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MEMORANDUM

TO Legislative Committee

FROM Brent R. Heberlee

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RE Federal Legislative Update

This memo provides a Federal Legislative Update on the items appearing on the agenda for the October 14, 2019, Legislative Committee meeting.

1. FY2020 Budget and Appropriations

Congress will spend the remainder of October and November attempting to strike the compromises necessary to complete the FY2020 appropriations bills. Late last month, Congress passed a temporary continuing resolution (CR) to fund federal government operations through November 21st. The CR buys more time for bicameral negotiations on a dozen FY2020 spending bills that would provide updated funding levels for 15 federal departments and dozens of smaller federal agencies.

Border security funding, especially funding for the President's border wall, continues to be a major impediment in the negotiations. There is some hope that several less controversial spending bills, such as Energy-Water, Transportation-HUD and Agriculture-FDA could gain enough bipartisan backing to pass on the Senate floor, but with the impeachment inquiry looming over Congress a full-year CR is increasingly the more likely outcome.

2. Legislation

- **H.R. 1595 – SAFE Banking Act:** the House passed H.R. 1595 last month, with overwhelming bipartisan support (321-103), to enable banks to serve cannabis-related businesses in states where they've been legalized. The chief sponsor of the bill in the House added a couple of amendments prior to the floor vote that were explicitly aimed at building Republican support and boosting the chances of

passage in the GOP-controlled Senate. Most notably, language explicitly stating that banks can do business with hemp companies was added in part as a hook for Senate Majority Leader Mitch McConnell. McConnell has emerged as an ardent champion of hemp since it was legalized in the 2018 farm bill, regularly touting it as a boon for his home state's struggling farmers.

The chairman of the Senate Banking Committee has also emerged as an increasingly vocal advocate for addressing the banking issue. He has said publicly that he hopes to move a similar bill through his committee before the end of the year. The Senate has always been seen as a major impediment to getting any cannabis legislation passed this year, so the chairman's support is a very positive sign.

- **S. 2466 – Water Justice Act:** Senator Harris has introduced legislation that authorizes \$250 billion for water infrastructure improvements, with a focus on the water needs of historically at-risk communities and individuals. The bill would provide \$220 billion for a variety of Safe Drinking Water Act and Clean Water Act programs, with priority given to high-risk and environmentally at-risk communities and schools; establish a \$10 billion program to allow states to offset the cost of water bills in low-income communities; and invest \$20 billion in a diverse range of sustainable water supply, recycling, and conservation programs. **(Recommend Support)**
- **H.R. 4051/S. 2284 – Climate Action Rebate Act:** Congressman Panetta and Senator Feinstein have sponsored legislation to address climate change by placing a price on carbon and other greenhouse gas emissions. The bill is designed to reduce U.S. carbon emissions by 55% by 2030 and 100% by 2050 by imposing a gradually rising fee on fossil fuels and fluorinated gases. The legislation rebates 70% of net revenues from the carbon fee to low- and middle-income Americans as a monthly dividend. The remainder of the revenues are spent on additional investments that rebuild our infrastructure and improve its resiliency, promote innovation in clean energy technology, and help workers and communities transition to a cleaner energy economy. **(Recommend Support)**
- **S. 2302 – America's Transportation Infrastructure Act:** the Senate Environment and Public Works Committee has unanimously approved legislation to extend funding for the nation's highway and infrastructure programs for another five years. The bill authorizes \$287 billion over five years for the nation's surface transportation programs, which represents a 27% increase over the levels authorized in the last bill. It authorizes new grant programs for bridges, resilient infrastructure, and transportation safety projects. A critical next step for the Senate will be finding at least \$80 billion to fully offset the cost of the bill.
- **H.R. 1941 – Coastal and Marine Economies Protection Act:** the House passed H.R. 1941 last month on a largely party line vote (238-189) with a dozen

Republicans supporting passage. The legislation would prevent the Interior Secretary from including the Pacific and Atlantic planning areas in the administration's proposed 2019-24 offshore drilling plan. The County supported similar legislation earlier this year and passed a resolution last year opposing the Interior Department proposal.

3. Immigration "Public Charge" Rule

The Trump administration's "public charge" final rule is scheduled to go into effect October 15th. Under the rule, immigrants could be denied green cards if they've used certain public benefits or are deemed likely to do so in the future. The targeted benefits are food stamps, welfare, Medicaid and housing assistance. By the administration's own estimate, the rule will impact more than 1.2 million applicants and petitioners annually, including over 382,000 adjustment of status applicants and over 855,000 applicants and petitioners for change or extension of status. These estimates do not include the many millions of family members, community members, employers, and other individuals and entities affected by the rule.

4. BLM Oil and Gas Decision

The BLM released its long-awaited record of decision (ROD) on its proposal to resume oil and gas leasing and development on federal lands across the Central Coast. The ROD formally makes 683,000 acres of subsurface federal mineral estate available for oil and gas leasing, primarily in Fresno, Monterey, and San Benito counties. The ROD also approves issuing two oil and gas leases that were awarded in 2011 but suspended, as well as an additional 12 "pending leases" within the boundaries of the Central Coast Field Office. The 14 leases, covering about 17,600 acres in Monterey and San Benito counties, had been challenged in separate federal lawsuits filed in 2011 and 2012. The BLM expects that most new oil and gas development would likely be limited to areas in or near existing oil fields in Fresno County.

The plan closes to development 67,500 acres of subsurface federal minerals underneath congressionally designated wilderness areas or wilderness study areas, as well as the Fort Ord National Monument and the 31,000-acre Clear Creek Serpentine ACEC. Future litigation challenging the ROD is likely based on the fact that BLM received 436 administrative protests challenging the final EIS, including one from the County.

5. Interlake Tunnel – WIIN Act Funding

I arranged a conference call on September 5th for County and WRA staff to talk with U.S. Bureau of Reclamation (BOR) officials about potential WIIN Act funding for the Interlake Tunnel project. Congress has already appropriated over \$300 million to BOR under the WIIN Act for federal and nonfederal water storage projects. BOR must complete its review and the Secretary of the Interior must make his determination of project feasibility by January 1, 2021, so WRA would be operating under a compressed

timeframe to prepare and submit the necessary documents to BOR should it decide to apply for funding. BOR has provided us with a detailed feasibility determination checklist and other federal participation requirements, and WRA is currently assessing whether it can meet the program requirements under the existing deadlines. WRA has provided the attached update memo regarding their evaluation of the funding opportunity and potential challenges.

Attachments:

- Support Letter: S. 2466 – Water Justice Act
- Support Letters: H.R. 4051/S. 2284 – Climate Action Rebate Act
- Federal Bill/Issues Track