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Memorandum

From: Jane Sargent, Rick Spees and Jose Villalobos

To: Chairman Esteban Bovo
Board of County Commissioners

CC: Joe Rasco

Date: July 9, 2018

Subject: June 2018 Monthly Report

In June, we worked the County on its pending 2018 Federal Legislative Package. This included calls with County Commissioners, Office of Intergovernmental Affairs staff, other county staff, and the County's federal lobbying team. We provided input on the pending package of legislative priorities and the legislative outlook for Congress for the remainder of the year. As the package is finalized and approved by the County Commission, we will continue working with OIA on the County's legislative priorities for the year.

Appropriations:

Congress was out of session last week for the Fourth of July. However, over the last month they made significant process on the appropriations bills. In fact, Congress has moved more appropriations bills further along in the legislative process by this date than it has in a number of years. To give it credit, Congress has been remarkably productive this year passing budget bills.

To recap the overall process, Congress must pass twelve appropriations bills that make up the federal budget each year by the start of the next fiscal year. The fiscal year starts on October 1. Thus Congress is currently working on the Fiscal Year 2019 bills. Broadly speaking, the first step in the process is for Congress to agree on overall spending totals. This sounds simple but it is not. Congress has been known to argue over the overall totals for months, which delays everything else.

Last year, when Congress was working on the Fiscal Year 2018 budget, the fight lasted over a year. Fiscal Year 2018 started without an agreement on overall budget caps. When they finally reached an agreement, they decided to set the budget ceiling for both FY2018 and FY2019. That means this year Congress has a pre-approved framework and budget caps to work with. With this in place, things have gone much smoother.

Already the House has passed four of its bills through the full House. The bill that funds the Defense Department passed on its own. Another three of the bills -- the one that funds the Department of Veterans Affairs, the one that funds the Department of Energy and the one that funds Congress -- were combined into one bill and was passed. The Senate has also passed the combined bill.

The House Appropriations Committee has marked up and reported out another six bills. Only two remain to be considered. One is the bill that funds the Departments of Labor, HHS and Education. The other funds the Department of Homeland Security. Regarding the Labor, HHS, Education bill, Republicans are concerned that during the markup the Democrats will offer amendments on the President's immigration and family separation policies. On the Homeland Security bill, the Congress is working with the President to fund the wall on the Southern Border. However, despite these issues, it is expected the last two bills will get marked up in Committee in the next couple of weeks.

The Senate Appropriations has marked up and reported out all the remaining nine bills. All twelve budget bills have either passed the Senate or are lined up waiting for floor time.

Despite all this progress we expect that eventually the process will eventually get bogged down. The House version of the bills contain a number of controversial policy riders which the Senate will never accept. We also believe Congress and especially the Senate, will run out of time to process all the bills before the start of the fiscal year. This means that at some point before the end of the current fiscal year Congress will need to pass a Continuing Resolution to fund at least some of the federal government.

Senate FY2019 Homeland Security Appropriations Bill:

One of the bills that has already been marked up by the Senate Appropriations Committee is the FY2019 Homeland Security Appropriations bill. The bill was marked up and reported to the full Senate on June 21. The House has not yet marked up its version of the bill. Highlights of the FY2019 Senate DHS bill include:

FEMA State and Local Programs: The bill includes the following for State and Local Programs:

- State Homeland Security Grant Program: The bill includes \$512 million (\$5 million more than FY2018 and \$162.6 million above the President's budget request) for SHSGP. Of this amount, \$90 million is provided for Operation Stonegarden.

- Urban Area Security Initiative (UASI): The bill provides \$605 million (a \$25 million decrease over FY2018, but a \$156 million increase over the President's budget request) for UASI. Of this amount, \$25 million is provided for non-profit organizations at high risk of a terrorist attack.
- Public Transportation Security Assistance, Railroad Security Assistance and Over-the-Road Bus Security Assistance: The bill provides \$100 million (same as FY2018, but \$63.6 million above the President's budget request) for these grants. Of this amount, \$10 million is provided for Amtrak Security and \$2 million for Over-the-Road Bus Security.
- Port Security Grants: The bill provides \$100 million (same as FY2018, but \$63.6 million above the President's budget request) for port security grants.
- Education, Training, and Exercises: The bill provides \$275 million these programs (\$738,000 above FY2018 and \$131 million more than the President's budget request).
- Firefighters Assistance Grants: The bill provides \$350 million for SAFER and \$350 million for Assistance to Firefighter Grants (AFG). This is the same amount as FY2018, but \$5.6 million than the President's budget request for each grant program.
- Emergency Management Performance Grants: The bill provides \$350 million for EMPG (same as FY2018, but \$70.7 million above the President's budget request).
- Predisaster Mitigation: The bill provides \$250 million for Predisaster Mitigation (\$800,000 more than FY2018, but \$211 million above the President's budget request).
- Emergency Food and Shelter Program: The bill provides \$100 million (\$20 million less than FY2018) for this program. The President's budget eliminated funding for this program.
- FEMA Disaster Relief: The bill provides \$7.23 billion (\$667 million less than FY2018, but the same as the President's budget request) for disaster relief.

Urban Area Security Initiative [UASI] Risk Assessment: The Senate bill also includes language requiring FEMA to conduct a risk assessment based on threat, vulnerability and consequence of the 100 most populous metropolitan areas before making UASI grant awards.

Customs and Border Protection (CBP): The bill contains \$14.3 billion in discretionary appropriations for CBP, an increase of \$239 million above FY2018, to support 375 new Border Patrol agents, 375 new CBP officers, equipment, and technology required to support operations at our borders and ports of entry. This includes \$1.6 billion (the amount requested by the President) for border security assets and infrastructure for approximately 65 miles of physical barrier construction along the Southern border.

Immigration and Customs Enforcement (ICE): The bill provides \$7.21 billion for ICE, which is \$134 million above FY2018, for immigration enforcement.

Transportation Security Administration (TSA): The bill includes \$4.84 billion for TSA, which is \$83 million less than FY2018 and \$797 million above the President's budget request. This includes funding for 1,450 new TSA personnel to staff checkpoints and mitigate wait times; an

additional 50 canine teams to allow for increased throughput of passengers; and investments in future checkpoint technology.

FY2019 Senate Transportation-HUD Appropriations Bill:

Also in June, the Senate Appropriations Committee marked up the FY2019 Transportation-HUD (THUD) Appropriations bill. The bill would provide provides \$71.4 billion in discretionary spending for the Department of Transportation and Department of Housing and Urban Development, which is \$1.1 billion above FY2018. The Committee reported the bill to the full Senate on June 7. The House marked up its version of the bill in late May. Highlights of the FY2019 Senate THUD bill include:

Department of Housing and Urban Development

Community Development Block Grants (CDBG): The bill includes \$3.365 billion for CDBG formula grants, same as the House bill and FY2018. The President's FY2019 budget proposes to eliminate funding for CDBG.

HOME: The bill includes \$1.362 billion for the HOME Investment Partnerships Program, which is the same as FY2018, but \$162 million more than the House bill. The President's FY2019 budget proposes to eliminate funding for the HOME program.

Homeless Assistance Grants: The bill provides \$2.612 billion for Homeless Assistance grants. This is above the House FY2019 amount of \$2.546 billion and the FY2018 level of \$2.513 billion. It is also \$229 million above the President's FY2019 budget request.

Emergency Solutions Grants: The bill includes \$270 million for the ESG program, which is the same as the House bill and FY2018, but above the President's FY2019 budget request of \$255 billion.

Housing Opportunities for People with AIDS: The bill includes \$375 million for HOPWA, which is the same as FY2018 and \$45 million above the President FY2019 budget request, but \$18 million below the House bill.

Choice Neighborhoods: The Senate bill provides \$100 million for the Choice Neighborhood Initiative, which helps to revitalize underserved communities. This is \$50 million below the House bill and FY2018. The President's budget proposes to eliminate funding for this program.

HUD-Veterans Affairs Supportive Housing: The bill includes \$40 million for HUD-VASH, which is the same as the House bill and FY2018. The President's FY2019 budget proposes to eliminate funding for the HUD-VASH program.

Public and Indian Housing: The Senate bill includes \$22.8 billion for tenant-based Section 8 vouchers; \$7.5 billion for public housing; \$11.7 billion for project-based Section 8; \$678 million for Housing for the Elderly; and \$154 million for Housing for Persons with Disabilities. This includes \$20.5 billion for Section 8 Voucher Renewals, an increase of \$414 million above the House bill, \$920 million above FY2018, and \$1.77 billion above the President's FY2019 budget request.

Department of Transportation

BUILD/TIGER Grants: The Senate bill provides \$1 billion for another round of BUILD (formerly known as TIGER grants). This is \$250 million more than the House bill, but \$500 million less than FY2018. The President's FY2019 budget proposed no funding for these grants.

FTA Formula and Bus Grants: The bill provides the full FAST authorized amount of \$9.9 billion for formula grants. This is the same as the House bill and President's FY2019 budget request and \$206 million more than FY2018. These programs include: urbanized area formula grants, state of good repair grants, formula grants for rural areas, growing states and high density states, mobility for seniors and persons with disabilities, bus and bus facilities grants, bus testing facilities, planning programs, transit oriented development, a pilot program for enhanced mobility, public transportation innovation, technical assistance and workforce development, and the National Transit Database.

Transit Infrastructure Grants: The bill provides an additional \$800 million in transit infrastructure grants, which is the same overall amount as the House bill, but \$34 million less than FY2018. The President's FY2019 budget did not include funding for transit infrastructure grants. Of the total amount, the Senate bill provides:

- \$400 million is available for bus and bus facilities grants (§5339), which includes:
 - \$209.1 for formula grants;
 - \$161.4 million for competitive grants;
 - \$29.45 million for low or no emission grants.
- \$362 million for state of good repair grants (§5337);
- \$30 million for high density state apportionments (§5340(d)); and,
- \$8 million for bus testing facilities authorized under §5318 and §5312(h).

Capital Investment Grants: The bill provides \$2.55 billion (same as the House bill) for the New Starts/Small Starts program. This is a \$31.3 million below FY2018 and \$1.6 billion above the President's FY2019 budget request.

Highways: The bill provides the FAST authorized amount of \$46 billion for federal-aid highways (same as the House bill and the President's FY2019 budget request and \$1 billion over FY2018).

Aviation: The bill provides \$17.7 billion (same as the House bill) for the Federal Aviation Administration, which is \$310 million below FY2018. This includes \$3.35 billion for airport grants, \$168 million for the Contract Tower program, and \$1 billion for the FAA's NextGen program.

Rescissions Package:

The Trump Administration proposed a rescission package on May 8 that called for cuts of \$15.4 billion from 38 programs. The package did not include any monies appropriated in the Fiscal Year 2018 Omnibus appropriations bill. Instead it clawed back money from unobligated funding from previous fiscal years.

Included in the package were the following programs:

- \$4.3 billion from the Department of Energy's Advanced Technology Vehicle
- \$7 billion from the Children's Health Insurance Program (CHIP)
- \$800 million from the Center for Medicare and Medicaid Insurance Program
- \$107 million from Superstorm Sandy programs
- \$30 million from the Economic Development Administration's programs

The rescissions package was considered under a special procedure which allowed Congress only 45 days to act on the proposal. If Congress did not approve the rescission package by that deadline (June 22), the money must be spent as appropriated.

The House narrowly passed its version of the rescissions package on June 7. However, the Senate voted its rescissions package down on June 20 when two Republican Senators-- Richard Burr from North Carolina and Susan Collins from Maine -- joined every Democrat in voting against the bill.

FY2017 Byrne JAG Grants:

On June 27, the U.S. Department of Justice announced that it would begin distributing \$200 million in FY2017 Byrne JAG funds. The Department had already made the allocations, but the grant funding had not yet been released to recipients.

The Department had delayed awarding funds because of an ongoing federal court injunction related to the Department's ability to condition Byrne JAG awards on receiving notice and access to detained undocumented immigrants. While the litigation moves through the federal courts, the Department decided to delay distributing the grants. However, in late June, a federal court of appeals overruled the lower court decision and stayed the nationwide injunction.

While the litigation will go forward, the Justice Department has decided to begin making grant awards to jurisdictions that comply the Department's grant requirements. For FY2017, the direct allocation for the County is \$455,880.

Opportunity Zones:

The tax bill that was signed into law in December, the Tax Cuts and Jobs Act (Public Law 115-97), includes a provision (Section 13823) that creates “Opportunity Zones”. The provision provides tax breaks for investments by businesses in low-income communities designated as Opportunity Zones, including by allowing for the temporary deferral of capital gains from gross income for those capital gains that are reinvested in a qualified opportunity fund associated with an Opportunity Zone, and excluding from gross income the post-acquisition capital gains on investments in opportunity zone funds that are held for at least 10 years.

The provision allowed for the designation of certain low-income community population census tracts as qualified opportunity zones, where low-income communities are defined in the New Market Tax Credit Program.

The U.S. Treasury Department made the first round of Opportunity Zone designations in April for the 18 states that submitted their application by the original March 21 deadline. States that could not meet that deadline could ask for a 30 day extension. The State of Florida requested an extension and submitted its application to the Treasury Department on April 19.

In June, the Treasury Department made its final Qualified Opportunity Zone designations for all States, including Florida. Here is a link to the list of designated zones, including the 67 qualified opportunity zones in the Miami-Dade County:

<https://www.cdfifund.gov/Documents/Copy%20of%20Designated%20QOZs.6.14.18.xlsx>.

The U.S. Treasury Department will be issuing regulations and other guidance in the near future about how the new the Opportunity Zone program will be implemented and administered as well as guidance on Opportunity Fund certification. Those regulations are expected to be released later this year.

Activities for July:

Congress reconvenes this week after the weeklong July 4th recess. The House Appropriations Committees will finish marking up the FY2019 appropriations bills. The full House and Senate will debate a number of the FY2019 bills on the floor. However, Senate progress on the FY2019 appropriations bills and other legislation may now be impacted by the appointment of a Supreme Court justice to replace the retiring Justice Kennedy. Supreme Court nominations are always highly political, but this one will be particularly so during this election year. The House is scheduled to adjourn for its annual August recess on July 27, and will be out of session until September 4. The Senate Majority Leader has cancelled most of the Senate's planned August recess. They will be out of session the week of August 6th, but are currently scheduled to be in session for the remainder of the month. However, these plans are subject to change. We will continue to monitor and report on Presidential actions and any other legislative developments of interest to the County.