



**TO:** Nick Chiulos, Annette D'Adamo

**FROM:** Brent R. Heberlee

**DATE:** May 11, 2016

**RE:** Federal Legislative Update

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This memo provides a Federal Legislative Update on the items appearing on the agenda for the May 16, 2016, Legislative Committee meeting.

**A. FY2017 Budget and Appropriations**

In spite of reaching a two year budget deal with the Obama Administration last October, House Republican leaders have been unable to garner enough support from their right flank to pass a budget resolution for FY2017 that would enable them to bring individual appropriations bills to the floor. If no budget resolution is adopted, the 1974 budget law allows the House to consider appropriations bills after May 15 without either a budget or a deeming resolution. A deeming resolution provides enforceable spending limits in the absence of a budget resolution. The Senate process is moving forward, although Republican leaders are having difficulty moving their first spending bill through the chamber due to a controversial amendment related to the Iran nuclear deal.

At the committee level, the House and Senate Appropriations Committees are making progress putting their individual spending bills together. In the Senate, the FY2017 Commerce-Justice-Science spending bill includes the following amounts for local law enforcement and crime prevention grant programs:

- State Criminal Alien Assistance Program -- \$100,000,000
- Byrne Justice Assistance Grants -- \$384,000,000
- Community Trust Initiative grants -- \$70,000,000 (includes \$22,500,000 for the Body-Worn Camera Partnership Program )
- Second Chance Act grants -- \$75,000,000
- Youth Mentoring grants -- \$75,000,000
- COPS Hiring grants -- \$187,000,000

The Senate Transportation-HUD spending bill includes the following amounts for state and local government grant programs:

- TIGER grants -- \$525,000,000
- FTA Small Starts grants -- \$241,000,000
- CDBG program -- \$3,000,000,000
- HOME program -- \$950,000,000

The House Agriculture spending bill includes the following amounts for rural infrastructure development:

- Rural Water and Waste Disposal grants -- \$375,000,000
- Broadband Loan and Grant programs -- \$37,000, 000

## **B. Legislative Updates**

### **1. Drought relief legislation**

Senator Lisa Murkowski (R-AK), Chair of the Energy and Natural Resources Committee, has scheduled a hearing on Sen. Feinstein's drought relief bill (S. 2533) for May 17<sup>th</sup>. The hearing agenda also includes four other bills dealing with Western water issues. A witness list is expected to be released early next week.

Murkowski is considering adding Feinstein's bill to broader legislation that would address drought in the West overall. The bill could also be conferenced with a House-passed drought bill (H.R. 2898), authored by Rep. David Valadao and supported by House Republican leadership, which would loosen environmental restrictions and raise the bar for how much water should be pumped from the delta. The House Appropriations Committee has included portions of H.R. 2898 in the FY2017 Energy and Water spending bill.

## **C. BLM/Laguna Seca Turn 6 follow-up**

The BLM has reviewed the mitigation alternatives presented by the County's engineering consultant, and BLM will be sending a formal letter to the County this week that outlines its process and requirements for addressing the natural resource degradation occurring below Turn 6 at Laguna Seca Recreation Area. Once the BLM and County agree on a long-term mitigation plan, both entities will be in a position to discuss whether a land exchange should be part of the solution and, if so, whether BLM has the authority to exchange lands within the Fort Ord National Monument under existing law.

## **D. Report on funding efforts for Nacimiento-Fergusson Road**

Rep. Sam Farr will be contacting Secretary of Agriculture Tom Vilsack to discuss the Forest Service's funding needs for repair work to Nacimiento-Fergusson Road. Local Forest Service officials have exhausted all efforts to secure funding through normal channels.

## **E. Medical marijuana (banking and enforcement issues)**

The Senate Appropriations Committee included a provision in its FY2017 Commerce-Justice-State spending bill that prohibits the Department of Justice, including the DEA, from using funds to interfere in the implementation of state laws that allow the cultivation, distribution, and use of marijuana for medical purposes. A similar provision was included in last year's omnibus appropriations bill, and in October 2015, a federal judge in California ruled that the amendment prevents the DEA from bringing legal action against medical marijuana

providers and others participating in the program if they are acting in compliance with state medical marijuana laws.

Rep. Sam Farr and several of his Democratic colleagues from California sent a letter last month to the President of the Federal Reserve Bank of San Francisco requesting him to facilitate a meeting with the California Board of Equalization to discuss a framework for a pilot banking program for the medical marijuana industry in Northern California. Rep. Farr's office reports that a meeting has been scheduled for May 13<sup>th</sup>.

A variety of legislative proposals related to marijuana use and cultivation have been introduced in Congress, largely in support of state legalization efforts. The following bills are currently pending before Congress:

- **H.R. 1940 – Respect State Marijuana Laws Act** - modifies the Controlled Substances Act so that anyone operating in compliance with state marijuana laws is immune from Federal prosecution. This would apply to all marijuana-related activities, medical and non-medical, in the states in which they are authorized.
- **S. 2237 – The Ending Federal Marijuana Prohibition Act of 2015** - removes marijuana from the Controlled Substances Act and deletes out all marijuana-specific offenses and penalties, including current mandatory five and 10 year minimums for manufacture, distribution, or possession with intent to distribute certain amounts of marijuana. It also prohibits the shipping or transportation of marijuana if the recipient would be in violation of state laws prohibiting marijuana possession or sales.
- **H.R. 1538/S.683 – Compassionate Access, Research Expansion, and Respect States Act of 2015** - allows states to determine their own medical marijuana policies without federal interference, reschedules marijuana from Schedule 1 to schedule 2, revises banking laws to allow banks to provide financial services to legal marijuana businesses, eliminates burdensome and duplicative barriers to legitimate medical research, and allows Veterans Affairs physicians to discuss or recommend medical marijuana with their patients.
- **H.R. 667 – Veterans Equal Access Act** - authorizes VA health care providers to provide veterans with recommendations and opinions regarding participation in their state's marijuana programs. Rep. Sam Farr is a cosponsor.
- **H.R. 262 – States' Medical Marijuana Property Rights Protection Act** - prevents federal officials from using asset forfeiture laws against property owners who lease to marijuana businesses in compliance with state medical marijuana laws.
- **H.R. 1013 & 1014 – Regulate Marijuana Like Alcohol Act and Marijuana Tax Revenue Act of 2015** - removes marijuana from all schedules of controlled substances under the Controlled Substances Act and subjects marijuana to the same regulations that apply to intoxicating liquors and distilled spirits. Grants the FDA the same authorities with respect to marijuana as it has for alcohol and transfers functions relating to marijuana enforcement from the DEA to the ATF.
- **H.R. 1855/S. 987 – Small Business Tax Equity Act** - amends the IRS code to exempt a trade or business that conducts marijuana sales in compliance with state law from the

prohibition against deductions for expenditures in connection with trafficking in controlled substances.

- **H.R. 2076/S. 1726 – Marijuana Business Access to Banking Act** - updates federal banking laws and rules to allow banks to provide financial services to state-legal marijuana businesses, promoting community safety and financial security.
- **H.R. 3124 – Clean Slate for Marijuana Offenses Act of 2015** - allows individuals who have been convicted of a federal marijuana offense that was either legal under state law or involved less than one ounce to have the conviction expunged from their records following the completion of their sentence.

#### **F. FCC proposed rulemaking re: County special access rates**

The Federal Communications Commission recently released a Further Notice of Proposed Rulemaking that is expected to have major cost implications in the market for business data services, commonly known as “special access.” This proposal could limit special access rates currently received by the County for services affecting public safety operations, schools, libraries, and healthcare facilities.

#### **G. Federal grant assistance**

I continue to work closely with Nossaman’s Strategic Grant Services team to identify federal funding opportunities that align with the County’s needs. During a recent visit to Salinas last month, I attended a meeting of County staff to discuss grant opportunities related to violence prevention.

Along those lines, the U.S. Department of Justice recently released a grant solicitation focused in part on communities that are existing grantee sites for the National Forum on Youth Violence Prevention, e.g., City of Salinas/County of Monterey. In this solicitation, DOJ invites its current eligible youth violence prevention sites to implement new activities to enhance present efforts and build a fully comprehensive approach to address children’s exposure to violence, prevent violence and promote the well-being of youth. Applicants may request as much as \$500,000 in total funding to support planning for and implementation of proposed activities the applicant is not already implementing.