



TO: Monterey County Board of Supervisors

FROM: Brent R. Heberlee

DATE: December 1, 2016

RE: 2016 Federal Legislative Report

This memo will review significant federal legislative and administrative matters with which I was involved in 2016 as part of the County team responsible for executing the 2015-16 Legislative Program. It will also provide a brief look at some of the key issues in the 115th Congress.

FEDERAL ADVOCACY

As the County's federal lobbyist in Washington, D.C., my principal function is to provide advocacy services and strategic advice to the Legislative Committee and County staff on federal issues affecting the County. The Legislative Committee made a concerted effort this year to strengthen the ties between its advocacy programs, the Board's Strategic Initiatives, and the Strategic Grant Services Program. The following report is a reflection of that effort and my advocacy efforts on federal legislative, budgetary, and regulatory issues impacting the County.

Washington, D.C. Meetings

The Legislative Committee and County staff visited Washington, D.C., in late February to attend the National Association of Counties (NACo) Legislative Conference and to meet with policy makers to discuss the County's federal legislative priorities. I arranged for County officials to meet with the offices of Congressman Sam Farr, Senator Dianne Feinstein, Senator Barbara Boxer, Congressman John Garamendi, and the Bureau of Land Management. The issues we discussed included California drought relief legislation (especially funding for the Interlake Tunnel and Pure Water Monterey projects), the Laguna Seca Racetrack erosion control project in the Fort Ord National Monument, U.S. Forest Service funding for repairs to Nacimiento-Fergusson Road, and the President's youth jobs initiative. We invited two board members from the Monterey Peninsula Water Management District to join our meetings with the congressional offices to discuss the Pure Water Monterey project. I also attended a meeting with County officials, Fort Ord Reuse Authority (FORA) staff, and U.S. Army representatives to discuss the status of cleanup efforts at Fort Ord and long-term stewardship obligations for FORA's successor jurisdiction/agency.

Coordination with Strategic Grant Services Program

The Legislative Committee has recognized the importance of coordinating the County's advocacy efforts with the Strategic Grant Services Program. I work closely with my Nossaman colleagues, Jennifer Capitolo and Ashley Walker, to identify federal funding opportunities for the County. The County receives significant funding from a wide variety of federal programs, many of which are funded through the annual appropriations process. Many of these programs direct funds to the State of California through formula grants and the County is then required to apply to the relevant State agency to access the funds. Other programs offer competitive grants that the County may choose to apply for directly with the relevant federal agency. In either case, our federal advocacy efforts involve working with our congressional representatives to support federal programs in the annual appropriations process that benefit the County's grant applications.

Legislative and Regulatory Advocacy

Economic Development

Marijuana Policy – Over a dozen legislative proposals related to marijuana use and cultivation were introduced in the 114th Congress, largely in support of state legalization efforts. Our advocacy efforts have been focused on legislative and regulatory proposals that would legalize banking services for the marijuana industry. I have been working closely with the California Credit Union League to track legislation in the House and Senate that would update federal banking laws and rules to allow banks and credit unions to provide financial services to state-legal marijuana businesses. The County has also supported Rep. Farr's request of the Federal Reserve Bank of San Francisco to work with the California Board of Equalization to discuss a framework for a pilot banking program for the medical marijuana industry in Northern California.

Base Realignment and Closure (BRAC) – I have closely monitored the requests by the Department of Defense (DOD) over the last five years for Congress to allow a reduction in DOD's infrastructure through a new BRAC round, which would allow it to close facilities it believes are underutilized or otherwise unneeded. Although Congress has rejected these requests, it is becoming more likely that a new BRAC round will be authorized in the near future. Given this eventuality, the County has supported legislation cosponsored by Congressman Farr that reforms the existing BRAC process by giving local communities a stronger voice in the review process and establishing criteria that value professional military education as importantly as more traditional military training. Incorporating this type of criteria into the review process will prove extremely beneficial for each of the military education facilities located in the County.

Obama Youth Jobs Initiative – County officials presented a letter to the congressional delegation during their visit to Washington, D.C., in support of President Obama's "First Job" initiative. This initiative would invest \$3.5 billion to create new partnerships with companies and communities to get nearly 1 million young people into first jobs over the summer and 150,000 young Americans who have been out of school and work into up to a year of paid work.

Community Development Block Grant (CDBG) Program – the County advocated in support of increased funding for the CDBG program in the FY2017 appropriations process. CDBG funds are provided to counties to support projects that meet their local priorities in addressing community and economic development, housing, water and infrastructure and human service needs. I urged our congressional delegation to join member letters to the House and Senate Appropriations Committees calling for \$3.3 billion in funding for the CDBG program in FY2017.

Administration

Payments in Lieu of Taxes (PILT) – The County receives payments each year under the Department of the Interior’s PILT program, which are intended to offset losses in tax revenues due to the presence of federal land in its jurisdiction. The County receives approximately \$870,000 from the PILT program each year when it is fully funded by Congress, which has been the case for the last several years. The Board sent letters to the congressional delegation in support of full-funding for the program in FY2017.

Municipal Bonds – I continue to follow legislative proposals and discussions regarding the tax-exempt status of municipal bonds. Tax-exempt bonds are a critical tool for counties that facilitates the budgeting and financing of long-range investments in major infrastructure projects. I have shared with the congressional delegation the County’s opposition to any effort to limit or cap the benefit of the tax exemption. The County has also written to our senators in support of legislation to reclassify municipal debt to a level equivalent to debt issued by corporations, which should lower costs for local governments to issue bonds.

Collection of Local Taxes on Remote Sales – I continue to closely monitor discussions over competing legislative proposals that would allow states and counties to enforce their existing sales tax laws regardless of whether a purchase is made in a store, online, or through a catalog retailer. NACo has been leading the effort on this issue, and the County is supportive of NACo’s position.

Electric Vehicle Deployment – The County recently collaborated with the White House to support its announcement of new actions to speed deployment of electric vehicles and charging infrastructure across the country. The White House announcement included a reference to the County’s Municipal Climate Action Plan and its commitment to installing new electric vehicle charging infrastructure.

Health and Human Services

Mental Health Assistance – The Board has sent letters to the congressional delegation in support of legislation that authorizes funding for the Substance Abuse and Mental Health Services Administration (SAMHSA) Mental Health Services and Substance Abuse Prevention and Treatment block grants and other important grant initiatives, including Jail Diversion, treatment and Recovery for Homeless Individuals, and Primary Care Behavioral Health Integration.

Medicaid Coverage for Inmates – The County joined NACo in writing to the Secretary of Health and Human Services to request that she exercise her waiver authority under the Medicaid statute to permit federal Medicaid funds to cover certain services for inmates in county jails.

Postpartum Depression – The Board sent a letter to the congressional delegation in support of legislation that would authorize grants for state and local efforts to develop programs to screen and treat postpartum depression.

Community Services Block Grant (CSBG) – The County advocated for maintaining level funding for the CSBG program in the FY2017 appropriations process. CSBG provides funding to counties and Community Action agencies to design and implement anti-poverty programs tailored to the individual needs of the community.

Infrastructure

Laguna Seca Racetrack Erosion Control Project – I worked closely with the County to analyze mitigation measures and legal issues related to the impact of storm water runoff from the Laguna Seca Racetrack onto lands within the Fort Ord National Monument. I arranged for County officials to meet in Washington, D.C., with senior staff of the Bureau of Land Management (BLM) to explore potential boundary adjustments to the Monument. I also consulted regularly with County staff as they communicated with local BLM officials about right-of-way compliance issues.

Drought Relief/Interlake Tunnel – Senator Feinstein’s drought relief legislation authorizes a new water storage program and increases funding for existing water supply programs that could potentially benefit the Interlake Tunnel project. County officials and I have met with Feinstein’s staff in Washington, D.C., on several occasions to discuss the project and express our support for her legislation. We have also met with other members of the congressional delegation and Congressman John Garamendi, who has been involved in the House-Senate negotiations on the drought bill.

Nacimiento-Fergusson Road Repairs – The County has worked closely with Congressman Farr’s office to secure funding from the U.S. Forest Service for critical repairs to Nacimiento-Fergusson Road in the Los Padres National Forest. The Forest Service has agreed to reprogram funds from other accounts to reimburse the County for its work repairing the highest priority locations on the road.

Public Safety

State Criminal Alien Assistance Program (SCAAP) – The County has long supported SCAAP, a U.S. Department of Justice program that reimburses counties for costs associated with the incarceration of undocumented immigrants. In FY2016, the County received \$375,000 from the program. I have worked closely with the County’s congressional delegation to encourage their support for SCAAP funding in the annual appropriations process.

Second Chance Act – I worked with NACo to support efforts in Congress to increase funding for grant programs authorized under the Second Chance Act, which are designed to assist states, counties, and nonprofit organizations in developing and implementing programs to help formerly incarcerated individuals successfully reintegrate into the community after their release from correctional facilities.

Juvenile Justice and Delinquency Prevention Act (JJDP) – The County has advocated in support of reauthorizing the JJDP, the principal federal law through which the federal government sets standards for the care and custody of juveniles. The JJDP also provides grants to local governments for community-based delinquency prevention efforts aimed at youth in high-risk situations.

A LOOK AHEAD TO 2017

With Republicans soon to be in control of all three branches of government, President-elect Trump and House and Senate Republican leaders are developing an aggressive agenda to roll back many of the policies implemented over the past eight years by the Obama Administration. The following are some of the key issues likely to be considered early in the next Congress:

Budget

Congress will need to work with Trump on a budget agreement that would patch budget sequestration, address the debt ceiling and determine appropriations caps so appropriators can draft spending bills before the end of the federal fiscal year.

Healthcare

Trump has said he would work with Congress to introduce legislation to repeal the Affordable Care Act (ACA) and replace it with health savings accounts, allowing Americans to purchase health insurance across state lines. He also wants to preserve elements of the law that protect people with pre-existing conditions and allow young people to remain on their parent's health insurance until they turn 26 years old. Republican leaders in the House have expressed a desire to reverse the ACA's Medicaid expansion, potentially forcing states to foot the bill or eliminate coverage for millions of low-income Americans.

Infrastructure

Trump has proposed an up to \$1 trillion, 10-year infrastructure and jobs plan that would finance projects through an infrastructure fund supported by government bonds that private citizens and investors could purchase. His "America's Infrastructure First" plan would "[support] investments in transportation, clean water, a modern and reliable electricity grid, telecommunications, security infrastructure, and other pressing domestic infrastructure needs." His plan also includes approving private sector energy infrastructure projects to transport oil and coal.

Immigration Reform

Trump was initially expected to pursue immigration reform early in his presidency, but Republican leaders in Congress have said it may have to wait due to funding concerns. Trump's immigration agenda includes building a southern border wall that would be financed by Mexico, deporting 2 million "criminal illegal immigrants" and establishing a two-year mandatory minimum prison sentence for those who illegally re-enter the U.S. after a previous deportation. Trump could easily reverse President Obama's executive actions on immigration, such as the Deferred Action for Childhood Arrivals, which has provided deportation relief and work permits to over 750,000 undocumented immigrants who were brought into the U.S. as children.

Environmental Protection

Trump and Republican leaders in Congress have vowed to repeal President Obama's Clean Power Plan and other executive actions related to climate change. They are also expected to target for repeal other clean air and clean water regulations opposed by the oil and gas and coal industries.

Tax Reform

Trump has said he would work with Congress to cut taxes for middle-class families with two children by 35 percent, reduce the corporate tax rate from 35 percent to 15 percent and permit overseas corporate profits to "be brought back at a 10% rate." He also said he would work to pass legislation establishing a tariff that discourages companies from relocating to other countries and permit them to "ship their products back to the U.S. tax-free." Incoming Senate Minority Leader Chuck Schumer and House Speaker Paul Ryan have previously discussed a compromise on international tax reform attached to infrastructure spending.