angeles County, Calif.
The Latest Federal Regulations The Could Impact Your County

Join NACo on November 4th 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
2016. GET INVOLVED.
#countiesconnectUS
Legislative Update | Get Involved with NACo!