



The National Association of Towns and Townships'

WASHINGTON REPORT

A MONTHLY REPORT ON THE ISSUES AFFECTING THE NATION'S SMALL COMMUNITIES

MAY 18, 2011

The "NATaT Washington Report" is an email newsletter that provides timely information to town and township officials on the legislative, regulatory, funding, and policy decisions in Washington that could affect your communities. The Washington Report focuses on federal issues that affect local governments, including towns and townships. The Washington Report is produced by NATaT's federal representative in Washington, The Ferguson Group. For more information on the legislation described in this report, see <http://thomas.loc.gov/> or contact NATaT Federal Director Jennifer Imo at 1.866.830.0008 or jimo@tfgnet.com.

THE MARCH-APRIL 2011 WASHINGTON REPORT CONTAINS SUMMARIES OF THE FOLLOWING ISSUES:

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NATaT CONFERENCE

Register now for NATaT's annual meeting, America's Town Meeting, in Washington, DC September 6 - 8, 2011. America's Town Meeting provides participants with an important opportunity to meet Administration officials and members of Congress and help make the voice of towns and townships heard in Washington, DC. The Conference also provides opportunities for NATaT members to network with their colleagues around the country and share best practices, lessons learned, and strategies for success. This year, our featured state is Minnesota, who will be hosting an evening reception. We have a number of optional tours lined up to help you and your guests make the most of your time in our nation's capital. To learn more about the conference and to register for this event, please go to our website at www.natat.org.

Of note, this is the last large annual conference that NATaT will host. In the future, we will be organizing smaller, more targeted legislative fly-ins for NATaT members to spend their time in Washington actively advocating for our priority issues. So, join us for what is sure to be a great send-off to a long-standing NATaT tradition.

CONGRESSIONAL SCHEDULE

Congress returned to Washington the week of March 28 and had three weeks to complete the FY 2011 appropriations process. A short-term Continuing Resolution (CR), including more than \$6 billion in cuts, was finalized just before midnight on April 8 and the federal agencies barely avoided a shutdown. The seventh CR kept the government running until April 15, with additional cuts to transportation and housing programs. Next, the White House, Republican leaders in the House of Representatives and Senate Democratic leaders negotiated the eighth and final FY 2011 Continuing Resolution for the remainder of the fiscal year, until September 30, 2011, cutting another \$38.5 billion from FY 2010 levels (H.R. 1473, P.L. 112-10). Bipartisan support was necessary to pass the measure. The House approved the bill 260-167 while the Senate voted 81-19. In a normal year, there are House and Senate bills, a conference report, explanatory statements, and tables, all of which provide guidance to the federal agencies about how much they should spend for individual programs. This year, under a long-term CR, there is only a bill.

In addition to specific funding cuts for some programs, there is a 0.2 percent across-the-board cut of funds for all agencies except for defense. The bill requires most federal agencies to submit a spending plan either within 30 or 60 days of enactment. That is when we will know the exact funding levels for most programs.

BUDGET, APPROPRIATIONS & FISCAL POLICY

FY 2012 Appropriations

While consideration of the FY 2012 Budget Resolution will determine the spending targets for each of the twelve appropriations subcommittees, Administration officials and public witnesses have presented testimony.

All of the House subcommittees have announced May deadlines for the members of Congress to submit programmatic and language changes for FY 2012 appropriations. While affirming that

earmark requests will not be considered, the chairmen are giving members of Congress the opportunity to request increase/decrease program funding and expand or limit the jurisdiction of a specific program.

ECONOMIC DEVELOPMENT

HUD Programs FY 2011 Funding

The FY 2011 Continuing Resolution provided a total of \$41.2 billion for the Department of Housing and Urban Development (HUD). Highlights of the provided funding include:

- Community Development Block Grant (CDBG) - \$3.3 billion, a decrease of \$650 million from FY 2010;
- HOPE VI - \$100 million continuation for the program which was zeroed out in the House passed proposal. The original House proposal would have also rescinded all FY 2010 funding for the program;
- Section 8 Tenant-based rental assistance - \$18.4 billion;
- HUD-Veterans Affairs Supportive Housing (VASH) - \$50 million;
- Sustainable Communities Initiative - \$100 million;
- Homeless Assistance Grants - \$1.9 billion;
- Public Housing - \$2 billion;
- Native American Housing Programs - \$650 million; and
- Housing for the Elderly and Disabled – a total of \$550 million.

Justice FY 2011 Funding

The Department of Justice (DOJ) was funded at a total level of \$27.4 billion in the final FY 2011 Continuing Resolution. The figure represents a \$2.3 billion (8%) reduction from the FY 2011 budget request. In general, grant programs of importance to state and local law enforcement agencies received a 17% reduction in funding when compared to FY 2010 levels. Specifically, funding was provided to the following programs:

- Justice Information-Sharing Technology (JIST) - \$60.3 million;
- Law Enforcement Wireless Communications (LEWC) - \$100 million;
- State and Local Law Enforcement Assistance including Byrne and SCAAP funding - \$1.12 billion;
- Juvenile Justice Grants - \$276 million;
- COPS Programs, including hiring, bulletproof vests and DNA backlog grants - \$496 million;
- Justice Assistance Programs, including regional information sharing systems grants and Missing and Exploited Children's Programs - \$235 million;
- Domestic Violence and sexual assault grants - \$419 million; and
- The Weed and Seed fund was terminated in the bill and will not receive funding in FY 2011.

Labor FY 2011 Funding

The FY 2011 Continuing Resolution included a total of \$12.7 billion for the Department of Labor, a reduction of approximately \$800 million from FY 2010 funding levels. The bill included funding for the following programs:

- Job training grants for adults, youth and dislocated workers - \$2.8 billion, a continuation of the program which was eliminated in the original House proposal;
- Job Corps - \$1.7 billion;
- Community Service for Older Americans - \$450 million;
- Youthbuild - \$80 million;
- Occupational Safety and Health Administration (OSHA) - \$558.6 million; and
- Mine Safety and Health Administration (MSHA) - \$363.8 million.

1099 Fix Enacted

On April 14, President Obama signed into law the Comprehensive 1099 Taxpayer Protection and Repayment of Exchange Subsidy Overpayments Act of 2011 (P.L. No. 112-9). This law repeals an unpopular provision in the health care law that would have required businesses and state and local governments to report any transaction of \$600 or more to the Internal Revenue Service on a 1099 form. This requirement was expected to raise approximately \$20 billion to help pay for health care reform. Now the \$20 billion will be funded by requiring low income people, if their income increases during the year, to pay back a portion of any subsidies they receive to join insurance exchanges created under the health care law. While leadership agreed the provision needed to be repealed, finding an appropriate offset has been difficult. This also is the first repeal of any provision of the health care reform bill enacted in 2010.

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| PUBLIC SAFETY and HOMELAND SECURITY |
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Volunteer Responder Incentive Protection Reauthorization Act

On May 10, Senator Charles Schumer introduced the Volunteer Responder Incentive Protection Reauthorization Act (S. 933), which would extend existing tax benefits for volunteer fire and EMS personnel through 2013; these tax benefits expired on December 31, 2010. S. 933 would exempt all property tax benefits provided to volunteer fire and EMS personnel by state and local governments, and exempt the first \$600 per year of any other type of benefit received by those volunteers. S. 933 would apply retroactively to January 1, 2011. *This is a legislative priority for NATaT, and we encourage you to contact your Senators and ask that they cosponsor this important bill for public safety volunteers. Please call the U.S. Capitol Switchboard at (202) 224-3121 and ask for your Senators' office.*

Flood Insurance Reform

On April 6, the Insurance, Housing and Community Opportunity Subcommittee of the House Financial Services Committee marked up H.R. 1309, the Flood Insurance Reform Act of 2011. The bill was introduced on April 1 by Representative Judy Biggert (R-IL) who chairs the subcommittee. The bill currently has seven cosponsors: Representatives Shelley Moore Capito (R-WV); Robert Dold (R-IL); Scott Garrett (R-NJ); Ruben Hinojosa (D-TX); Nick J. Rahall (D-WV); Steve Stivers (R-OH); and Maxine Waters (D-CA).

Highlights of the bill include the following provisions:

- Extends the authorization of the flood insurance program, which currently expires on September 30, 2011 to September 30, 2016.

- Grants authority to the Administrator of the Federal Emergency Management Agency (FEMA) to, at the request of a local government, temporarily suspend the current mandatory flood insurance purchase requirements in certain areas for a period of not to exceed 12 months. For an area to be eligible for this provision, the area must be one that is designated or will be designated as a special flood hazard area pursuant to the issuance, revision or updating of flood insurance maps and that meets one of the three following requirements: the area has not been previously designated as a special flood hazard area; the area was intended to be protected by a flood protection system which has been decertified and which is being improved; and the community has appealed the designation of the area as a special flood hazard area or the decertification of a flood protection system. The suspension of the mandatory purchase requirement may be extended to up to 24 months.
- Establishes minimal annual deductibles for subsidized rate properties (\$2,000) and for properties paying actuarial rates (\$1,000).
- Provides that flood insurance premiums may be paid quarterly.
- Permits flood insurance premiums to increase by up to 20% per year rather than the current 10%.
- Provides that for areas newly designated as special flood hazard areas, during the first 12 months, flood insurance premiums shall be 50% of the chargeable risk premium rate. Full actuarial rates would be phased in by increasing premiums 20% per year.
- Provides that for any commercial property, any second or vacation home, any single family property constructed before the effective date of the initial flood insurance rate map for the area and which is purchased one year after the enactment of the bill, any home substantially damaged or improved one year after the enactment of the bill, or any repetitive loss property, the Administrator of FEMA shall increase flood insurance rates to applicable risk premium rate. Increases in premiums under this section may not be more than 20% in any one year.
- Addresses state and local funding for construction, reconstruction and improvement of flood protection systems. Existing law allows communities that have made substantial progress on the construction of a flood protection system to be charged premium rates not exceeding those that would exist if the flood protection system were completed. H.R. 1309 would extend that authorization to communities that are reconstructing or improving flood protection systems, without regard to the level of federal participation in the project.
- Establishes a Technical Mapping Advisory Council charged with developing and submitting to the Administrator of FEMA and Congress proposed new standards for 100-year flood insurance rate maps used under the flood insurance program. The bill further directs the Administrator to update flood insurance maps in accordance with the new standards and to complete that work within five years after the establishment of the new standards
- Provides that mandatory flood insurance purchase requirements shall be waived for a property owner who submits to the Administrator a survey indicating that the lowest level of the primary residence on the property is at least three feet above the 100-year flood plain. The waiver shall remain in place until the Administrator updated the flood insurance rate map for the area in accordance with the new standards required by the bill.
- Requires the Administrator of FEMA to establish a program to notify residents of special flood hazard areas annually that they reside in such areas and of the flood insurance purchase requirements.

- Requires that tenants be notified of the availability of flood insurance coverage if they live in a special flood hazard area.
- Amends the Real Estate Settlement Act of 1974 to require that each good faith estimate include the following information: that flood insurance coverage for residential real estate is generally available under the National Flood Insurance Program; contact information for the National Flood Insurance Program; and that the escrowing of flood insurance payments may be required for the loan.
- Consideration of the bill by the full House of Representatives has not yet been scheduled.

Homeland Security FY 2011 Funding

The following programs were funded in the FY 2011 Continuing Resolution to state and local First Responders.

- State Homeland Security Grant Program - \$725 million
- Urban Area Security Initiative - \$725 million
- Metropolitan Medical Response System Program - \$35 million
- Emergency Management Performance Grant Program - \$250 million
- Assistance to Fire Fighters Grant Program - \$405 million
- SAFER Act Program (hiring grants) - \$405 million
- Port Security Grants - \$250 million
- Elimination of the Buffer Zone Protection Program

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| TRANSPORTATION |
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Transportation FY 2011 Funding

The FY 2011 Continuing Resolution reduced by 19 percent funding available to the Department of Transportation. Most of the cuts came from a handful of major accounts such as New Starts (\$400 million) and high speed rail, which was reduced entirely. However, Congress did provide funding for many transportation grants of interest to local governments. For example, Congress provided \$528 million for a third round of the TIGER grant program, which provides funding for multi-million dollar highway, bridge, transit, and port projects.

FHWA Emergency Relief Funding for Highways

The Federal Highway Administration recently awarded \$320 million to 20 state Departments of Transportation to help rebuild roads and bridges damaged by a wide variety of natural disasters that occurred between 2006–2010. The funding will reimburse states for fixing or replacing highways, bridges and other roadway structures such as traffic signs, guardrails and lighting. Costs associated with detours, debris removal and other immediate measures necessary to restore traffic flow in impacted areas are also eligible.

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| WATER AND NATURAL RESOURCES |
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Water Infrastructure FY 2011 Funding

While significantly cut, federal funding will still be available for local water and wastewater infrastructure projects in FY 2011. The Environmental Protection Agency (EPA) will pass \$1.5

billion and \$965 million to the states for the Clean Water State Revolving Fund (CWSRF) and Drinking Water State Revolving Fund (DWSRF), respectively. States will continue making low-interest CWSRF loans available to local governments to fund water quality protection projects for wastewater treatment, nonpoint source pollution control and watershed management. Similarly, DWSRF dollars will be available to cities and counties to install, upgrade or replace drinking water infrastructure.

Clean Water Act Guidance

In a letter dated April 14, a group of 170 (147 Republicans and 23 Democrats) House members sent a letter to the Obama Administration criticizing the December 2010 Clean Water Protection Guidance. The signatories of the letter assert that the new December 2010 guidance goes beyond clarifying the scope of the Clean Water Act (CWA) and suggests that the Army Corps of Engineers and the EPA are trying to rewrite CWA regulations to broaden the scope of the agencies' regulatory jurisdiction over isolated wetlands without the transparency and public involvement of a rulemaking process.

The letter drew immediate fire from environmentalist and sportsmen groups who said that the letter was misleading and that the two agencies are currently implementing guidance put in place by the Bush Administration. The issue of the Clean Water Act jurisdiction will continue to be a policy issue over the next few years.