Monroe County, Florida
2018 Federal Legislative Agenda
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Monroe County
2018 Federal Legislative Agenda

Primary Issues

Hurricane Recovery
Support recovery efforts from Hurricane Irma, including funding for the Natural Resource Conservation Service Emergency Watershed Program, Community Development Block Grants- Disaster Recovery (CDBG-DR), Hazard Mitigation Grant Program, FEMA reimbursements, and other programs of importance to Monroe County. Support the ability to use CDBG-DR funds, both those for unmet needs and for mitigation, as a match for other federal programs, such as the Hazard Mitigation Grant Program.

Proposed Spending Reductions and Program Eliminations
Oppose funding cuts to non-defense discretionary programs of importance to Monroe County.

National Flood Insurance Program
Support efforts to improve the National Flood Insurance Program for the benefit of all participants. Oppose the 21st Century Flood Reform Act and any other legislation that would be detrimental to policyholders and local governments. Support the Sustainable, Affordable, Fair, and Efficient National Flood Insurance Program (SAFE NFIP) Act. Support prohibition of the issuance of flood insurance for new development on properties in the Florida Keys that contain known or suitable habitat for federally-listed endangered species. Monitor FEMA’s implementation of the Homeowner Flood Insurance Affordability Act. Support the creation of a National Catastrophe Fund. Support increased funding for the Hazard Mitigation Assistance grant programs, including the Flood Mitigation Assistance Grant Program and the Pre-Disaster Mitigation Grant Program, as well as increased funding for the Disaster Relief Fund.

Water Quality
Support full funding of the Florida Keys Water Quality Improvements Program via the FY 2018 Army Corps of Engineers Work Plan. Support continued additional funding for Army Corps of Engineers environmental infrastructure projects in FY 2019 and future fiscal years. Support Monroe County’s efforts and activities related to canal restoration.

Payments In Lieu of Taxes
Support full, long-term mandatory funding of the Payments In Lieu of Taxes (PILT) program, which enables local governments to rely upon PILT funds when budgeting.

Everglades Restoration and the Health of Florida Bay
Support the South Florida Water Management District’s request for a Post-Authorization Change Report (PACR) to increase water storage south of Lake Okeechobee. Support efforts to improve the health of Florida Bay by restoring adequate fresh water flows through the Everglades. Support full completion of the C-111 Canal suite of projects. Support completion of the Modified Waters Delivery suite of projects and improved operational plan, including further modification to Tamiami Trail. Support future construction of the Central Everglades Planning Project.

Transportation

Federal Aviation Administration - Authorization and Issues
Support $3.35 billion in annual appropriations for the Airport Improvement Program. Support Monroe County’s grant proposals for funding through the FAA Airport Improvement Program. Support an
increase in the passenger facilities charge cap from $4.50 to $8.50. Support annual full and dedicated funding for the FAA Contract Tower Program. Oppose the elimination of the Law Enforcement Officer Reimbursement Program. Support the removal or relocation of the non-directional beacon at Higgs Beach. Support continued efforts to establish a joint-use airport at Naval Air Station Key West. Support federal funding for sound attenuation activities around military air facilities.

Transportation Authorization
Monitor proposed changes to federal highway programs. Monitor efforts to enhance federal transportation revenue streams. Support the continuation of dedicated bridge funding through the Surface Transportation Program or other avenues. Support opportunities to secure funding for Monroe County’s priorities via federal highway legislation or other means.

Infrastructure Investment
Support new federal investment in infrastructure. Support any and all opportunities to secure funding for Monroe County’s infrastructure priorities.

Energy & Environment

Oil and Gas Drilling
Oppose the inclusion of lease sales for oil and gas drilling within the boundaries of Florida’s territorial seas in the Department of Interior’s five-year National Outer Continental Shelf Oil and Gas Leasing Program. Oppose legislation that would prevent the Florida Department of Environmental Protection from blocking requests for offshore drilling in federal waters off Florida’s coast. Oppose seismic surveying within the Everglades, surrounding critical areas, or any other federal lands. Oppose efforts to ease restrictions on hydraulic fracturing and other oil and gas extraction activities.

Coral Reefs
Support legislation to reauthorize the Coral Reef Conservation Act and any efforts to address the current coral disease outbreak impacting South Florida and the Florida Reef Tract.

Climate Change and Sea Level Rise
Monitor federal climate change legislation and executive actions. Support federal efforts to address climate change and mitigate sea level rise. Support the federal legislative priorities of the Southeast Florida Regional Climate Change Compact.

Waters of the United States and Regulatory Reform
Monitor activity related to the implementation of the EPA and Corps’ rule on Waters of the U.S. Monitor any new proposed rule regarding WOTUS proposed by the EPA and Corps’. Monitor activity related to regulatory reform.

Oil Spill Protection
Support revisions to the Oil Pollution Act of 1990 and other associated laws to ensure that local governments may act as first responders in an effort to protect local communities, and be reimbursed for their actions undertaken to protect their resources and restore damaged areas during oil spill events, and the Oil Spill Liability Trust Fund is capable of addressing Spills of National Significance where there is no financially viable or legally responsible party.

Land Acquisition
Support efforts by federal agencies to acquire appropriate properties to mitigate environmental resource or military encroachment concerns in Monroe County. Support a $900 million annual appropriation from the Land and Water Conservation Fund. Support future mandatory funding for the Land and Water
Conservation Fund. **Support** Monroe County’s efforts to secure approval for needed improvements at Higgs Beach Park without having to go through the conversion process. **Support** increased funding of the Department of Defense’s Readiness and Environmental Protection Integration program.

**Property Assessed Clean Energy Legislation**

**Support** legislation and guidelines that would allow for the creation of residential and commercial PACE programs in Monroe County to finance a number of home and commercial property improvement projects including energy efficiency, flood mitigation, or hurricane protection.

**RESTORE Act**

**Monitor** federal implementation of the RESTORE Act to ensure continued benefit to Monroe County. **Support** efforts to secure funding for Monroe County including any grant applications to the Gulf Coast Ecosystem Restoration Council. **Support** the approval of the State Expenditure Plan.

**Social Services**

**Continuum of Care Program – Federal Homeless Assistance**

**Support** continued adequate annual funding for Department of Housing and Urban Development Homeless Assistance Grants, particularly for the Continuum of Care Program.

**Aging Issues**

**Support** continued adequate annual funding for Older Americans Act programs that support critical social service programs serving elder persons in Monroe County.

**Social Services Block Grant**

**Support** continued adequate funding for the Social Services Block Grant program.

**Mental Health Care**

**Support** legislation that responsibly expands treatment options and support for the mentally ill.

**Public Safety**

**Public Safety Programs**

**Support** continued funding for the wide variety of DOJ and DHS grants, i.e., Community Oriented Policing Services, Byrne Justice Assistance Grants, Emergency Management Preparedness Grants, Assistance to Firefighters Grants, Staffing for Adequate Fire and Emergency Response Grants, Urban Areas Security Initiative grants, and other security-specific grants. **Support** any Monroe County applications for these funds. **Support** federal funding for the construction of Emergency Operations Centers.

**Naval Air Station, Key West Base Realignment and Closure**

**Monitor** activities related to the Department of Defense Base Closure and Realignment Commission for potential impacts to Naval Air Station, Key West.

**General Government Issues**

**Tourist Development Taxes**

**Oppose** legislation that would exempt online travel brokers from paying taxes on the full room rate paid by the consumer, thereby costing Monroe County the opportunity to collect appropriate tourist development taxes from visitors to the region.
Remote Sales-Tax Legislation
Support legislation that requires companies making catalog and internet sales to collect and remit the associated taxes. Support federal tax policies that maintain revenue streams to local governments.

Tax-Exempt Bonds
Oppose legislation that would threaten the tax exemption on state and local bonds. Support the passage of legislation to reinstate advanced refunding of tax-exempt bonds.
FEDERAL ISSUE: Hurricane Recovery

BACKGROUND; HOW IT MAY AFFECT MONROE COUNTY: In September 2017, Hurricane Irma made landfall as a Category 4 storm in Cudjoe Key, causing devastating damage across the islands to homes, business, the environment and public infrastructure. In the months since the storm, Congress has passed three supplemental appropriations bills to attempt to assist in the recovery efforts from Hurricane Irma as well as several other hurricanes and wildfires. In total, these supplemental appropriations bills have provided a total of $141.05 billion in funding to impacted areas.

Monroe County has several needs for recovery assistance from the rebuilding of affordable housing, debris removal, marine debris removal, the repair of infrastructure and economic recovery, to name a few. The federal government provides assistance through a variety of different programs; this fragmented system means the County must deal with a myriad of federal agencies as well as coordinate with state and local partners.

**FEMA Reimbursements and Deobligation**
The Federal Emergency Management Agency (FEMA) assists local governments, through the state, after disasters with funding for recovery projects. This funding follows a specific process where counties seek reimbursement through the State Division of Emergency Management and FEMA for projects. It is essential that these reimbursements are processed in a timely manner to ensure the fiscal stability of local governments. As of May 2018, Monroe County has submitted seventeen completed projects for reimbursement to FEMA, totaling approximately $35 million of expenditures. So far, only five of these projects, representing $3.4 million have been obligated, allowing the state to release the funds to the County. The remaining twelve are still in formulation with FEMA. The County has been working with FEMA and the County’s Congressional delegation to process these remaining projects as quickly as possible. As we approach the start of the 2018 hurricane season and the County begins formulation of the budget for the next fiscal year, reimbursement is needed to ensure the ability to continue operations and withstand any future storms.

As Monroe County recovers from Hurricane Irma, it will be important to monitor any federal action on de-obligations that may cause the County to have to repay funds from projects completed several years before. Once a project is completed, a close-out process is requested of FEMA by the county and state and a final payment is made. Currently, a county could have its project audited by the Department of Homeland Security’s Inspector General’s office for up to three years after the closeout of the entire disaster, rather than the closeout of the project. As a result of these audits, the Department of Homeland Security can determine that monies were spent incorrectly and must now be “de-obligated” or repaid to the state and federal government. In recent years in Florida, most of these audits are from storms during the 2004 and 2005 hurricane season, meaning many of these projects have been completed for over a decade.

In the House, Representative Lois Frankel (D-FL) filed HR 1678, the Robert T. Stafford Disaster Relief and Emergency Assistance Act, along with several other Florida representatives, that would limit the statute of limitations for an audit to three years following the completion of a project, rather than the final expenditure report for the entire disaster. This bill passed the House in May of 2017. Senator Nelson introduced companion legislation in the Senate and Senator Rubio has filed a separate bill that would also limit the time period for review to three years. Neither Senate bill has any cosponsors nor have they been scheduled for any hearings. Nearly all members of the Florida delegation signed a letter to the House and Senate Appropriations committees in the aftermath of Hurricane Irma urging them to include the limit on
de-obligations in an upcoming supplemental appropriations bill, however this language was not included in the third supplemental appropriations bill passed by Congress in February of 2018. The de-obligation language was included in the Federal Aviation Administration reauthorization bill that passed the House in April, however, it is unlikely that the Senate will keep the disaster-related provisions of the bill.

**CDBG-DR**
Community Development Block Grants Disaster Recovery (CDBG-DR) are among the most flexible funding available through the federal government to recover from disasters. Once Congress has appropriated funding after a disaster, the Department of Housing and Urban Development will use their formula to determine the allocations between the jurisdictions that have been impacted by the disasters covered in that particular appropriation, which will then be published in the Federal Register. The funds that are allocated to any jurisdiction in Florida are administered by the Department of Economic Opportunity (DEO).

Generally, CDBG-DR can be used for:
- Disaster relief
- Long term recovery
- Housing
- Restoration of infrastructure
- Economic revitalization

One important factor to consider when using these funds for disaster recovery is the underlying law of the CDBG program with respect to ensuring projects benefit low- to moderate-income (LMI) populations. 70% of funds must benefit LMI persons. This requirement can be dropped to 50% for specific activities via a waiver from HUD. Specifically, all funded activities are expected to meet one of the following three objectives:

1. Benefit persons of LMI
2. Aid in the prevention or elimination of slums or blight
3. Meet other urgent community development needs because of serious or immediate threat

Of particular interest to Monroe County will be the ability to use these funds for affordable housing. Hurricane Irma destroyed 1,179 homes and caused major damage to an additional 2,977. Prior to the storm, the County was already struggling with providing sufficient affordable housing. The State of Florida recently submitted their State Action Plan for the use of the CDBG-DR funds to HUD. The draft includes a minimum of $90 million for Monroe County. These funds will be split with $50 million available for housing repair, $20 million for construction of new affordable rental housing, $10 million for land acquisition for affordable housing and $10 million for a voluntary buyout program. HUD is now in the process of reviewing the action plan with the goal of having the recovery programs up and running by fall of 2018.

Additionally, the third disaster supplemental appropriations bill included CDBG-DR funding for both unmet needs and a new mitigation program. The State of Florida will amend the current state action plan to account for the additional funds for unmet needs, however, the mitigation funds will need to wait for additional guidance from HUD prior to expenditure. HUD has not administered a CDBG-DR mitigation program in the past. HUD anticipates publishing guidance on the use of mitigation funds in September of 2018, which will then create a new resource for the County to pursue for vital mitigation and preparedness activities. The first allocation of CDBG-DR released by HUD allows for the use of CDBG-DR as a source of match money for the Hazard Mitigation Grant Program (HMGP). The County would like to ensure that any future round of funding released by HUD, both for unmet needs and through the new mitigation program, will also allow this to be used as a match.
NRCS
The Department of Agriculture Natural Resources Conservation Service (NRCS) administers a Watershed and Flood Prevention Operations Program that can be used to remove marine debris after natural disasters. Through the third disaster supplemental appropriations bill, NRCS was provided with $541 million. The County has worked with NRCS to complete damage survey reports (DSR) for several canals. NRCS has approved work on 103 canals throughout Monroe County with a total dollar value of over $46.3 million. The County’s DSRs have been approved by NRCS and the funds have been transferred to the state office. The state office is currently working to process grant agreements for every applicant in Florida. Once the grant agreements are finalized and executed, the County can begin the work of clearing debris from the approved canals.

NOAA
The National Oceanic and Atmospheric Administration was provided with $18 million through the third disaster supplemental appropriations bill to address marine debris. Although NOAA does operate a marine debris removal program and does provide annual grants to local governments for marine debris removal, they are not typically involved in disaster recovery through this program. NOAA is focusing on marine debris in the nearshore waters and particularly on fishing gear and debris impacting the Florida Keys National Marine Sanctuary. Monroe County has engaged with NOAA and members of your delegation to ensure the agency is aware of Monroe County’s needs.

EDA
The Economic Development Administration was provided with $600 million, nearly double their typical annual budget, through the third disaster supplemental bill to provide grants to communities to aide in economic recovery. These grants will support immediate relief efforts as well as long-term recovery and can be used for technical assistance, planning and infrastructure projects.

POSITION: Support recovery efforts from Hurricane Irma, including funding for the Natural Resource Conservation Service Emergency Watershed Program, Community Development Block Grants- Disaster Recovery (CDBG-DR), Hazard Mitigation Grant Program, FEMA reimbursements, and other programs of importance to Monroe County. Support the ability to use CDBG-DR funds, both those for unmet needs and for mitigation, as a match for other federal programs, such as the Hazard Mitigation Grant Program.
FEDERAL ISSUE: Proposed Spending Reductions and Program Eliminations

BACKGROUND; HOW IT MAY AFFECT MONROE COUNTY: In late May 2017, the Trump Administration released their Fiscal Year (FY) 2018 budget proposal, which proposed cuts to or eliminations of many programs of importance to the County. Among those agencies that fared best include the departments of Defense (10% increase), Homeland Security (6.8% increase), Veterans Affairs (5.9% increase), and the National Nuclear Security Administration (an 11% increase - imbedded in the Energy Department budget, which gets an overall decrease of 5.6%). Meanwhile, those agencies that face the most significant budget reductions include the following: EPA (31.4%), HHS (16.2%), State/U.S. AID (28%), Labor (20+%), Agriculture (21%), Transportation (12%), Commerce (16%), Education (13%), HUD (13.2%), Interior (12%). The County then engaged with members of your delegation to highlight the importance of many of these programs.

Among other things, following are several areas of concern to Monroe County in the President’s budget proposals:

- The National Flood Insurance Program (NFIP) is impacted in two ways by the Administration’s FY 2018 proposal. The first is a suggestion to restructure the program “to ensure that the cost of Government services is not subsidized by taxpayers who do not directly benefit from those programs”. Although there is no additional detail provided, it is essential that flood insurance remain affordable for our citizens. The second change to the NFIP is a proposal to eliminate the appropriation for the NFIP’s Flood Hazard Mapping Program and potentially pay for these activities by adding another surcharge onto NFIP policies. With over 30,000 NFIP policies in force in Monroe County, on both commercial and residential properties, the affordability and stability of the NFIP is of vital importance to the County. In the FY 2019 budget proposal, the Administration cuts funding for flood mapping by $100 million.
- The proposed reduction of funding for Payment In Lieu of Taxes (PILT) in FY 2018 and FY 2019 would have a detrimental impact to the County. Approximately 19% of the County’s land is eligible for compensation through PILT. In FY 2017, the County received just over $1.2 million dollars in PILT payments.
- Reduced funding to the Army Corps of Engineers would directly impact projects important to the County, such as the Florida Keys Water Quality Improvements Program (FKWQIP) and the restoration of the Everglades.
- The elimination of nearly $250 million in National Oceanic and Atmospheric Administration (NOAA) grants and programs for coastal and marine management, including the Sea Grant program, in FY 2018 and FY 2019 would detrimentally impact the condition of our coastline and the health of the marine ecosystem, especially in the Florida Keys National Marine Sanctuary.
- A 31 percent cut to the EPA that reportedly would include laying off 25 percent of the agency’s workforce and eliminating 56 programs. This includes the elimination of programs such as:
  - Climate Protection Program (224 FTE’s)
  - Nonpoint Source grant program
  - National Estuary Program/Coastal Waterways (43 FTE’s)
  - The South Florida Geographic Program
- The elimination of the Department of Energy’s Weatherization Assistance Program which enables low-income families to reduce their energy bills by making their homes more energy efficient.
Congress ultimately funds the government and can ignore much of what the President has recommended, but the budget proposes so many reductions or whole elimination of programs while significantly boosting spending in other areas (defense, a southern wall, for instance) that many members of Congress support and it will therefore be difficult to restore all funding to domestic agencies or programs of importance. If a piece of the pie gets bigger, the entire pie is not likely to grow – instead other pieces will get smaller.

In February of 2018, the President released his FY 2019 budget, which includes many of the same cuts. For FY 2019, among the agencies facing the steepest cuts are EPA (-25%), the Small Business Administration (-25%), the State Department (-23%), the Department of Transportation (-18%), the Department of Agriculture (-15%), the Department of the Interior (-15%), the Department of Housing and Urban Development (-14%). A handful of agencies are proposed to receive significant increases including the Department of Veterans Affairs (+15%), the Department of Defense (+14%), the Department of Homeland Security (+12%), and the Department of Health and Human Services (+11%). The majority of the increase for the Department of Health and Human Services comes from a proposed additional $13 billion over two years to fight the opioid crisis, above and beyond the currently existing programs.

For FY 2018, Congress chose to ignore the vast majority of the eliminations and cuts proposed by the Administration and have thus far continued that approach for FY 2019.

**Rescission and Sequestration**

Although President Trump ultimately signed the FY 2018 omnibus which ignored his proposed cuts and eliminations into law, his Administration has sought to claw back some of the funding through rescission requests. The Administration worked with House Majority Leader Kevin McCarthy (R-CA) to put together a rescission package for Congressional consideration. The 1974 Budget Act provides a mechanism for the White House to propose rescinding, or cutting, funds that Congress has already appropriated. This would allow the Administration to target specific programs for reduction or elimination. Congress would then have 45 days to vote on the measure to rescind the funding or simply ignore the Administration’s request.

A rescission request sent to Congress in May of 2018 proposes to rescind $15.4 billion in federal spending. According to OMB, this is the first of several rescission packages the Administration plans to submit to Congress to fulfill the President’s commitment to cut federal spending. The Trump Administration had originally planned to send a much larger rescission package to Congress, but softened the current proposal amid pushback from party leadership. This package does not target programs from the FY 2018 appropriations process, but rather older funding that is unlikely to be spent. Still, this packaged faces an uncertain future in Congress, particularly the Senate. Members have objects to individual items in the package, such as rescinding funding for the Children’s Health Insurance Program (CHIP) and for the process itself.

Another threat to discretionary spending is sequestration. The Budget Control Act (passed in 2011) established budgetary caps in law for discretionary spending – one cap for defense accounts and another for non-defense accounts – through FY 2021. The penalty for spending over the caps is a sequestration of funds to ensure spending is in line with the budgetary caps established in law. Sequestration would result in a percentage-based cut to every account, program and project funded by discretionary spending. In February of 2018 Congress passed legislation to raise the budget caps for both defense and non-defense accounts for the next two years, avoiding the threat of sequestration for that time period.

**POSITION: Oppose** funding cuts to non-defense discretionary programs of importance to Monroe County.
FEDERAL ISSUE: National Flood Insurance Program

BACKGROUND; HOW IT MAY AFFECT MONROE COUNTY: In 1968, Congress established the National Flood Insurance Program (NFIP) to address the nation’s flood exposure. A three-prong floodplain management and insurance program was created to (1) identify areas across the nation most at risk of flooding; (2) minimize the economic impact of flooding events through floodplain management ordinances; and (3) provide flood insurance to individuals and businesses. Until 2005, the NFIP was self-supporting, as policy premiums and fees covered expenses and claim payments. Today, the program is roughly $25 billion in debt due to several large storms.

In mid-2012, Congress passed, and the President signed, the Biggert-Waters Flood Insurance Act (BW12), a 5-year reauthorization of the NFIP that attempted to restore the program to firmer financial footing by making several changes to the program that impacts the County’s residents. Then, in early 2014, the Homeowner Flood Insurance Affordability Act (HFIAA), was enacted to address some of the so-called unintended consequences of BW12. While HFIAA delayed many of the premium increases implemented by BW12, in the long run, the only real difference between rate increases envisioned by the two bills is that HFIAA reinstated grandfathering. This provision originally ended by BW12 allows property owners to pay flood insurance rates based on original risk, not that which is determined by new community flood maps.

Authorization of the NFIP expired on September 30, 2017, and has been continued along with funding for the government several times through continuing resolutions. Most recently, the program was reauthorized through the end of July as part of the FY 2018 omnibus. The 115th Congress still needs to address a longer-term reauthorization of the program this year. Reauthorization will likely include reforms to the NFIP.

115th Congressional Approach
The House Financial Services Committee drafted and passed several bills to address the reauthorization of NFIP. The proposals have many areas of concern for consumers and local governments. Specifically, the package of bills would:

- Raise the minimum average premium increase to 8% from 5%. FEMA has reported that a majority of risk classifications had increases of less than 8%, thereby this provision would mean higher premiums for the majority of policyholders.
- Increase a variety of surcharges for all policyholders in the NFIP while not holding the private insurance market to the same standards
- Change the definition of a multiple loss property and place additional restrictions on policyholders that fall into this category, increasing their expenses and limiting their choices for coverage
- Increase the regulatory burden on local governments by requiring communities with more than 50 repetitive loss structures (defined as properties that have had two or more claims totaling $1,000 in the past ten years) to map the properties and surrounding infrastructure and then enact a FEMA approved mitigation plan. The communities would then be subject to potential sanctions from FEMA if sufficient progress was not made on the plan. These sanctions are not clearly defined in the bill, but references to removal from the NFIP was taken out of the bill by amendment in committee.

The package of bills was then merged into a single bill, entitled the 21st Century Flood Insurance Reform Act, which ultimately passed the House last fall but is unlikely to gain traction in the Senate.
In the Senate, several Senators, including both Senators Nelson and Rubio, have introduced their own version of flood insurance reauthorization, entitled the Sustainable, Affordable, Fair and Efficient National Flood Insurance Program Reauthorization Act (SAFE NFIP Act), that includes beneficial provisions from a significantly more consumer-friendly perspective. They include efforts to further limit premium rate increases, create new means-tested mitigation and affordability provisions, expand the Increased Cost of Compliance program, focus on existing pre-disaster mitigation programs and develop accurate flood maps, cap Write-Your-Own compensation, and offer a policyholder credit if they secure an elevation certificate. Additionally, Senators Kirsten Gillibrand (D-NY) Bill Cassidy (R-LA) have introduced the Flood Insurance Affordability and Sustainability Act of 2017. The Senate Banking Committee has drafted their own reauthorization bill, which will ultimately serve as the vehicle for reauthorization in the Senate, however the Committee has indicated that this bill is a “base text” that will be amended as it moves forward.

Monroe County Position
Monroe County supports reauthorization of the National Flood Insurance Program (NFIP) with legislative, policy and programmatic modifications to improve the affordability and transparency of the program through reforms in the following areas:

1) Affordability/Rate Structure
   a. Maintain a focus on affordability; however, if rates must rise, provide a more reasonable glide path for all properties
   b. Ensure rates are consistent for all properties, including second homes and businesses
   c. Ensure NFIP rates are not excessive or unfair by making the rate-setting process more transparent to the public

2) Programmatic Modifications to Enhance NFIP’s Financial Sustainability
   a. Consider Write-Your-Own reforms including reducing commissions while further incentivizing NFIP policy sales efforts
   b. Encourage greater participation by those outside of the 100-year floodplain via expanded use of the Preferred Risk Policy
   c. Further strengthen enforcement responsibilities to ensure those in the 100-year floodplain have and maintain flood insurance
   d. Privatization that maintains affordability and requires whole profile of risk (no cherry picking)

3) Mitigation
   a. Increase funding for existing flood mitigation programs
   b. Establish tax credits for mitigation efforts
   c. Consider voucher/loan programs to further emphasize mitigation, particularly for lower-income participants

4) Endangered Species Protection
   a. Support prohibition of the issuance of flood insurance for new development on properties in the Florida Keys that contain known or suitable habitat for federally-listed endangered species.

Monroe County Endangered Species Considerations
In addition, Monroe County is home to over a dozen species that are listed by the federal government as either being threatened or endangered under the Endangered Species Act. This led to decades long litigation by environmental groups who challenged the issuance of flood insurance in the Keys on the basis that this insurance encourages and subsidizes development which ultimately jeopardizes the listed species. That litigation led to an injunction against the issuance of flood insurance on up to 50,000 parcels of property in the county which lasted for seven years. Amending the NFIA to prohibit the issuance of flood insurance for new development on known or suitable habitat for listed species would protect those species, conserve the expenditure of federal resources, and help the County reduce its
exposure to property rights claims brought due to federal, state, and local regulations that have been developed to preserve this same habitat.

Other Flood Insurance Legislation
Rep. Curbelo has reintroduced his legislation from last Congress, H.R. 1401, the Flood Insurance Fairness Act that would extend the level of rate increases offered to primary homeowners under HFIAA to all property owners, particularly addressing concerns with second homeowners and business owners who may otherwise face exorbitant flood insurance rate increases. In addition, Rep. Curbelo signed on as a cosponsor of the SAFE NFIP Act in the House.

Meanwhile, Reps. Dennis Ross (R-FL) and Kathy Castor (D-FL) reintroduced H.R. 1422, the Flood Insurance Market Parity and Modernization Act. This bill seeks to clarify provisions in BW12 that private flood insurance products would be regulated by individual states instead of the federal government, which is perceived to be better for insurers and is expected to create more opportunity for private insurance to proliferate. The bill was passed in the last Congress by the House, but never proceeded in the Senate. Senators Dean Heller (R-NV) and Jon Tester (D-MT) have introduced S. 563, which is cosponsored by Sen. Rubio as companion legislation in that body.

There are positive provisions in H.R. 1422 and S. 563, such as reinforcing the need for lenders to verify and ensure that homeowners maintain flood insurance for the duration of a mortgage loan, and allowing for continuous coverage with no penalties if a person purchases to private flood insurance and then chooses to again purchase from the NFIP. However, there are concerns that the legislation may allow the surplus lines market to write private flood insurance policies, which are not subject to the same oversight as admitted insurance carriers. A U.S.-based surplus lines insurance company is only an admitted insurer in at least one state. Monroe County only supports admitted insurance companies writing private flood insurance policies. The House bill was included in the overall NFIP reauthorization effort passed out of that chamber.

National Catastrophe Fund
One option that could be used in place of traditional flood insurance would be the creation of some sort of a national catastrophe fund. While this idea has often been touted by groups outside of Congress, the past several Congresses have passed with no meaningful action on, or discussion of the issue. It is unlikely to be a focus of the 115th Congress.

Mitigation Grant Programs
Separate from the NFIP, there are several federal assistance programs from which the County may benefit that provide funding to states and local governments for mitigation activities. Specifically, the Hazard Mitigation Assistance (HMA) grant programs offer the following opportunities:

- The Hazard Mitigation Grant Program (HMGP) provides grants to implement long-term hazard mitigation measures after a major disaster declaration by the President. HMGP funding is based on each disaster and is provided through FEMA’s Disaster Relief Fund (DRF). The DRF was funded at $7.328 billion in FY 2017. Congress provided $7.9007 billion in FY 2018.
- The Flood Mitigation Assistance Grant Program (FMA) assists states and local governments in their efforts to reduce or eliminate the risk of repetitive flood damage to buildings and structures insurable under the NFIP. Both planning and implementation grants are available. For FY 2017, Congress provided the program with $175 million. For FY 2018, Congress provided the program with $175 million
- The Pre-Disaster Mitigation Grant Program (PDM) provides resources to assist state and local governments reduce overall risk to life and property from future disasters. Congress funded the
program at $100 million in FY 2017. In the Administration’s FY 2018 budget proposal, this program faced a significant cut to $39 million. Congress provided $249.2 million in FY 2018.

POSITION: Support efforts to improve the National Flood Insurance Program for the benefit of all participants. Oppose the 21st Century Flood Reform Act and any other legislation that would be detrimental to policyholders and local governments. Support the Sustainable, Affordable, Fair, and Efficient National Flood Insurance Program (SAFE NFIP) Act. Support prohibition of the issuance of flood insurance for new development on properties in the Florida Keys that contain known or suitable habitat for federally-listed endangered species. Monitor FEMA’s implementation of the Homeowner Flood Insurance Affordability Act. Support the creation of a National Catastrophe Fund. Support increased funding for the Hazard Mitigation Assistance grant programs, including the Flood Mitigation Assistance Grant Program and the Pre-Disaster Mitigation Grant Program, as well as increased funding for the Disaster Relief Fund.
FEDERAL ISSUE: Water Quality

BACKGROUND: HOW IT MAY AFFECT MONROE COUNTY: As the population and tourism have increased in the Florida Keys, wastewater and stormwater practices have not kept pace, until recently. Research suggests that this has led to the degradation of water quality in canals and nearshore waters surrounding the Keys. Nutrients commonly found in wastewater and stormwater are one of the major contributors to the decline in water quality in the Florida Keys National Marine Sanctuary (FKNMS).

Florida Keys Water Quality Improvements Program
For these reasons, Congress directed the U.S. Army Corps of Engineers to assist with implementation of infrastructure improvements in the Florida Keys to improve nearshore water quality within the Sanctuary. In 2001, Public Law 106-554 authorized the Florida Keys Water Quality Improvements Program (FKWQIP), whereby the Corps may provide up to $100 million in technical and financial assistance to carry out projects for the planning, design, and construction of treatment works to improve water quality in the Sanctuary. The primary purpose of this effort is to improve water quality in the Florida Keys through implementation of several wastewater and stormwater master plans previously prepared for Monroe County and various municipalities within Monroe County. The South Florida Water Management District is the non-federal Sponsor for FKWQIP. In September 2006, the Corps completed a Project Management Plan to guide the activities of FKWQIP.

To fund environmental infrastructure projects that are not budgeted for by the Administration, such as FKWQIP, Congress has provided additional funding for what Congress terms “Additional Funding for Ongoing Work.” Among these accounts, Congress has for the past several years provided money for Environmental Infrastructure projects such as FKWQIP. Most recently, the Corps provided $3 million in additional funding for FKWQIP through their FY 2017 Work Plan. The County will continue to work to ensure that FKWQIP receives funding in future Work Plans. To date, approximately $53 million has been provided to the FKWQIP program via earmarks, the stimulus legislation, or Corps of Engineers work plans.

Canal Restoration
Canals within the Florida Keys have received considerable attention from regulatory agencies due to poor water quality. 300 of the 500 canals do not meet the State’s minimum water quality criteria and are a potential source of nutrients and other contaminants to nearshore waters designated as Outstanding Florida Waters. As a result, a comprehensive Canal Management Master Plan (CMMP) was commissioned by Monroe County with financial assistance from the Environmental Protection Agency and with approval from the FKNMS Water Quality Protection Program (WQPP).

One of the main objectives of the CMMP was to prioritize the residential canals within Monroe County related to the need for water quality improvements. A process was developed that classified canals by water quality characteristics into “Good”, “Fair”, and “Poor” categories. Canals receiving a “Poor” classification were considered as potential candidates for certain restoration technologies. Restoration technologies reviewed in the CMMP include removal of accumulated organics, incorporation of weed gates or similar weed barrier structures, addition of culverts, construction of pumping systems, and backfilling. The ultimate goal of this work is to restore the environmental health of Monroe County’s canals, and subsequently its nearshore waters.

The County Commission previously approved moving forward with a series of six canal restoration demonstration projects. Those projects were complete by June 2016. The preliminary results have
indicated immediate improvement to the water quality of the restored canals. The results will be used to further define restoration costs and for information in future grant applications to state and federal sources.

To be eligible for federal funding, canal restoration efforts would require a new authorization through Congress. Under the Water Resources Reform and Development Act (WRRDA) of 2014, the Army Corps of Engineers is required to seek proposals for water resources studies and project modifications on an annual basis. From the proposals submitted by local sponsors, the Corps identifies those that meet certain criteria and recommend them to Congress for authorization within an Annual Report. The Report will also include an Appendix listing those proposals that are not recommended for authorization and the reasons for the lack of recommendation. Congress will then have the opportunity to authorize the recommended studies and project modifications through a yes or no vote, rather than a traditional Water Resources Development Act (WRDA). This process provides an opportunity to seek future assistance from the Corps for canal restoration activities.

Monroe County is also seeking funding for the CMMP through the RESTORE Act.

POSITION: **Support** full funding of the Florida Keys Water Quality Improvements Program via the FY 2018 Army Corps of Engineers Work Plan. **Support** continued additional funding for Army Corps of Engineers environmental infrastructure projects in FY 2019 and future fiscal years. **Support** Monroe County’s efforts and activities related to canal restoration.
FEDERAL ISSUE: Payments In Lieu of Taxes

BACKGROUND; HOW IT MAY AFFECT MONROE COUNTY: Under law, federally-owned lands within a local government’s boundary cannot be taxed, but these lands still create a demand for services, including firefighting and police protection, construction of roads, and search-and-rescue operations. Congress has created several programs in an attempt to compensate local governments, particularly counties, for these losses to their tax base. One of these programs from which Monroe County benefits is the Payments in Lieu of Taxes program (PILT).

Congress passed the Payments In Lieu of Taxes Act in 1976 (Public Law 94-565) to help offset the impact from these losses to local governments’ tax bases through annual compensation. The PILT program is administered by the Department of Interior.

Payments are made annually for tax-exempt federal lands administered by the Bureau of Land Management, the National Park Service, the U.S. Fish and Wildlife Service, the U.S. Forest Service, and for federal water projects and some military installations. The authorized level of PILT payments is calculated under a complex formula that includes five factors affecting Monroe County’s compensation: the number of acres eligible for PILT payments, the County’s population, payments in prior years from other specified federal land payment programs, state laws directing payments to a particular government purpose, and the Consumer Price Index. The following are Monroe County’s PILT payments for the last six fiscal years: $1,122,390 in 2012; $1,095,408 in 2013, $1,172,487 in 2014, $1,158,900 in 2015, $1,180,195 in 2016 and $1,206,542 in 2017. A total of 454,861 acres, which is roughly 19 percent of the County’s land, is eligible for compensation.

In 2008, Congress reauthorized PILT and changed it from a discretionary to a mandatory program through FY 2012. As a mandatory program, authorized eligible local governments are able to automatically receive their full PILT payments. As a discretionary program, however, PILT is subject to the annual, and often arbitrary, appropriations process.

PILT was reauthorized at mandatory levels for FY 2013 through the MAP-21 transportation reauthorization. Although funding for PILT was not included in the FY 2014 omnibus appropriations bill, the program was fully funded for FY 2014 through the five-year farm bill (PL 113-79) signed into law in February 2014. Then, in FY 2015, the omnibus spending bill included $372 million in PILT funding. This, combined with the $70 million included within the 2014 National Defense Authorization Act, brought the total amount of PILT funding for FY 2015 to $442 million, fully funding the program. Most recently, PILT was fully funded at $530 million for FY 2018. The Department of the Interior anticipates completing their calculations for the FY 2018 payments prior to June 30, 2018.

As of now there is no concrete long-term nor short-term solution for providing additional PILT funding in future years. There has been some discussion of tying mandatory funding for the program to receipts from the Land and Water Conservation Fund (LWCF). The LWCF is currently a discretionary program that is routinely funded well below its authorized amount. Because of this, many believe the LWCF should also be moved to the mandatory side of the budget in order to provide as much funding as possible for the program without crowding out discretionary funding for other high-priority needs. Tying PILT, the LWCF, and other programs together as mandatory funding provides an opportunity for many programs to receive full funding on a regular basis, providing stability for local governments, as well as conservation opportunities. Because both programs tend to have support from a bipartisan coalition of lawmakers, the largest challenge for this proposal is how to pay for it.
POSITION: **Support** full, long-term mandatory funding of the Payments In Lieu of Taxes (PILT) program, which enables local governments to rely upon PILT funds when budgeting.
FEDERAL ISSUE: Everglades Restoration and the Health of the Florida Bay

BACKGROUND: HOW IT MAY AFFECT MONROE COUNTY: Florida Bay is a large shallow lagoon bordered to the north by the Florida peninsula and to the south and east by the Florida Keys. A portion of the bay is located within Everglades National Park and is protected by the National Park Service (NPS), with the remainder lying within the Florida Keys National Marine Sanctuary, which falls under the jurisdiction of the National Oceanic and Atmospheric Association (NOAA). The Bay provides unique and critical habitat for many plants and animals, including several endangered species such as the Florida Manatee.

The NPS began long-term monitoring of Florida Bay in 1988 in order to collect and analyze hydrologic and salinity data from the Bay. At this same time, the Bay was suffering from tremendous (approximately 23,000 acres) of sea grass die off from hyper saline conditions with resulting algal blooms. Salinity levels are considered the primary driver of ecological conditions within the bay. Salinity levels are also the driver to maintain the state-established Minimum Flow and Level (MFL) for Florida Bay, an ecosystem-based protective standard established under Florida law.

The construction of water control structures and facilities within the Everglades throughout the 20th century has altered the natural hydrologic patterns of water in the region. Overtime, this has reduced the flow of freshwater into Florida Bay and changed the ecosystem of the Bay and other connected coastal regions. Managing these water flows to reduce the severity and frequency of hypersalinity events and algal blooms are among the goals of the Comprehensive Everglades Restoration Plan (CERP).

There are a number of projects and studies under various stages of development that are expected to, in the long run, improve the health of Florida Bay. These include the Central Everglades Planning Project, modifications to the C-111 Canal General Reevaluation Report, Modified Water Deliveries, including the bridging of portions of Tamiami Trail, and the C-111 Spreader Canal project.

- The South Florida Water Management District is currently pursuing a post-authorization change report to increase water storage south of Lake Okeechobee by constructing a reservoir in the Everglades Agricultural Area (EAA). The SFWMD hopes to have the report approved in time for authorization in the WRDA bill that will pass Congress prior to the end of 2018.
- The Central Everglades Planning Project (CEPP) received its Corps of Engineers Chief’s Report in 2015 and was authorized in the 2016 version of the Water Resources Development Act, included in another, larger piece of legislation. CEPP intends to address criticism that a good portion of Everglades restoration to date has focused on the periphery of the remnant Everglades. CEPP seeks to respond to this concern by removing barriers to flow in the central Everglades to put the “river” back into the “River of Grass.” CEPP, once fully constructed, is estimated to bring an average of 200,000 acre-feet of additional water from Lake Okeechobee into the Central Everglades each year. This is expected to reduce damaging discharges to the east and west coast estuaries while returning more flow to the Everglades. Components of CEPP are expected to be under construction by 2021 with completion expected in 2030.
- The C-111 Canal is the southernmost canal of the Central and Southern Florida Project and is located in south Miami-Dade County. The C-111 Canal courses through extensive marsh wetland prairie and coastal mangrove marsh before it empties into Manatee Bay. The canal serves a basin of approximately 100 square miles and is the final segment of the South Dade Conveyance System. It functions primarily to provide flood protection and drainage for the agricultural areas to the west and south of Homestead, Florida. The canal has had unintended effects on
groundwater levels in Taylor Slough, and has contributed to the reduced discharge to northeastern Florida Bay and increased unseasonable discharges to Manatee Bay and Barnes Sound. Taylor Slough is a natural drainage feature of the Everglades that flows southwest into numerous tributaries that eventually empty into Florida Bay.

**The C-111 Project General Reevaluation Report (GRR) with integrated Environmental Impact Statement (EIS) was approved in 1994 and it authorized modifications to the original project as authorized by the Flood Control Acts of 1962 and 1968. The C-111 project is moving forward, and construction on several of the remaining project components began in Fiscal Year 2016 and are expected to end primarily in 2019. Construction efforts were divided into 9 contracts. Contracts 1-7 are complete and under Operation, Maintenance, Repair, Rehabilitation, and Replacement (OMRR&R) by the non-Federal Sponsor. The completed contracts built the following features of the 1994 GRR recommended plan: Pump Stations 332B, 332C, 332D, the retention/detention area, C-111 Spoil Mound Removal, Taylor Slough Bridge, and the S-331 Command and Control Facility. The remaining features to be constructed include the North Detention Area, which will connect this project with the Modified Water Delivery 8.5 Square Mile Area Detention Area and plugging of the L-31W Canal. Plans and specifications (P&S) are complete for the North Detention Area, and the contract was awarded in FY2015.**

**The C-111 Spreader Canal Western Project focuses on the restoration of flows to Florida Bay via Taylor Slough as well as the restoration of the Southern Glades and Model Lands and coastal zone of Florida Bay. The bulk of the construction for the project was completed by the South Florida Water Management District in 2012. The effect of the C-111 Spreader Canal Western Project on adjacent park wetlands and on Florida Bay is being monitored and its effects will be evaluated after 3 years of monitoring and thus far, initial signals are positive. Rainfall-driven operational controls have not yet been implemented, but will be incorporated into future water control plans. The remaining phases of the C-111 Spreader Canal project are anticipated for completion in the 2019-2021 timeframe according to the latest CERP Integrated Delivery Schedule (IDS).**

**The overall purpose of the Modified Waters Delivery (MWD) to Everglades National Park (ENP) project is to restore the natural hydrologic conditions in ENP, which was altered by the construction of roads, levees, and canals. There are four major components of MWD: 8.5 Square Mile Area Flood mitigation, Tamiami Trail Modifications, Conveyance and Seepage Control Features, and Combined Operation Plan. All four components are necessary to provide substantial flow increases to ENP.**

- The most well-known portion of this project is the bridging of the Tamiami Trail. A one mile bridge has been completed to date. In early 2015, the Department of Interior released a preferred alternative to bridge an additional 5.5 miles of the Trail called the Tamiami Trail: Next Steps project. The additional bridging will provide unconstrained flows of water to Northeast Shark River Slough (NESRS) in ENP. The resulting increased water volumes and improved flow distribution are expected to promote conditions conducive to the survival of myriad species of fish and wildlife. Groundbreaking for 2.6 of the 5.5 miles yet to be finished occurred in 2016.
- Flood mitigation work to protect a residential area near the project (the 8.5 Square Mile Area) was completed in 2016.
- Meanwhile, a set of significant changes to the operation of the local water management infrastructure that controls the flow of water to NESRS in ENP, known as Increment 1, began in 2015. The structural features of the MWD project finally allow this incremental increase in water flow. Planning and development of this field-test phase of the MWD project has been a complex, multi-year, interagency undertaking. Water flow into NESRS through the S-333 structure along the L-29 Canal will increase and water that seeps out of the park to the east will be returned to the park by use of the S-356 pump, also located
along the L-29 Canal. Increment 1 is expected to continue for up to two years and is expected to produce small but important hydrologic benefits based on the additional water flow and seepage return. Water quality will be maintained because seepage water has low levels of total phosphorus and is of very good quality overall. Increased water flow and water quality are expected to improve habitat function and species composition and abundance, while promoting the build-up of soil and inhibiting soil loss. Increment 2 is expected to provide additional hydrologic and ecological benefits to NESRS, and data collected during the first two increments will be used in Increment 3 to design a new operational plan for the system.

- The C-111 North Detention area (a component of MWD and referenced above in the C-111 GRR) broke ground in 2016 and is currently under construction.

**POSITION:** Support the South Florida Water Management District’s request for a Post- Authorization Change Report (PACR) to increase water storage south of Lake Okeechobee. Support efforts to improve the health of Florida Bay by restoring adequate fresh water flows through the Everglades. Support full completion of the C-111 Canal suite of projects. Support completion of the Modified Waters Delivery suite of projects and improved operational plan, including further modification to Tamiami Trail. Support future construction of the Central Everglades Planning Project.
FEDERAL ISSUE: Federal Aviation Administration - Authorization and Issues

BACKGROUND; HOW IT MAY AFFECT MONROE COUNTY: In March 2018, Congress passed a short-term Federal Aviation Administration (FAA) extension through September 2018. The short-term extension did not include any significant policy changes. Both the House and Senate have drafted comprehensive reauthorization bills. The Senate has yet to be able to pass their bill out of their chamber, however, the House passed their reauthorization bill in late April of 2018 after removing a controversial proposal to privatize air traffic control.

The House bill would:
- Reauthorize the FAA for five years, until 2023
- Authorize level funding for the Airport Improvement Program (AIP) at $3.35 billion for all five years. AIP is a federal grant program that provides funds to public airports to improve safety and efficiency. The program is funded through taxes on airplane tickets and aviation fuel. This funding stream is critical to improvements at the Key West International Airport and is subject to annual appropriations by Congress.
- Does not increase the cap on the passenger facility charge (PFC)
- Modifies the benefit-cost analysis for the Contract Tower Program to establish criteria for the calculations, limits the ability of the Secretary to recalculate the cost-benefit analysis for airports already in the program, and establishes a procedure for airports to review and appeal the FAA’s calculations
- Requires the Secretary of DOT to establish a remote air traffic control tower pilot program to assess the benefits of remote towers. The criteria for the program must be developed in conjunction with labor organizations representing ATC employees.

Any funding levels authorized in the bill are still subject to the annual appropriations process.

The Senate bill, the Federal Aviation Administration Reauthorization Act of 2017 (S. 1405) maintains the currently authorized funding level of $3.35 billion for the AIP for FY 2018. The AIP funding level would rise to $3.75 billion for FY 2019-2021, $400 million over the currently authorized level. The Senate bill does not include the ATC privatization language or any change to the PFC.

For FY 2018, Congress provided $3.35 billion for the AIP program. In FY 2018, the Senate THUD Appropriations bill included authorization for a $4 increase for the PFC and an additional $250 million for AIP funding, bringing the total up to $3.6 billion. In exchange, the large hub airports would have given up their remaining AIP entitlement dollars, allowing those funds to cycle back to the Small Airports Fund. This language was ultimately not included in the omnibus. Authorized by Congress in 1992, the PFC allows commercial airports controlled by public agencies to charge $3.00 per passenger through airline tickets. The PFC cap was raised in 2001 to $4.50, but has not been increased since. Several airport groups, including the American Association of Airport Executives and the Airports Council International-North America, advocate for local authority to raise the cap per enplanement in order to meet current infrastructure needs and prepare for future demand.

Contract Tower Program
The contract tower program was extended through September 2018 as part of the short-term extension of the authorization for the FAA. However, this is a program that Monroe County should closely monitor under the Trump Administration and in the context of the next FAA reauthorization bill.
The FAA announced in 2013 that it would phase out federal funding for 149 contract air control towers around the country. This proposal was met with substantial Congressional and local opposition, and ultimately legislation was passed that provided the Department of Transportation flexibility to keep these towers funded through the remainder of FY 2013. However, that the funding that was provided to keep these towers open was taken from the AIP, which ultimately resulted in reduced availability of funds for the AIP program that year.

In the FY 2015 omnibus appropriations bill, Congress provided $144.5 million for the FAA Contract Tower Program and added language that guarantees full funding for the entire fiscal year in order to prevent the Administration from making cuts to the program. In FY 2017, the Contract Tower Program was funded at $159 million. For FY 2018, Congress funded the program at $162 million and included report language stating their support of the program and expectation that all 253 contract towers in the program will continue to operate.

**Law Enforcement Officer Reimbursement Program**

Meanwhile, the Trump Administration’s FY 2018 budget proposed to eliminate the Transportation Security Administration’s (TSA) Law Enforcement Officer (LEO) reimbursement program. Currently, TSA provides more than 300 airports nationwide, including Monroe County airports, partial reimbursement for law enforcement officers who assist the agency in ensuring the safety and security of persons and property at TSA passenger security checkpoints at an approximate cost of $45 million annually. This program was established after 9/11, when commercial airport operators were required by law to have a security program that includes a law enforcement presence at the airport. The program provides partial reimbursement to assist local entities in support of federally mandated airport security requirements. Without continuation of the LEO program, local airports must pick up the entire cost of these additional security measures. Congress preserved the program in the FY 2018 appropriations bill. The President’s FY 2019 budget reiterates this request in order to reallocate funds to higher priority law enforcement needs.

**Fish Hook Non-Directional Beacon at Higgs Beach**

The County would like the FAA to remove or relocate the Fish Hook non-directional beacon (NDB) currently located at Higgs Beach in Key West. The circa World War II radio tower and surrounding fencing occupies nearly an acre of a 16.5 acre County beach park in Key West. The park is undergoing a major revitalization and Master Redevelopment Plan which calls for green space where the tower now stands. The park is at the southern terminus of the Florida Keys Overseas Heritage Trail bicycle pedestrian path and is a major tourist attraction and community amenity. In September 2009, FAA Technical Support Staff conducted a cursory review of the County’s request and determined the NDB facility building and older antenna may be eliminated or the fenced area significantly reduced if replaced by a smaller and more modern antenna. However, in December 2012, FAA regional staff conducted a site survey to determine the scope of work and availability of suitable sites for potential relocation of the NDB. Less than a month later, the FAA released its report and concluded the following:

- The existing NDB shelter and tower are not suitable for relocation and would need to be replaced.
- No suitable location for the NDB was found (Two alternate locations were found to be unsuitable).
- Due to the heavy density and nature of the island, land acquisition of private property would be timely and costly.

The County met with the FAA in 2013, at which time they were told the NDB is needed for redundancy purposes and could not be removed or relocated. The FAA argued that should all other technologies fail, the NDB is needed because it would still function during an emergency. Then, in April 2015, Rep.
Curbelo sent a letter to the FAA requesting the agency consider relocating the beacon, to which the FAA again indicated that no suitable location is available.

Most recently in November 2016, Monroe County approved an expenditure of more than $40,000 to fund an FAA study to relocate the tower. In May 2017, the County met with the FAA to discuss how long a response from the FAA may take to complete the study.

*Joint-Use of Naval Air Station Key West*

Naval Air Station (NAS) Key West is located on Boca Chica Key near Key West. NAS Key West’s national security mission provides operational and readiness support for the Department of Defense, Department of Homeland Security, Air National Guard, Army National Guard, and allied military forces.

The County has expressed an interest in utilizing NAS Key West as a joint-use facility due to limited runway length at Key West International Airport. At 4,801 feet, the runway is currently the shortest commercial runway in the country, which has deterred carriers from servicing the airport, thereby driving up ticket costs. Since the 1990’s, the County has discussed joint-use of NAS Key West with the Navy. In 1995, however, the Navy issued a report disapproving joint-use at NAS Key West on the grounds that it would interfere with operational readiness. Since then, conversations between the County and the Navy regarding joint-use have occurred sporadically.

*Sound Attenuation*

Due to jet noise, activities at NAS Key West often negatively affect residents who live in the area. The FAA provides funding for sound attenuation activities at civilian airports. However, this funding is not available for military facilities. Monroe County would like to see changes to this policy in order to reduce the impacts of noise pollution from military aircraft on its residents.

POSITION: **Support** $3.35 billion in annual appropriations for the Airport Improvement Program. **Support** Monroe County’s grant proposals for funding through the FAA Airport Improvement Program. **Support** an increase in the passenger facilities charge cap from $4.50 to $8.50. **Support** annual full and dedicated funding for the FAA Contract Tower Program. **Oppose** the elimination of the Law Enforcement Officer Reimbursement Program. **Support** the removal or relocation of the non-directional beacon at Higgs Beach. **Support** continued efforts to establish a joint-use airport at Naval Air Station Key West. **Support** federal funding for sound attenuation activities around military air facilities.
BACKGROUND: HOW IT MAY AFFECT MONROE COUNTY: After the passage of several short-term authorizations following the expiration of MAP-21 in 2014, Congress finally passed, and the President signed, a five-year surface transportation authorization called the Fixing America’s Surface Transportation (FAST) Act. The FAST Act generally maintains many of MAP-21’s reforms, but makes a few changes to existing surface transportation programs, as well as slightly increases funding for those programs.

In developing the FAST Act, however, Congress did not address the need for a long-term, sustainable plan to finance our nation’s transportation infrastructure. Fuel taxes, which provide most of the money for surface transportation, do not provide a solid long-term foundation for transportation funding growth and investment, even if Congress were to authorize a modest increase. Instead, the FAST Act relies on various budget gimmicks to fund surface transportation programs over the next five years, such as surplus money from the Federal Reserve, reducing the amount of interest the Fed pays to banks, and selling off part of the Strategic Petroleum Reserve.

Without the creation of a long-term, sustainable funding source, the Highway Trust Fund’s deficit will continue to grow over the next five years, making future authorizations increasingly difficult. The choice then becomes finding new sources of income for an expanded program, or alternately, to settle for a smaller program that might look very different than the one currently in place. Less federal funding via a future transportation reauthorization bill would mean significantly less funding available to FDOT, and ultimately Monroe County, to support both surface transportation and transit projects and programs.

CARD SOUND BRIDGE
Card Sound Bridge connects southern Miami-Dade County to Monroe County via toll. Monroe County is primarily responsible for operating and maintaining the bridge. It is one of only two roads that connect the Keys with mainland Florida. The bridge is roughly 50 years old and currently undergoing a ten-year update. However, it will likely need to be fully replaced after that time.

MAP-21 eliminated the Highway Bridge Program in 2012. Instead, bridges located on the Interstate or the National Highway System were eligible to receive funding through the National Highway Performance Program (NHPP). Bridges that were not located on this federal-aid system, such as Card Sound Bridge, as well as many others in Monroe County, were provided a separate set-aside in the Surface Transportation Program (STP). This resulted in a nearly 30 percent decrease in funding for on- and off-system bridges. The FAST Act, however, attempted to correct this by expanding the NHPP to allow funding for on-system bridges. This more than repaired the cut to on-system bridges under MAP-21. Meanwhile, the bill maintains the STP set-aside for off-system bridges.

POSITION: Monitor proposed changes to federal highway programs. Monitor efforts to enhance federal transportation revenue streams. Support the continuation of dedicated bridge funding through the Surface Transportation Program or other avenues. Support opportunities to secure funding for Monroe County’s priorities via federal highway legislation or other means.
FEDERAL ISSUE:  Infrastructure Investment

BACKGROUND; HOW IT MAY AFFECT MONROE COUNTY: Traditionally, Congress has invested in infrastructure via a number of methods, primarily through legislation or programs like transportation authorizations, Federal Aviation Administration authorizations, revolving loan funds, through the tax code via bond programs, or earmarks prior to 2009. The last big influx of new investment in infrastructure occurred via the 2009 Stimulus bill, which, among other things provided $105.3 billion for infrastructure, including $48.1 billion for transportation, $18 billion for water, environment, and public lands, and the remainder for government buildings, telecommunications and broadband, and energy infrastructure.

Recently however, federal funding for infrastructure fell to a 30-year low as a share of Gross Domestic Product. The American Society of Civil Engineers said in its latest report that $3.6 trillion was needed to bring all segments of U.S. infrastructure up to a state of good repair.

The President’s 2018 budget proposal included a 10-year distribution of the proposed $200 billion in direct federal spending, but does not specify where that money would be spent or what projects will be eligible for funding. For FY 2018, the budget called for $5 billion, increasing to $50 billion in FY 2021 and then decreasing through FY 2026 when it is phased out.

The Administration released a set of principles to guide the development of an infrastructure package along with the President’s FY 2019 Budget Request this February. In the document, the plan emphasizes a local commitment to creating new taxes or other revenue sources to fund infrastructure improvements. As a result of this focus, little emphasis is placed on leveraging private investment. The key elements of the plan are:

1) Infrastructure Incentives Initiative: 50 percent of overall funding, $100 billion over ten years, nearly any infrastructure project is eligible to compete, based on whether the applicant can demonstrate that they will “secure and commit new [emphasis added], non-federal revenue to create sustainable, long-term funding” (50 percent of overall score) and additional new “revenue for operations, maintenance and rehabilitation” (20 percent of the overall score). Further, grant awards may only account for 20 percent of the overall cost of a project with states not eligible to receive more than 10 percent of overall funding.

2) Transformative Projects Program: 10 percent of overall funding; $20 billion over ten years, will support “exploratory and groundbreaking ideas.”

3) Rural Infrastructure Program: 25 percent of overall funding; $50 billion over ten years, most forms of infrastructure are eligible as in the Infrastructure Incentives Initiative, including broadband. 80 percent of the funding in this category will be made available to Governors for further allocation, must be used in areas with a population of less than 50,000.

4) Federal credits program: 7 percent of overall funding, $14 billion over ten years, to be used to expand existing infrastructure loan programs, such as WIFIA.

5) Public Lands Infrastructure Fund: would create a new fund from on- and off-shore mineral and energy development to fund improvements on public lands.

The document also includes other changes to financing mechanisms and tweaks to existing federal programs.

It will ultimately be up to Congress to draft an infrastructure bill and allocate funding. A recent two-year budget deal reached by Senate Majority Leader McConnell and Senate Minority Leader Schumer included a commitment to invest $20 billion in infrastructure over two years. For FY 2018, these funds
were allocated to existing infrastructure programs, rather than as part of creating a new infrastructure framework or plan. While it is unlikely that a comprehensive infrastructure bill will pass during the 115th Congress, it is possible that new infrastructure investment opportunities could be created and used to fund projects in Monroe County.

POSITION: *Support* new federal investment in infrastructure. *Support* any and all opportunities to secure funding for Monroe County’s infrastructure priorities.
FEDERAL ISSUE: Oil and Gas Drilling

BACKGROUND: HOW IT MAY AFFECT MONROE COUNTY:
Offshore Energy Development
Active energy drilling currently occurs in both the western and central Gulf of Mexico, while nearly the entire eastern Gulf is protected from drilling until 2022 by the Gulf of Mexico Energy Security Act of 2006 (GOMESA). Drilling does not currently occur off of the Atlantic coast of Florida.

For many years, the federal government has developed five-year Outer Continental Shelf (OCS) Oil and Gas Leasing programs to guide energy exploration activities in federal waters. The most recent plan, developed for 2012-2017, did not propose to lease any areas in the Atlantic OCS for oil and gas drilling. However, the Administration’s plan did indicate that it would allow seismic analyses to determine energy resource potential in areas of the Atlantic OCS from Delaware to parts of Florida (approximately north of Brevard County). The County submitted comments to BOEM on the PEIS regarding its concerns over the negative effects seismic air-gun testing could have on the ecosystem, and consequently on the region’s economy that is so dependent on unique ecotourism activities, such as whale watching and commercial and recreational fishing. The County also stated its general opposition to oil and gas exploration off the Atlantic Coast of Florida, due to the devastating effects that accidents like the Deepwater Horizon oil spill have on the ecosystem and economies of coastal communities.

On January 17, 2017, the Secretary of the Interior approved BOEM’s finalized OCS Oil and Gas Leasing Program for 2017-2022 and issued a Record of Decision (ROD) for the programmatic Environmental Impact Statement (EIS). In approving the Program, the Secretary chose Alternative C (the Preferred Alternative) from the Final Programmatic EIS. The ROD identifies Alternative D, No Action, as the environmentally preferable alternative. In addition, the ROD outlines programmatic mitigation measures that will apply to all sales that occur during this Program in areas where the mitigation measures are applicable.

There are two major differences between the 2012-2017 program and the 2017-2022 program. Of interest to Monroe County is that under the 2017-2022 program there will be ten region-wide sales comprised of the Western, Central, and Eastern Gulf of Mexico unleashed acreage not subject to moratoria or otherwise unavailable, instead of separately offering the Central and Western areas in two annual sales and periodic sales in the Eastern area. The second difference is in regard to Alaska. Lastly, while this program is just beginning, we expect that development of the 2022-2027 program will begin in 2019 under the current Administration.

Although typically a new five-year plan would not be developed for several years, in April of 2017, President Trump signed the America First Offshore Energy Strategy Executive Order. The Executive Order aims to increase domestic energy production and reduce the use of foreign oil by, in part, expanding offshore drilling. As a part of implementing that order, BOEM is in the process of developing a new 2019-2024 National Outer Continental Shelf Oil and Gas Leasing Program.

In July of 2017, BOEM released a Request for Information (RFI) as the first step in developing a new program. The County commented in opposition to the expansion of offshore drilling into Florida’s waters. In January 2018, BOEM released a draft proposed program (DPP) for the National Outer Continental Shelf Oil and Gas Leasing Program for 2019-2024. The DPP includes 47 potential lease sales in 25 of the 26 planning areas, which is the largest number of lease sales ever proposed for a 5-year lease schedule. The DPP includes two sales in the Eastern Gulf of Mexico after the expiration of the
moratorium and one sale in the Straits of Florida. The County has commented in opposition to these proposed sales and passed a resolution in opposition as well.

After accepting comments on the DPP, BOEM will then need to draft and release a Proposed Program, which will be made available for an additional public comment period, so there will be several opportunities to weigh in before the program is finalized.

Governor Scott released a statement in reaction to the release stating his opposition to offshore drilling on Florida’s coast and has stated that he has requested a meeting with Interior Secretary Zinke to discuss the proposal. Additionally, Senator Nelson, Senator Rubio and other members of the Florida delegation have already released statements criticizing inclusion of the Eastern Gulf in the DPP. Shortly after the release of the DPP, Governor Scott met with Secretary Zinke to discuss the issue. After the meeting, Secretary Zinke stated that Florida was being removed from consideration for any new oil and gas platforms. His announcement did not include detail about what exactly that meant, whether it would apply to seismic testing as well as drilling, or provide a new draft of the DPP. The development of these programs must follow a specific process set out in law which stipulates that the decisions made during the process cannot be “arbitrary and capricious”. Several governors of other coastal states, members of Congress, and others have already stated that they believe the Secretary’s withdrawal of Florida meets that standard, particularly if the same consideration is not given to other states that express the same opposition to drilling. Recently, Walter Cruickshank, the Acting Director of the Bureau of Ocean Energy Management was testifying before the House Natural Resources Committee and was asked about the withdrawal of Florida from the DPP. He responded that Florida is still a part of the DPP, and the Secretary’s statement is not an official part of the process. The process of developing a final plan will likely take close to a year, and several entities have already stated their intention to file lawsuits due to the Secretary’s treatment of Florida.

Meanwhile, Representative Steve Scalise (R-LA), the third-ranking Republican in the House has filed the Strengthening the Economy with Critical Untapped Resources to Expand American Energy Act (SECURE American Energy Act), that reinforces the call for increased offshore energy exploration first proposed in President Trump’s Executive Order. If Florida is included in the plan developed by BOEM, this bill would require that the approved lease sales be executed and remove the ability of any Administration to cancel them. Additionally, the bill would require that any future moratoriums on offshore drilling be designated by an act of Congress, and areas could not be withdrawn from exploration by the President alone.

In early January 2017, Senator Bill Nelson re-introduced his Marine Oil Spill Prevention Act (S. 74). The purpose of the bill is to protect Florida from the threat of offshore drilling until at least 2027. The legislation amends the Gulf of Mexico Energy Security Act of 2006 to extend the moratorium on oil and gas leasing in certain areas in the Gulf of Mexico until June 30, 2027. It sets forth provisions concerning Coast Guard responsibilities, including designating areas that are at heightened risk of oil spills and implementing measures to ameliorate that risk. This bill also amends the Oil Pollution Act of 1990 to establish a Gulf Coast Regional Citizens’ Advisory Council to advise on facilities and tank vessels, among other things. Representative Debbie Wasserman Schultz has filed companion legislation in the House. The House bill has 17 cosponsors, including 12 bipartisan members of the Florida delegation.

**Onshore Energy Development (Hydraulic Fracturing)**

The rapid expansion of oil and gas extraction using hydraulic fracturing — both in rural and more densely populated areas — has raised concerns about its potential environmental and health impacts. These concerns have focused primarily on impacts to groundwater and surface water quality, public and private water supplies, and air quality.
In Florida, the Burnett Oil Company submitted a proposal to the National Park Service (NPS) to conduct a seismic survey of 110 square miles within Big Cypress Preserve. Similar to offshore seismic testing, a seismic survey is a preliminary research technique used to determine the presence of oil and gas below the surface of the ground, which may lead to future harvesting in those areas found to be rich with resources. Senator Nelson sent a letter to the DOI on July 31, 2015, in strong opposition to seismic testing within the Preserve. The NPS completed an Environmental Assessment (EA) for the proposal. In May 2016, the NPS issued a finding of no significant impact following their environmental review. The finding of no significant impact is based on information and conclusions outlined in an environmental assessment completed for the proposed survey. Burnett Oil is required to implement a variety of measures to prevent lasting impacts and minimize short-term impacts to the preserve's resources during survey activities. The environmental assessment only covers the seismic survey. Should Burnett Oil wish to pursue production of resources, they must submit a new plan of operations which would undergo additional environmental review and public comment periods. However, in July 2016, six environmental groups filed suit to stop Burnett Oil’s seismic survey. The court subsequently ruled that the drilling posed minimal risk to the Everglades and regional water supplies and recommended the Florida Department of Environmental Protection (DEP) issue the permit.

In terms of non-federal land, states broadly regulate oil and gas exploration. In Florida, oil and gas extraction activities are managed by DEP. State laws and regulations governing unconventional oil and natural gas development have evolved in response to changes in production practices, largely due to the use of high-volume hydraulic fracturing in combination with directional drilling. However, state regulations vary considerably, leading to calls for more federal regulation of unconventional oil and natural gas extraction activities.

In March 2015, DOI finalized regulations for hydraulic fracturing on public lands, which would have allowed government workers to inspect and validate the safety and integrity of barriers lining the fracking wells, required companies to publically disclose the chemicals used in fracturing, and set safety standards for how companies can store and dispose of used fracturing chemicals. The rule would have only applied to federal lands, and states would retain control of hydraulic fracturing on state and private lands. In June of 2016, a federal judge in Wyoming struck down the rule, citing that DOI had overstepped its authority and would need Congressional approval to implement the rule. In December of 2017, the Trump Administration published a final rule repealing the previous regulation. The SECURE American Energy Act would prohibit DOI from enforcing federal regulation regarding hydraulic fracturing on federal lands in states that already have rules in place and would delegate some regulatory responsibilities to states and prohibit DOI from requiring certain permits and environmental reviews on federal lands.

**POSITION:** *Oppose* the inclusion of lease sales for oil and gas drilling within the boundaries of Florida’s territorial seas in the Department of Interior’s five-year National Outer Continental Shelf Oil and Gas Leasing Program. *Oppose* legislation that would prevent the Florida Department of Environmental Protection from blocking requests for offshore drilling in federal waters off Florida’s coast. *Oppose* seismic surveying within the Everglades, surrounding critical areas, or any other federal lands. *Oppose* efforts to ease restrictions on hydraulic fracturing and other oil and gas extraction activities.
FEDERAL ISSUE: Coral Reefs

BACKGROUND; HOW IT MAY AFFECT MONROE COUNTY: The Florida Reef Tract stretches from the Dry Tortugas in Monroe County to the St. Lucie Inlet in Martin County. It is the only barrier reef in the continental United States and is the third largest barrier reef in the world. The Florida Reef Tract is currently facing the most serious coral disease epidemic on record globally. The disease outbreak began in 2014 near Key Biscayne in Miami-Dade County. The disease has since spread across the Reef Tract, both north and south. To date, over half of the Reef Tract has been impacted, including at least 23 of the 45 reef-building coral species. The disease has been detected in the reef area off of Long Key. Once infected, coral colonies typically die within weeks or months. The disease has yet to be identified and a diagnosis is needed in order to adequately address the outbreak. Hurricane Irma also had a negative impact on the health of the Reef Tract with shifting sand and sediment damaging the structure of the reefs. Florida’s coral reefs attract over 16 million visitors a year and provide over 71,000 local jobs.

Congress passed the Coral Reef Conservation Act in 2000, which authorized appropriations to the National Oceanic and Atmospheric Administration (NOAA) for coral reef protection and management activities through 2004 and, among other activities, authorized the Coral Reef Conservation Program (CRCP) to provide matching grants to states, territories, educational and non-governmental institutions, and fishery management councils for coral reef conservation projects. While the authorization for the overall program expired in 2004, Congress has continued to fund the CRCP through the annual appropriations process. Funding for coral reef programs has remained stable over the past few years, with the program receiving $26 million for the past several fiscal years.

Congresswoman Madeleine Bordallo (D-Guam) has introduced the Coral Reef Conservation Reauthorization Act to reauthorize provisions that expired in 2004 and allow the federal government to respond to coral emergencies. Specifically, the legislation would:

- Reauthorize and amend the Coral Reef Conservation Act of 2000 to improve the National Oceanic and Atmospheric Administration’s (NOAA) coral reef program.
- Expand federal grant making for local coral reef projects, community-based coral reef conservation planning, and scientific research on coral reef biodiversity, genetics, prorogation, and resiliency.
- Provide Congressional authorization for the U.S. Coral Reef Task Force, which includes relevant federal agencies, the states of Florida and Hawaii, and 5 U.S. territories (GU, CNMI, PR, AS, and USVI).
- Strengthen the federal response to coral reef emergencies and allowing NOAA to disburse grant funding on an expedited or emergency basis
- Establishes a new Coral Reef Conservation Fund within the U.S. Treasury supported by offshore royalty revenue to provide dedicated funding for coral reef projects, at no expense to taxpayers.
- Minimizes damage to coral reefs from vessel groundings, anchors, boat moorings, ship strikes, and abandoned vessels by directing NOAA and other federal agencies to identify practicable steps to reduce vessel impacts and accidents that harm coral reefs.
- Protects at-risk coral reefs nationwide by directing NOAA to maintain an inventory of coral reefs most at risk from bleaching, disease/invasive species outbreaks, harmful algal blooms, and coastal pollution.
- Provides dedicated funding for coral reef conservation at no cost to taxpayers by requiring that all fines, penalties, and amounts recovered from damages to federally protected coral reefs to support conservation.
- Promotes coral reef conservation in national parks, national wildlife refuges, or marine national monuments.
- Sets national standards for artificial reef projects, including environmental responsibility, proper decommissioning of reef structures, and long-term stewardship.
- Supports coral reef fisheries and prohibits the import, shipment, or sale of live lionfish, which are highly invasive in Atlantic and Caribbean coral reef ecosystems.

The legislation is cosponsored by several members of the Florida delegation. It has not yet been scheduled for any committee hearings and does not have a Senate companion. Monroe County has a long history of championing protections for the Florida Reef Tract at both the state and federal level.

**POSITION:** *Support* legislation to reauthorize the Coral Reef Conservation Act and any efforts to address the current coral disease outbreak impacting South Florida and the Florida Reef Tract.
BACKGROUND: HOW IT MAY AFFECT MONROE COUNTY: The Florida Keys is on the front lines of climate change, facing such potential impacts as sea level rise and increased hurricane intensity. Given the County’s unique vulnerabilities to sea-level rise, as well as its international presence as a premier tourist destination, Monroe County has an opportunity to demonstrate leadership on this issue through the implementation of key policies, practices and investments that will prepare the County for the impacts of climate change. As a result, the County is acting now to enact local policies to combat the future effects of climate change.

In 2016, Monroe County completed a comprehensive study on the effects of local sea level rise and climate change mitigation strategies called GreenKeys. The study utilizes a planning scenario for sea level rise of 9 to 24 inches in the next fifty years. The data also shows that even using a conservative estimate of sea level rise, several streets and portions of the County can expect to see significant flooding on a regular basis.

In 2013, the County developed the Monroe County Community Climate Action Plan (MCAP), which outlines a course of action for the County to minimize climate change impacts and increase the sustainability of the Florida Keys. MCAP includes initiatives to reduce energy use and waste, create local jobs, improve air quality, and preserve Monroe’s local landscape and history.

Other communities in Florida also recognize the risk climate change poses to their citizens, infrastructure, and economies. Monroe County partnered with Miami-Dade, Broward, and Palm Beach Counties in 2010 to form the Southeast Florida Regional Climate Change Compact as a way to coordinate climate mitigation and adaptation activities across county lines. The Compact represents a new form of regional climate collaboration designed to allow localities to plan for adaptation while providing an efficient means for state and federal agencies to engage with technical assistance and support. Monroe County hosted the 7th Annual Florida Regional Climate Leadership Summit in December 2015, which focused on facilitating climate-related collaboration and knowledge sharing.

Climate change was perceived to be a hallmark issue of the Obama Administration and his executive efforts, including his environmental regulations and climate change agreements with China and other nations. With a new Administration less inclined to support these efforts, it will be important to keep the focus on this issue through advocacy and discussions with members of Congress about the current and future effects of climate change on coastal communities such as Monroe County.

Given the makeup of the current Congress, passage of significant climate change legislation is unlikely in the near future. However, there are indications that some Republicans are willing to take incremental steps to address the issue. The Climate Solutions Caucus, founded in 2016 by Congressmen Curbelo and Deutch, serves as an organization to educate members on economically viable options to reduce climate risk and protect our nation’s economy, security, infrastructure, agriculture, water supply and public safety. The caucus is bi-partisan with evenly maintained membership between Democrats and Republicans. There are currently 78 members of the caucus, including Florida Representatives Curbelo and Deutch, who serve as co-chairs, and Representatives Ros-Lehtinen, Mast, Murphy, Gaetz, and Crist.

POSITION: Monitor federal climate change legislation and executive actions. Support federal efforts to address climate change and mitigate sea level rise. Support the federal legislative priorities of the Southeast Florida Regional Climate Change Compact.
FEDERAL ISSUE: Waters of the United States and Regulatory Reform

BACKGROUND; HOW IT MAY AFFECT MONROE COUNTY:

Waters of the United States
A series of decisions by the U.S. Supreme Court over the past decade imposed restrictions on the scope of wetland regulation governed by Section 404 of the Clean Water Act (CWA), which regulates “dredge and fill” activities in navigable waters and their adjacent wetlands. Opponents of these restrictions have urged Congress to redefine Waters of the U.S. (WOTUS), and apply that definition to all aspects of the CWA.

As legislation along those lines failed to pass previous Congresses, the Environmental Protection Agency (EPA) and U.S. Army Corps of Engineers (Corps) during the Obama Administration developed guidance and a final rule to redefine WOTUS. There is concern that this effort significantly expanded the definition of WOTUS to include tributaries, ditches, canals, and other water bodies that can potentially drain into navigable waters, interstate waters, or the territorial seas. These water bodies would be subject to new requirements, and some waters currently covered by a permit would be subject to additional monitoring and regulation when those permits are renewed.

As a result of this expanded definition, 31 states sued to stop implementation of the rule. Courts blocked the implementation of the rule nationwide while the various lawsuits proceeded. The Supreme Court recently ruled that challenges to the rule should be heard by federal district courts, not federal appeals courts. This ruling further complicates the issue of which rule is in effect, however shortly after the ruling, the Administration finalized a rule delaying the implementation of the 2015 rule until 2020. This delay will allow the Administration to work through the rulemaking process for a new rule. Once President Trump took office last year, he issued an executive order directing the EPA and Corps to reevaluate the Obama Administration’s rule. The definitions of WOTUS directly impacts how local governments maintain stormwater infrastructure such as detention ponds, ditches, flood control structures and drinking water facilities, among other things.

The EPA and Corps announced in late June of 2017 that they would begin a two-step process to rewrite the WOTUS rule as a part of implementing President Trump’s executive order. The first step rescinds the prior rule from the Obama Administration and reverts to the previous definition. The executive order also signaled a significant change in the government's legal strategy for deciding which wetlands and streams are protected under the Clean Water Act. For more than a decade, federal agencies have relied on Justice Anthony Kennedy's opinion in the 2006 wetland-permitting case, Rapanos v. United States, in determining where the federal reach over waterways begins. The court ruled in favor of Rapanos, but in a 4-1-4 vote, the majority split on what approach to use to define government jurisdiction.

The order specifically asks the agencies to consider the late Supreme Court Justice Antonin Scalia wrote in the 2006 case Rapanos v. United States, saying the Clean Water Act ought only to cover navigable waters and waterways “with a continuous surface connection” to them — a far more restrictive definition than what the Obama EPA put into its rule. Relying on Scalia’s opinion would likely restrict federal jurisdiction.

The second step in the process to repeal the rule includes a review and redefinition of WOTUS which will consider “Supreme Court decisions, agency guidance, and longstanding practice” as outlined above. Relying on Scalia’s opinion would likely restrict federal jurisdiction. The EPA and Corps closed the commenting period on the recodification of the pre-2015 rule in September of 2017. Over the next
several months they will work to develop a new proposed rule which will then be available for public
comment.

Regulatory Reform
The repeal or rolling back of federal agency regulations and executive orders and actions has long been a
topic of legislative debate. Congressional Republicans are exploring ways to reverse numerous
regulations and executive orders enacted by the Obama Administration. The Congressional Review Act
(CRA), which allows Congress to cast simple majority votes of disapproval for regulations within 60
legislative days, is often cited as a way to block executive actions. Prior to 2017, it had only been used
once since its passage 21 years ago. In the 115th Congress, it was used to roll back 15 rules issued by the
Obama Administration. Those rules included regulations on teacher training, coal mining runoff, and
bear hunting in Alaska, among other issues.

While Congress has debated regulatory reform within many contexts and has made some strides towards
enactment of these reforms, we can expect much more to come from the 115th Congress. The
conservative House Freedom Caucus has compiled a list of over 200 regulations it wants to subject
to a disapproval vote. These include rules and regulations governing things such as school lunch standards,
tobacco regulations, climate change, financial/corporate oversight, and labor laws and practices.

Additionally, on January 5, 2017, the House passed the Regulations from the Executive in Need of
Scrutiny (REINS) Act, which was introduced by Congressman Doug Collins (R-GA-9). A companion
measure, introduced by Senator Rand Paul (R-KY) has passed the Homeland Security and Governmental
Affairs Committee, but has yet to be heard on the floor of the Senate.

The bill revises provisions relating to congressional review of agency rulemaking by requiring any
executive branch rule or regulation designated as a “major rule” to come before Congress for an up-or-
down vote before being enacted. A "major rule" is any rule that the Office of Information and Regulatory
Affairs of the Office of Management and Budget finds results in: (1) an annual effect on the economy of
$100 million or more; (2) a major increase in costs or prices for consumers, individual industries,
government agencies, or geographic regions; or (3) significant adverse effects on competition,
employment, investment, productivity, innovation, or the ability of U.S.-based enterprises to compete
with foreign-based enterprises.

A joint resolution of approval must be enacted within 70 legislative days after the agency proposing a
major rule submits its report on the rule to Congress in order for the rule to take effect. A major rule may
take effect for 90 days without such approval if the President determines it is necessary because of an
imminent threat to health or safety or other emergency, for the enforcement of criminal laws, for national
security, or to implement an international trade agreement.

POSITION: Monitor activity related to the implementation of the EPA and Corps’ rule on Waters of the
U.S. Monitor any new proposed rule regarding WOTUS proposed by the EPA and Corps’. Monitor
activity related to regulatory reform.
FEDERAL ISSUE: Oil Spill Protection

BACKGROUND; HOW IT MAY AFFECT MONROE COUNTY: The Oil Pollution Act (OPA) was passed by Congress and signed into law in August 1990 in response to rising public concern following the 1989 Exxon Valdez oil spill. The OPA expanded the authority of the federal government to prevent and respond to oil spills.

The OPA created the Oil Spill Liability Trust Fund, from which one billion dollars per spill is available for such activities as expediting payments for those involved in cleanup efforts, payment of claims for uncompensated removal costs and damages (e.g., financial losses of fishermen, hotels, and beachfront businesses), and payments to a state or local governments for increased public services and the net loss of government revenue. The Trust Fund is primarily funded by an 8-cent-per-barrel tax on oil. This rate is scheduled to increase to 9 cents per barrel in 2017, which is also scheduled as the final year of the tax.

The OPA established several new regulations related to oil transportation, and broadened the scope of damages for which an oil spiller would be liable, including:

- injury to natural resources,
- loss of personal property (and resultant economic losses),
- loss of subsistence use of natural resources,
- lost revenues resulting from destruction of property or natural resource injury,
- lost profits resulting from property loss or natural resource injury, and
- costs of providing extra public services during or after spill response.

Under OPA, holders of leases or permits for offshore facilities are liable for all cleanup costs, plus non-cleanup and containment damages up to $75 million per spill. Although this was a significant increase from before OPA was enacted, it is important to recognize that this also capped the liability for which BP could be held responsible for the Deepwater Horizon oil spill.

In response, during the 112th Congress, Senator Robert Menendez (D-NJ) and several other senators, including Senator Bill Nelson, attempted to pass the Big Oil Bailout Prevention Unlimited Liability Act, a bill to raise the $75 million cap limit to $10 billion, retroactive to before the spill occurred. This effort was blocked by other Senators on the grounds that it would deter small companies from deepwater drilling. The bill was reintroduced in the 113th Congress but again failed to pass.

In February 2014, the Obama Administration announced a proposed rule to raise the liability cap under a provision in OPA that provides for the limit on damages liability to be periodically adjusted by regulation to reflect significant increases in the Consumer Price Index. On December 12, 2014, the Bureau of Ocean Energy Management finalized their rule, increasing the liability cap from $75 million to $133.65 million, the most allowable under OPA.

Monroe County would like to see additional changes to OPA and other associated laws to ensure that the Oil Spill Liability Trust Fund is capable of addressing Spills of National Significance where there is no financially viable or legally responsible party, and that local governments may act as first responders in an effort to protect communities and be reimbursed for actions undertaken to protect resources and restore damaged areas during oil spill events.
In addition, legislation introduced by Congressman Curbelo, the Foreign Spill Protection Act, was included as part of the FY 2018 National Defense Authorization Act passed into law in December of 2017. This legislation amended the OPA to impose penalties and provide for the recovery of removal costs and damages in connection with discharges of oil from foreign offshore units that reach or threaten United States navigable waters. Due to Monroe County’s close proximity to Cuba, this legislation may provide an important resource if there are any future spills in foreign waters near Monroe’s shores.

**POSITION:** *Support revisions to the Oil Pollution Act of 1990 and other associated laws to ensure that local governments may act as first responders in an effort to protect local communities, and be reimbursed for their actions undertaken to protect their resources and restore damaged areas during oil spill events, and the Oil Spill Liability Trust Fund is capable of addressing Spills of National Significance where there is no financially viable or legally responsible party.*
FEDERAL ISSUE: Land Acquisition

BACKGROUND: HOW IT MAY AFFECT MONROE COUNTY: The federal nexus for Monroe County’s land acquisition challenges are generally based upon two basic principles: a) rigorous preservation of the Florida Keys’ unique environmental resources, which are protected under a variety of federal laws including the Endangered Species Act, and b) the need to protect from development encroachment the nation’s investment in Naval Air Station Key West, one of the military’s premier air combat training facilities.

Monroe County contains a number of unique environmental resources of national significance. In recognition of the value of these resources and features, the federal government has created four national wildlife refuges (Crocodile Lake, Great White Heron, Key Deer, and Key West), three national parks (Everglades, Biscayne, and Dry Tortugas), as well as a National Marine Sanctuary (Florida Keys) and a National Preserve (Big Cypress), all of which are located in whole or in part in Monroe County. In addition, Monroe County is also home to a world renowned coral reef and over 30 listed species protected under the Endangered Species Act (ESA).

In order to protect these scarce yet vital natural resources, development on private property in Monroe County is heavily controlled by federal, state, and local regulations. To see the significant impact of federal regulations on the County’s ability to regulate local development, one need to look no further than the Florida Key Deer v. the Federal Emergency Management Agency (FEMA) & US Fish & Wildlife Service (USFWS) suit settled in 2012 after more than 20 years of litigation. In that case, the USFWS and FEMA negotiated a settlement agreement with environmental advocates that forced the County to adopt regulations and procedures to assist the USFWS with performing its obligations under the ESA or face expulsion from the National Flood Insurance Program (NFIP). Given the draconian alternative of expulsion from the NFIP and the resulting collapse of the local real estate market due to the inability of potential home buyers to obtain federally-guaranteed mortgages, the County Commission had little choice but to implement procedures that essentially shifted the burden of implementation of the ESA from the USFWS to Monroe County.

That settlement agreement was predicated upon the USFWS’s revised Biological Opinion (BO) on the NFIP in Monroe County. The BO contained reasonable and prudent alternatives (RPA) that required the Florida Keys communities to revise their Flood Damage Prevention programs to include the review of floodplain development applications for potential impacts to nine endangered species – a review the ESA requires FEMA and USFWS to undertake, not local governments.

According to the data contained in the BO, there are 63,411 acres of suitable habitat for listed species in unincorporated Monroe County. Approximately 7,193 privately owned vacant parcels, having an approximate combined value of $240,088,014 within USFWS designated potentially suitable habitat. While the BO only addresses protections for nine species, twenty-two federally-listed species live in the Florida Keys and critical habitat has been designated for eleven of these species. In addition, the USFWS currently proposes to list (and subsequently designate critical habitat for) an additional five (5) species in the Florida Keys in the near future.

The limitations upon development imposed by the ESA and other federal, state, and local regulations impose severe restrictions on private property owners who desire to develop their properties. The U.S. and Florida Constitutions require government to compensate private property owners when those regulations result in a taking. Currently, the County is defending takings suits involving potentially over
1,000 parcels of land. These claims are based in part upon regulations that were adopted to effectuate the ESA and other state and federal acts.

The County realizes the importance of preserving and sharing the benefits of our unique natural resources, and has conducted the reviews for FEMA and FWS, including restricting development based on this process, but federal support is required to maintain the protection of our significant environment. The Keys supports and encourages the federal government to target the acquisition of lands containing suitable habitat for and known populations of federally-designated wildlife species.

In addition to the land acquisition challenges resulting from environmental protection regulations, the County faces challenges in the area surrounding Naval Air Station (NAS) Key West, one of the military’s premier air combat training facilities. The airfield is located just outside of Key West in the most densely populated area of the County. Noise from flight operations impacts the quality of life for residents living near the airfield. The impacts of encroachment from development, both past and future, in the vicinity of NAS Key West further exacerbates the land acquisition challenges for Monroe County. While the County wants to foster the continued use of the airfield, it must also be mindful of encroachment challenges due to property owners in the adjacent community. Acquisition of nearby properties can help solve that challenge.

In order to proactively address these land acquisition challenges, the County has engaged in land acquisition efforts primarily through the Monroe County Land Authority. The Land Authority has two dedicated revenue sources through which it funds land acquisition (half of the one cent tourist impact tax, and a State park surcharge). Unfortunately, these sources are insufficient, as they generate only about $900,000 annually. However, in Fiscal Year 2015, the County Commission budgeted $10 million in local funds to serve as a match for federal and state land acquisition projects. Even with that additional funding, the County lacks the financial resources to meet all of the land acquisition needs that result from federal and state environmental protection regulations as well as encroachment issues arising near NAS Key West. Solving the County’s land acquisition challenge can only be done through a combination of federal, state, and local efforts.

The Land and Water Conservation Fund

The Land and Water Conservation Fund (LWCF) Act of 1965 was enacted to help preserve, develop, and insure access to outdoor recreation facilities for our nation. The law created the Land and Water Conservation Fund (LWCF) in the U.S. Treasury as a funding source to implement outdoor recreation goals. Revenues for the fund are derived from oil and gas leasing proceeds in the Outer Continental Shelf.

The LWCF has been the principal source of monies for land acquisition for outdoor recreation by four federal agencies—the National Park Service, Bureau of Land Management, Fish and Wildlife Service, and Forest Service. The LWCF also funds a matching grant program via the National Park Service to assist states (and local governments as sub-recipients) in acquiring recreational lands and developing outdoor recreational facilities. A portion of the appropriation is divided equally among the states, with the remainder apportioned based on need, as determined by the Secretary of the Interior. The states award their grant money through a competitive selection process based on statewide recreation plans, as well as establish their own priorities and criteria.

The LWCF is authorized at $900 million annually. However, yearly appropriations have fluctuated widely since the origin of the program. Of the total revenues that have accrued throughout the history of the program ($33.5 billion), less than half have been appropriated ($15.8 billion). FY 2001 marked the highest funding ever, with appropriations exceeding the authorized level and reaching nearly $1 billion.
In FY 2002, Congress provided the most LWCF funding of the past twenty years for the state grant program at $144 million.

For FY 2016 Congress provided a huge boost to the state programs, funding them at $110 million. For FY 2017, Congress funded the programs at $110 million, level with FY 2016 funding. The Administration then requested $64 million in funding in its FY 2018 budget. Congress approved $360 million for FY 2018.

In addition to yearly funding challenges, the current authorization for the LWCF is set to expire at the end of 2018. This is only a few months away, and the previous authorization was allowed to lapse for over two months when Congress failed to reauthorize the program after its expiration on October 1, 2015. A three-year reauthorization was finally included in the FY 2016 omnibus.

There have been legislative attempts over the past few years to reauthorize the LWCF, on both a permanent and temporary basis. These attempts have often included provisions to reform the program, such as requirements related to how the money is allocated. For example, the Senate version of an energy reform bill Congress worked on for much of 2016 would have permanently reauthorized the program. That bill was not passed prior to the end of session, however, due to timing conflicts, as well as disagreements over a number of provisions, including the language related to the LWCF.

During the 115th Congress, Representatives Raul Grijalva (D-AZ) and Pat Meehan (R-PA) introduced legislation to permanently reauthorize the LWCF and direct a small amount of funding (1.5%) to opening up additional access to public lands for sportsmen and recreational users. This bill has 219 bipartisan cosponsors, over half the members of the House, including Representative Carlos Curbelo. Similar legislation has been introduced in the Senate by Senators Richard Burr (R-NC) and Michael Bennet (D-CO) and has 11 bipartisan cosponsors. Neither bill has had a hearing in either chamber. Senators Richard Burr (R-NC) and Maria Cantwell (D-WA) have also introduced legislation that would permanently authorize the LWCF and provide full, dedicated funding that could not be siphoned off to other purposes during the appropriations process. This legislation has 39 bipartisan cosponsors, including Senator Nelson.

Meanwhile, other senior legislators are likely to seek significant changes to the LWCF in the future, primarily due to concerns over the large percentage of western lands owned by the federal government, all of which would drastically reshape the program in the future and funnel significantly more money to the state and local programs. As stated above, this would boost the County’s chances of securing funding for priorities in the community.

**DoD Readiness and Environmental Protection Integration Program**

The Department of Defense’s (DoD) Readiness and Environmental Protection Integration Program (REPI), which was authorized by Congress in 2002, funds cost-sharing partnerships for the military with state and local governments in order to address incompatible development and loss of habitat around DoD installations. These partnerships obtain easements or other interests from willing sellers that preserve critical buffer areas around DoD facilities in order to protect the military’s ability to accomplish its training, testing, and operational missions by helping to remove or avoid land-use conflicts, as well as addressing regulatory restrictions that inhibit military activities. Through FY 2016, REPI buffer partnerships have protected 464,668 acres of buffer land in 89 locations and 30 states. The REPI program may provide an opportunity for land acquisition for those parcels located near DoD facilities within Monroe County.
Since the program’s inception, Congress has increased REPI’s original funding from $12.5 million to over $70 million annually. In FY 2018 the program was funded at $75 million and the Administration has requested level funding for FY 2019.

Although congressional appropriations are consistently above the budget request, total service requests average $140 million annually, which greatly exceeds available REPI funding. To make up some of the difference, federal REPI funding is augmented by cost-shares from partner contributions, including other federal grants, state and local grants or cost-share programs, private capital, donations, and in-kind services, among others.

POSITION: **Support** efforts by federal agencies to acquire appropriate properties to mitigate environmental resource or military encroachment concerns in Monroe County. **Support** a $900 million annual appropriation from the Land and Water Conservation Fund. **Support** future mandatory funding for the Land and Water Conservation Fund. **Support** increased funding of the Department of Defense’s Readiness and Environmental Protection Integration program.
FEDERAL ISSUE: Property Assessed Clean Energy Legislation and Guidance

BACKGROUND; HOW IT MAY AFFECT MONROE COUNTY: Property Assessed Clean Energy (PACE) programs aim to support energy efficiency and clean energy, and in Florida wind resistance, investments by homeowners and commercial property owners. This eliminates the upfront cost barriers of those investments and ensures that current and future property owners fairly share the costs and benefits of the improvements.

PACE is a financing tool that allows a home or property owner to receive low-interest financing for energy efficiency, renewable energy and wind resistance improvements, thereby saving that property owner money on their utility bills. PACE financing is repaid through a voluntary long-term assessment on a homeowner’s property taxes over a longer time period that matches the useful life of those improvements. If a property owner sells their property, the repayment obligation, as well as the benefits of the energy improvements, can transfer to the next property owner.

In 2010, Fannie Mae and Freddie Mac raised concerns due to the senior lien status PACE financing takes over a mortgage as a local government assessment. Because Fannie and Freddie underwrite nearly ninety percent of new mortgages, this slowed the development of PACE programs. During that time, numerous PACE programs did develop and grow and currently over $1 Billion of PACE projects have been completed across the country. In December of 2017, the Housing Finance Authority stated that it will no longer allow buyers with FHA loans to purchase properties with PACE loans in place. If an FHA approved buyer wants to purchase a home with a PACE loan, that loan must be paid off at or prior to closing. Additionally, properties with PACE loans will not be eligible for FHA mortgage insurance and it requires additional reporting during the appraisal process for properties with PACE obligations. FHA controls approximately 13 percent of the mortgage market.

There have been several efforts to address PACE in the 115th Congress, with most legislation centering around increasing financial requirements and reporting. In the Senate, changes to the PACE program were included in a much larger piece of legislation which seeks to address a wide variety of financial regulations, S. 2155, and would, among many other changes to financial protection laws, mandate ability to pay requirements for PACE loans. A similar requirement is already in place in the state of California. This legislation is seen as a compromise measure between advocates of PACE programs and Senator Cotton (R-AR) who introduced S.838, which would have proposed far stricter requirements on PACE programs. S. 2155 has now passed both the Senate and House and has been signed into law by the President. Additionally, HR 1958 was introduced in the House to require all PACE loans to comply with the Truth in Lending Act. It is unlikely that legislation dealing solely with PACE will pass in the 115th Congress.

Florida’s PACE statute is unique in that it includes wind resistance improvements in terms of what can be financed in a PACE program. Recently, the State of Alabama passed similar state legislation that includes flood mitigation in the types of improvements that PACE programs can undertake. Monroe County supports such an expansion of PACE in Florida.

POSITION: Support legislation and guidelines that would allow for the creation of residential and commercial PACE programs in Monroe County to finance a number of home and commercial property improvement projects including energy efficiency, flood mitigation, or hurricane protection.
FEDERAL ISSUE: RESTORE ACT

BACKGROUND; HOW IT MAY AFFECT MONROE COUNTY: In April 2010, an explosion at the BP-operated Deepwater Horizon oil rig caused the worst oil spill in U.S. history, with millions of barrels of oil spilling into the Gulf of Mexico.

In the summer of 2012, Congress passed the RESTORE Act, which established the Gulf Coast Restoration Trust Fund and mandated that 80 percent of Clean Water Act (CWA) civil damages from the spill be allocated directly to the five impacted states, including Florida.

A civil trial between BP and the Department of Justice (DOJ) began in 2013, and, in 2014, a U.S. District Court judge ruled that BP was “grossly negligent” in the Deepwater Horizon spill, citing the company’s extreme measures to cut costs despite safety risks. In January 2015, the same judge ruled that BP dumped 3.2 million barrels of oil into the Gulf during the disaster.

Separately, in 2013, DOJ settled with Transocean for their role in the Deepwater Horizon spill. As a result of the agreement, Transocean paid $1 billion in CWA fines, resulting in the first allocation of funding to be distributed via the RESTORE Act.

In July 2015, BP and DOJ reached a settlement for all federal and state claims in which BP will pay $5.5 billion in CWA fines. BP will also pay $4.9 billion in economic claims to the Gulf states, including $2 billion to Florida; $350 million for region-wide claims; and approximately $600 million to resolve the economic loss claims of local governments.

These CWA fines will flow to the Gulf States via three channels created by the RESTORE Act: Direct Component, Council-selected projects, and the Spill Impact Component. The Department of the Treasury is tasked with implementing the RESTORE legislation. Treasury published a final rule for the RESTORE Act on December 14, 2015, with an effective date of February 12, 2016.

Since the spill, BP and Transocean have also settled with the federal government for $4.5 billion in criminal penalties. This funding is allocated by the National Fish and Wildlife Foundation (NFWF), as well as directed to other trust funds. To date, NFWF has awarded more than 100 million for 25 projects in Florida. In 2016, the Natural Resources Damage Assessment (NRDA) Trustees released their programmatic restoration plan, which included up to $8.8 billion from a settlement reached with BP. Just over $680 million of this settlement has been allocated to Florida.

Direct Component (Bucket 1)
The Direct Component portion makes up roughly 35 percent of the total Trust Fund and is equally divided among the five Gulf States. The RESTORE Act grants states with significant discretion as to how they will use the funding for restoration activities. In Florida, these funds are then distributed to the 23 Gulf Coast counties. The “disproportionally affected” counties receive 75 percent of the state’s share with the remaining 25 percent divided among the other 15 counties, including Monroe, based on a formula that takes into account population, distance from the spill and average tax collection per capita. Treasury accepted Monroe County’s multi-year implementation plan in April of 2016.

Council-selected Projects (Bucket 2)
The RESTORE Act also established the Gulf Coast Ecosystem Restoration Council (the Council), which is responsible for administering 60 percent of the total funding allocated to the Trust Fund. Thirty percent
of the Trust Fund is to be used by the Council to develop and fund a Comprehensive Plan for the restoration of the entire Gulf Coast ecosystem, and the remaining thirty percent is to be distributed under the Spill Impact Component. The Council includes the Secretaries of the Interior, Commerce, Agriculture, the Administrator of the Environmental Protection Agency, Secretary of the Army for Civil Works, the head of the Coast Guard, and the Governors of each state. The Council is projected to receive approximately $1.6 billion for Council-selected projects as a result of the settlements with BP, Transocean and Anadarko.

Project and program requests for initial funding from the Transocean settlement under the Council’s Comprehensive Plan were due in late 2014. In December of 2015, the Council approved the Initial Funded Priorities List (FPL). The FPL funds approximately $156.6 million in restoration activities and prioritizes 12 additional projects in the future, subject to further environmental and Council review. The Council also reserved $26.6 million for a future round of funding, which will be subject to a public process.

In December of 2016, the Council adopted an update to its Comprehensive Plan, which included a Ten-Year Funding Strategy for Gulf restoration. The Ten-Year Plan does not identify specific programs or projects, but does anticipate that the next FPL will have a three-year development period, with all future FPLs also operating on a three-year schedule. According to the update, spacing out FPLs will allow the Council to include much larger projects and programs in future FPLs, as well as explore alternative financing mechanisms, such as public-private partnerships, to support these large-scale projects.

In January of 2018, the Administrator of the EPA became Chair of the Council and Administrator Pruitt announced that Kenneth Wagner would be serving as his designee on the Council. If the Council continues to follow the three-year time frame for the development of the next FPL, they should begin the process at some point this calendar year. This will provide an opportunity for Monroe County to submit projects for consideration.

**Spill Impact Component (Bucket 3)**

In Florida, the Spill Impact Component is administered by the Gulf Consortium. The Gulf Consortium is tasked with drafting a State Expenditure Plan (SEP) which must then by submitted to the Council by the Governor for approval. Once an approved plan is in place, the Consortium can begin to draw down funding for projects. The Gulf Consortium was created by interlocal agreement in 2012 and has been meeting since that time. The Board of Directors consists of representatives from each of the 23 Gulf Coast counties, including Monroe, and six appointments made by the Governor. The Consortium has agreed to divide their allocation up evenly between the counties. This will result in an allocation for Monroe of just under $12.5 million. The Consortium has released their draft SEP for public comment, which includes Monroe County’s Canal Management Master Plan Implementation. The comment period will be open for at least 45 days. The Consortium approved the SEP for transmittal to the Governor in May of 2018.

**POSITION:** Monitor federal implementation of the RESTORE Act to ensure continued benefit to Monroe County. Support efforts to secure funding for Monroe County including any grant applications to the Gulf Coast Ecosystem Restoration Council. Support the approval of the State Expenditure Plan.
FEDERAL ISSUE: Continuum of Care Program – Federal Homeless Assistance

BACKGROUND; HOW IT MAY AFFECT MONROE COUNTY: In 1987, Congress passed the McKinney-Vento Homeless Assistance Act as a response to the increase in homelessness in the United States. It originally created several programs within the Department of Housing and Urban Development (HUD) that focused on combating the root causes of homelessness. The McKinney-Vento Act has been amended many times, most recently in 2009, when President Obama signed the Homeless Emergency Assistance and Rapid Transition to Housing (HEARTH) Act. The HEARTH Act updated and expanded the definition of homelessness and made changes to existing programs under McKinney-Vento. Also under the HEARTH Act, three previously separate HUD homeless assistance programs - the Supportive Housing Program (SHP), Shelter Plus Care program (S+C), and the Single Room Occupancy (SRO) program - were grouped under the umbrella of the Continuum of Care (CoC) program.

The CoC program provides competitive grant funding to local governments and non-profits. It requires communities seeking funds to develop a Continuum of Care system designed to address the critical problem of homelessness through a coordinated community-based process of identifying needs and building a system to address them. The approach is predicated on the understanding that homelessness is not caused merely by a lack of shelter, but involves a variety of underlying, unmet needs, including physical, economic, and social.

Under the CoC program, the SHP provides assistance to help the homeless transition from their current state to a more stable living situation. The goals of the program are to provide assistance to help the homeless achieve residential stability and foster independence through programs that increase skills and/or income levels.

The S+C program provides rental assistance that, when combined with social services, provides supportive housing for homeless people with disabilities and their families. The program allows for a variety of housing choices, such as group homes or individual units, coupled with a range of supportive services.

The SRO was created to expand suitable residential opportunities for homeless individuals. This has been accomplished through compensating owners of eligible SRO residences, for a period of 10 years, for improvements made to kitchen and bathroom facilities, as well as providing rental assistance for the residents that occupy those units.

Under the HEARTH Act, HUD added 12 new eligible activities for funding under the CoC program, which include the following: housing search mediation or outreach to property owners; credit repair; provision of security or utility deposits; rental assistance for a final month at a location; assistance with moving costs; and/or other activities that help homeless individuals move immediately into housing or would benefit individuals who have moved into permanent housing in the last six months. In addition, the HEARTH ACT requires established CoC’s to rank their projects for funding into two categories: Tier I new or renewal projects, which are most likely to receive funding; and Tier II new or renewal projects, whose funding is dependent on the resources still available and the strength of the CoC’s application.

The Monroe County Continuum of Care is the lead agency designated by HUD and the State of Florida for coordinating and planning homeless services in the Florida Keys. The CoC organizes the collaboration of local agencies, including Monroe County Social Services and the Monroe County School District, to provide critical supportive services for the homeless.
In Fiscal Year (FY) 2017, Congress provided $2.383 billion in the omnibus appropriations bill for Homeless Assistance Grants. In the FY 2018 budget request, the President proposed to decrease funding for the program to $1.988 billion, however, Congress did not go along with this request and ultimately provided $2.513 billion in the omnibus.

POSITION: Support continued adequate annual funding for Department of Housing and Urban Development Homeless Assistance Grants, particularly for the Continuum of Care Program.
FEDERAL ISSUE: Aging Issues

BACKGROUND; HOW IT MAY AFFECT MONROE COUNTY: Most federal programs that exist for the delivery of social and nutritional services for the elderly in Monroe County emanate from the Older Americans Act (OAA). These include supportive services, congregate nutrition services (meals served at group sites such as senior centers, schools, churches, or senior housing complexes), home-delivered nutrition services, family caregiver support, community service employment, and services to support the health, and prevent the abuse, neglect, and exploitation, of older persons.

The OAA was reauthorized in April 2016 through Fiscal Year 2019. This marks a major milestone as the programs under the OAA operated without authorization since Fiscal Year 2011. The bill was championed by Senators Alexander and Sanders and ultimately passed both the House and Senate by a voice vote.

The majority of the funding for OAA grant programs goes through the Department of Health and Human Services’ Administration for Community Living (ACL), which provides formula funds to state and local agencies designated to provide direct services to the elderly. The ACL also offers some competitive opportunities.

The federal government provides some flexibility for spending allocated OAA funds in areas where there is a greater need. These services are available to all persons aged 60 and older, but are targeted to those with the greatest economic or social need, particularly low-income and minority persons and the elderly who live in rural areas.

During a time when funding for many federal domestic programs has been significantly reduced, appropriations provided for the ACL have remained relatively stable. Between Fiscal Years (FY) 2013-2016, funding for the ACL was $1.47 billion, $1.61 billion, $1.62 billion, and $1.96 billion respectively. In FY 2017, Congress provided a slight decrease in funding of $1.919 billion. For FY 2018, the Administration proposed $1.907 billion in funding in the budget request. Congress provided $2.095 billion in the omnibus appropriations bill that ultimately passed in March.

POSITION: Support adequate federal funding for Alzheimer’s and dementia research at the National Institute on Aging. Support continued adequate annual funding for Older Americans Act programs that support critical social service programs serving elderly persons in Monroe County.
FEDERAL ISSUE: Social Services Block Grant

BACKGROUND; HOW IT MAY AFFECT MONROE COUNTY: The Social Services Block Grant (SSBG) is a federal program administered by the U.S. Department of Health and Human Service’s Administration for Children and Families that provides funding to the states for social services for eligible populations. The program is permanently authorized under the Social Security Act.

States have broad discretion over how to utilize the funds, but SSBG is generally used to meet at least one of the following goals: 1) achieving or maintaining economic self-support; 2) achieving or maintaining personal self-sufficiency; 3) preventing or remedying neglect; 4) preventing or reducing inappropriate institutional care by providing for community-based care; and 5) securing referral or admission for institutional care when other forms of care are not appropriate. Services may include daycare, protective services, services to persons with disabilities, foster care, adoption, case management, health-related services, transportation, meal delivery, or any other services found necessary by the state that meets eligible criteria.

The SSBG program has seen stable funding over the past several years. It was funded at $1.7 billion in FY 2017. The Trump Administration has proposed eliminating funding for the program in both their FY 2018 and FY 2019 budgets. However, Congress provided $1.7 billion for the SSBG program in FY 2018.

POSITION: Support continued adequate funding for the Social Services Block Grant program.
FEDERAL ISSUE: Mental Health Care

BACKGROUND; HOW IT MAY AFFECT MONROE COUNTY: It is estimated that more than 50 million Americans experience some form of mental illness each year, with 11 million considered severely mentally ill. Millions of those who suffer (approximately 40 percent), however, are not able to access the treatment they need. Even when care is delivered, it is often delayed for more than two years after the illness first appears.

There has been a renewed interest in mental health care over the past several years. The Patient Protection and Affordable Care Act (ACA, also known as “Obamacare”) included significant reforms to mental health coverage. Specifically, the legislation named mental health treatment as an essential health benefit that insurance plans are required to cover. While most large-group plans previously offered some kind of mental health benefits, only 18 percent of small-group and individual plans covered mental health. Furthermore, it is estimated that the Medicaid expansion under the ACA has provided as many as 2.8 million people who suffer from a serious mental illness with coverage. During efforts to repeal the ACA this year, there was discussion of allowing states to opt out of requiring essential health benefits, however these efforts were not successful. In addition to these provisions, the Administration the 2008 Mental Health Parity and Addiction Equity Act, which requires insurers to cover mental health at a level that is comparable to their physical health coverage, has now been implemented.

In December 2016, President Obama signed into law the 21st Century Cures Act, which includes a number of provisions related to healthcare, mental health, and addiction. Among other things, the bill reauthorizes several key mental health and substance abuse programs, such as the Community and Mental Health Services block grant, the Substance Abuse Prevention and Treatment block grant, and the Mentally Ill Offender Treatment and Crime Reduction Act. It also includes a provision to strengthen the Mental Health Parity and Addiction Equity Act.

Lastly, the Helping Families in Mental Health Crisis Act, which was passed by the House in July and includes a number of positive mental health reforms, has been rolled into the 21st Century Cures Act. This legislation proposed reorienting the mental health system from its focus on serving the largest number of highest functioning patients towards providing treatment for the most seriously mentally ill instead. Specific initiatives within the legislation include: lifting a 16-bed cap on inpatient psychiatric hospital beds under Medicaid, advancing tele-psychiatry to link primary care doctors with mental health providers in areas where patients do not have access to such services, increasing funding for brain research to better understand the underlying causes of mental illness, extending health IT so mental health providers can better coordinate with primary care physicians, and implementing criminal justice reforms so patients are treated within the healthcare system and not through the justice system, among several other provisions.

The legislation has an estimated $6.3 billion price tag. Roughly half of the bill would be offset by future cuts of $3.5 billion to the Prevention and Public Health Fund, which was created by the Affordable Care Act (Obamacare) and helps fund public health departments around the country. It is important to note that this fund may disappear as Congress and the Trump Administration work to repeal Obamacare, thereby making these “savings” meaningless.

POSITION: Support legislation that responsibly expands treatment options and support for the mentally ill.
FEDERAL ISSUE: Public Safety Programs

BACKGROUND; HOW IT MAY AFFECT MONROE COUNTY: Federal grant funding for many Department of Justice (DOJ) and Department of Homeland Security (DHS) programs are provided as block grants with each state receiving a certain amount of funding, generally linked to population. That funding is then passed through to local jurisdictions to help support police, fire, emergency management, and homeland security functions. Examples of these formula programs include the Emergency Management Performance Grant (EMPG) and the Byrne Justice Assistance Grant (JAG).

In other instances, funding from federal programs is made available to local governments via competitive grant solicitations. Competitive program funds can be used to hire police officers through Community Oriented Policing Services (COPS) or firefighters through Staffing for Adequate Fire & Emergency Response Grants (SAFER), and purchase equipment through the Assistance to Firefighters Grant (AFG). There is also another category of grants that are distributed to certain recipients based on specific criteria, such as the Urban Area Security Initiative (UASI), which provides funds to eligible regions to help communities prepare for, prevent, respond to, and recover from potential attacks and other hazards.

Monroe County has benefited from several of these federal programs in the past, while other programs offer competitive grant opportunities from which the County may seek funds.

In FY 2017, Congress provided funding for the COPS and JAG programs at $221.5 million and $376 million, respectively. Both the AFG and SAFER fire-related grants each received $345 million, and UASI received $605 million. EMPG, meanwhile, received $350 million.

For FY 2018, Congress provided $415 million for the JAG program and $225.5 million for the COPS program. With regard to the homeland security programs, the House and Senate provided $350 million for each of the SAFER and AFG programs, $350 million for EMPG.

Emergency Operations Center
Meanwhile, the Monroe County Emergency Operations Center (EOC) in Marathon is woefully inadequate for the threats that natural events pose to the Florida Keys. A new facility will cost roughly $25 million. $100 million in federal funding for the construction of EOC’s was provided via the stimulus legislation of President Obama’s first term. However, since then, Congress has not provided additional funding for the construction of EOC’s and potentially applicable grant programs will not allow applications for EOC construction, making securing federal funding for the construction of an EOC difficult in the near-term.

POSITION: Support continued funding for the wide variety of DOJ and DHS grants, i.e., Community Oriented Policing Services, Byrne Justice Assistance Grants, Emergency Management Preparedness Grants, Assistance to Firefighters Grants, Staffing for Adequate Fire and Emergency Response Grants, Urban Areas Security Initiative grants, and other security-specific grants. Support any Monroe County applications for these funds. Support federal funding for the construction of Emergency Operations Centers.
FEDERAL ISSUE: Naval Air Station, Key West

BACKGROUND; HOW IT MAY AFFECT MONROE COUNTY: Naval Air Station (NAS) Key West is located on Boca Chica Key in Monroe County, Florida. It is the second to last major island in the Florida Keys. NAS Key West has several annexes throughout Monroe County including on Key West. The U.S. Navy's presence in Key West dates back to 1823, when a Naval Base was established to stop piracy in the area. The lower Keys were home to many wealthy shipping merchants whose fleets operated from these waters. This drew the interest of pirates such as Black Beard and Captain Jon Kidd, who used the Keys as a base from which to prey on shipping lanes.

Naval Air Station Key West's national security mission supports operational and readiness requirements for Department of Defense, Department of Homeland Security, National Guard units, federal agencies, and allied forces. What makes the southernmost air station attractive to the war fighter is access to unencumbered air space and sea space, the Tactical Combat Training System (TCTS), year-round great weather, the piers/harbor, the visitor quarters complex and the Gulf range complex. As such, NAS Key West is the Navy’s premier East Coast transient pilot training facility for tactical aviation squadrons. The airfield hosts aviation squadrons from around the country on a regular basis to fulfill the mission.

NAS Key West encompasses more than 5,800 acres, and the Gulf water and air ranges span 134,000 square miles. Air station facilities can support up to 100 aircraft and more than 800 personnel at one time, as well as provide port operations for visiting ships. More than 30 tenant commands call Key West home.

These commands include:
- Joint Interagency Task Force South
- Coast Guard Sector Key West
- U.S. Army Special Forces Underwater Operations School
- Naval Branch Health Clinic
- VFC-111 “Sun Downers” Adversary Squadron
- VFA-106 “Gladiators” Detachment Key West
- U.S. Naval Research Lab

The air station’s customers include active and Reserve fighter/strike fighter communities, Chief of Naval Air Training (CNATRA) units, Fleet Replacement Squadrons (FRSs), Fleet Forces Command units and other military service users.

Department of Defense Base Realignment and Closure Commission
The history of the Defense Base Closure and Realignment Commission dates back to the Kennedy Administration, which began to reconfigure and consolidate military bases to better meet the threats the United States faced during the Cold War. As the Cold War began to wind down and U.S. defense needs evolved, Congress passed legislation in 1988 to create the independent Defense Base Closure and Realignment Commission (BRAC).

BRAC is a bipartisan group of nine individuals who are appointed by the President to analyze recommendations of the Department of Defense and make decisions regarding base closures or reorganizations. BRAC attempts to remove political considerations from the decision-making process. Congress ultimately must vote simply yes or no on BRAC’s entire list of recommendations. There have been five BRAC rounds in 1988, 1991, 1993, 1995 and 2005.
The President’s FY 2018 budget submission to Congress included an authorization request for another BRAC Commission, however, Congress did not provide authority for a new round of BRAC in the FY 2018 National Defense Authorization Act (NDAA) that passed in December. The Administration’s FY 2019 budget proposal does not seek authorization for a BRAC round in 2019. Military leaders have been pushing for another BRAC since 2013, arguing that DOD’s domestic footprint is too large given equipment modernizations and reductions in force in recent years. DOD estimates that 20-22% of its facilities are underused or obsolete. For FY 2019, the House has passed their version of the bill that does not include a request for BRAC.

Across the country, communities are preparing for the worst, whether from a new BRAC or other cuts to their regional military facilities, and while NAS Key West’s unique mission and location make it an unlikely target for future elimination, the County should remain engaged in order to be prepared for any contingency.

POSITION: Monitor activities related to the Department of Defense Base Closure and Realignment Commission for potential impacts to NAS Key West.
FEDERAL ISSUE: Tourist Development Taxes

BACKGROUND; HOW IT MAY AFFECT MONROE COUNTY: In the 111th and 113th Congresses, attempts were made to insert language into various pieces of legislation that would have exempted online travel brokers (Expedia, Travelocity, etc.) from remitting the full bed tax rate collected from consumers to the appropriate local government. For instance, if an online travel broker were to pay $60 for a room in Monroe County and then sell that room to a consumer for $100, they would be able to, under the proposal, only remit $6 dollars to the local government instead of $10 (using a 10 percent bed tax for illustrative purposes).

In 2009, Monroe County filed an action on behalf of itself and 32 other Florida local governments against a number of online travel companies alleging that the companies have failed to collect and/or pay taxes under the respective tourist development tax ordinances. Monroe County and its partners in the lawsuit agreed to settle with the online travel companies for $6.1 million in 2010. During 2012, there were several Florida State Circuit Court cases that ruled in favor of the online travel brokers. Two cited that Florida law is not clear on the issue, while a Circuit Court Judge ruled more directly that the online travel broker only owe local tourist taxes on the discounted rates they paid for the rooms. Then, in June of 2015, the Florida Supreme Court affirmed the lower court rulings, stating that online travel companies are not hotels and, therefore, do not have to pay occupancy fees.

Meanwhile, in September of 2012, the District of Columbia government won a suit where a judge ruled that online companies (OTCs) should repay back taxes on the full retail price of hotel rooms they sold to consumers in the years after the D.C. City Council passed legislation mandating they do so. In February of 2014, a conditional settlement was reached in this case with six online travel firms. Although they have a right to appeal the D.C Superior Court decision, they agreed to pay $60.9 million in back taxes to the D.C. government. Between 1998 and 2010, the amount owed in the lawsuit was estimated to be over $200 million.

These examples demonstrate how courts across the country have ruled differently on this issue over the past few years, which has led online travel purveyors to continue seeking federal legislation that would codify their goal of not remitting taxes on the price of the hotel room paid by the consumer. In 2012, several of these online discount travel brokers (including Expedia, Orbitz, and Priceline) organized and registered to lobby under a new organization called the “Interactive Travel Services Association,” whose purpose is to advocate on several issues, including “taxes and fees related to travel.”

In May 2013, Expedia and other online hotel room purveyors attempted to amend the Marketplace Fairness Act to achieve their transient occupancy tax objectives. Ultimately, this effort was unsuccessful and the bill passed the Senate without this language.

In FY 2017, Monroe County collected $36 million in tourist development taxes, which are used to support the tourism industry in the region. This level of funding underscores the importance of tourist development tax revenue and the need to ensure it is not constrained by detrimental legislation.

POSITION: Oppose legislation that would exempt online travel brokers from paying taxes on the full room rate paid by the consumer, thereby costing Monroe County the opportunity to collect appropriate tourist development taxes from visitors to the region.
FEDERAL ISSUE: Remote Sales-Tax Legislation

BACKGROUND; HOW IT MAY AFFECT MONROE COUNTY: Currently, retailers are only required to collect sales tax in states where they have brick-and-mortar stores. The burden then falls to consumers to report to state tax departments any sales taxes they owe for online purchases. Often, due to complex reporting requirements, consumers do not report those purchases when completing their tax returns. As a result, local retailers are at a competitive disadvantage because they must collect sales taxes while out-of-state retailers, including many large online and catalog retailers, essentially give their customers a discount by collecting no state or local sales taxes.

Therefore, the current sales tax system is perceived as being unfair to brick-and-mortar retailers that employ local residents, including local stores as well as national chains like Best Buy or Home Depot. The lost revenue is also a drain on local governments. In 2014, uncollected sales tax was estimated to have cost local governments $23 billion nationwide.

To correct this inequity across the country, Congress introduced the Marketplace Fairness Act in both the House and Senate during the 113th Congress. The bill would have created two systems from which states could choose to facilitate the process of collecting these taxes. The first would have been the already established Streamlined Sales and Use Tax Agreement (SSUTA), which would have simplified state and local sales and use tax laws. Twenty-four states have already signed this agreement, which is also supported by the National League of Cities and the U.S. Conference of Mayors. The second alternative would have allowed for states to meet minimum requirements for their state tax laws and administration thereof. To protect small, online retailers, this legislation would have also exempted sellers who make less than $1,000,000 in total remote sales from the requirement to collect taxes.

In 2013, the Senate passed the Marketplace Fairness Act with bipartisan support by a vote of 70-24, with Senator Nelson voting for the measure and Senator Rubio against it. In the House, companion legislation was not considered, although it had 67 cosponsors, including Florida Representatives Deutch, Ross, Wilson, and Diaz-Balart, and former Rep. Crenshaw.

The issue reemerged in the 114th Congress. Most recently, in August 2016, House Judiciary Committee Chairman Bob Goodlatte (R-VA) released a discussion draft known as the Online Sales Simplification Act (OSSA), which would implement a hybrid-approach to taxing purchases made remotely. Under the draft, states would be able to impose sales tax on remote sales if the state first participates in a clearinghouse established under the OSSA. Then, remote sales would be taxable if the origin state collects sales taxes, yet at a rate adopted by the destination state. The sales tax rate would be a single state-wide rate determined by each participating state. This is significant as it would eliminate the option for many communities to add additional sales taxes for various local needs.

The increasing pressure to pass remote sales tax legislation may have something to do with court cases in South Dakota and Alabama that are challenging a 1992 Supreme Court decision holding that states cannot require retailers with no in-state presence to collect sales tax. Both states have recently enacted rules requiring all retailers who sell more than a certain dollar amount of goods annually in the state to collect sales tax, regardless of physical presence. The South Dakota case was heard by the State Supreme Court in September 2017, which affirmed the decision of a lower court that the state does not have the authority to enact the rule. The Supreme Court has heard the case earlier this year. A decision is expected from the Supreme Court in the summer of 2018. Overturning the 1992 decision would require the Supreme Court to take up at least one of the cases (and rule in favor of the state) or an act of Congress. In February of
2018, President Trump stated that he strongly supports the collection of sales tax on all internet purchases.

Given this, and the reluctance of many Republicans to pass such a law, the issue may remain in the courts for the next several years. Remote sales tax was not addressed in the recently passed tax reform bill.

**POSITION:** *Support* legislation that requires companies making catalog and internet sales to collect and remit the associated taxes. *Support* federal tax policies that maintain revenue streams to local governments.
FEDERAL ISSUE: Tax-Exempt Bonds

BACKGROUND; HOW IT MAY AFFECT MONROE COUNTY: Although municipal bonds have been tax-exempt for almost 100 years, a number of federal proposals target this exemption, particularly as part of the debate regarding tax reform or federal spending reduction. With local governments facing severe budget difficulties, any proposal to limit the tax exemption would put more pressure on local finances by reducing demand for tax-exempt bonds and increasing borrowing costs for local governments, ultimately leading to higher taxes or reduced services.

The Obama Administration had proposed a 28 percent limit on all itemized deductions for high-income individuals in its Fiscal Year (FY) 2017 budget. If this proposal had been accepted by Congress, it would have applied to all new and outstanding municipal bonds. According to a study conducted by the National Association of Counties, if this 28 percent cap had been in place over the past decade, borrowing costs to state and local governments would have increased by over $173 billion, while a full repeal would have cost nearly $500 billion over the same time period.

The issue of the deductibility of municipal bonds was not included in the comprehensive tax reform legislation signed into law at the end of 2017, however it may continue to be an issue in the future. If this deduction was eliminated in the future, it is estimated that the difference in the rate of earnings the County and other local governments would need to offer prospective buyers for their taxable bonds would depend on the market, but typically would range from 1.5 to 2 percent more for those offerings. On $1 million borrowed, this would likely cost $20,000 more in interest per year. Taking this further, if the County were to amortize a $100 million loan over 30 years at taxable bond rates two percent higher than if the bonds were tax-exempt, the additional cost to taxpayers over those 30 years could be roughly $30 million.

Advanced Refunding of Bonds
Meanwhile, Representatives Randy Hultgren (R-IL) and C.A. Dutch Ruppersberger (D-MD) recently introduced legislation to restore the tax exemption for advance refunding bonds that was repealed in the Tax Cuts and Jobs Act. While the legislation currently only has three co-sponsors, some believe the provision has a good chance of ultimately becoming law to restore advanced refunding of bonds. Advance refunding is an important financial tool to allow local governments to take advantage of lower interest rates and save taxpayer dollars.

POSITION: Oppose legislation that would threaten the tax exemption on state and local bonds. Support the passage of legislation to reinstate advanced refunding of tax-exempt bonds.