

St. Lucie County, Florida 2018 Federal Legislative Agenda





**Prepared by Van Scoyoc Associates for the
St. Lucie County Board of County Commissioners**

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St. Lucie County 2018 Federal Legislative Agenda

Water Resources and Environment

St. Lucie County Federal Beach Nourishment Projects

Support adequate annual funding for the Corps of Engineers Investigations and Construction accounts, including additional funding specifically for “shore protection” projects not identified in the annual Administration budget. **Support** Corps funding of the Fort Pierce beach construction project and the St. Lucie County feasibility study. **Support** expedited Corps review and approval of the Section 203 study for the reauthorization of the Fort Pierce project and the Chief’s Report for the St. Lucie County feasibility study. **Support** H.R. 833 and S. 279, both of which would allow for the option of using non-domestic sand in future federal beach nourishment projects.

C-23 and -24 Reservoirs -- Indian River Lagoon-South Project

Support the completion of the C-23 and C-24 reservoir projects and associated storm water treatment area, part of the Indian River Lagoon-South Everglades restoration project. **Support** continuing implementation of all facets of Everglades restoration, including: funding continued work on the Central Everglades Planning Project, full funding for the restoration of the Herbert Hoover Dike, and continued funding for the Tamiami Trail bridging project to send more water south and reduce the need to send water through the St. Lucie River to the Indian River Lagoon during wet periods.

Port of Fort Pierce: Port Development and Inlet Maintenance Dredging

Support County or other permit applications for purposes of Fort Pierce port development. **Support** adequate annual funding for the Corps of Engineers Operations & Maintenance account, including additional funding for dredging not identified in the annual Administration budget. **Support** additional funding specifically provided for “Small, Remote, or Subsistence Navigation” dredging activities.

Energy Exploration

Oppose the potential expansion of energy exploration or seismic testing in Florida.

Transportation

Infrastructure Investment

Support new federal investment in infrastructure. **Support** any and all opportunities to secure funding for St. Lucie County’s infrastructure priorities.

Treasure Coast International Airport

Support efforts to establish an independent customs office at the Treasure Coast International Airport. **Support** the hiring of additional Customs officers nationwide to help alleviate nationwide shortages. **Support** any Treasure Coast International Airport grant proposals through the Airport Improvement Program. **Support** \$3.35 billion in annual appropriations for the Airport Improvement Program. **Monitor** the FAA reauthorization proposals for negative impacts to the Treasure Coast International Airport, particularly with regard to privatized air traffic control.

Economic Development & Social Services

Healthcare Reform

Monitor efforts to repeal, replace, or amend the Affordable Care Act. **Monitor** changes to Medicaid and Medicare. **Support** the repeal of the excise tax on high-cost health insurance plans (a.k.a. the Cadillac tax) within the Affordable Care Act.



Mental Health Care

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

Opioid Addiction

Support appropriations activities to fund programs in CARA and the 21st Century Cures Act. *Monitor* HHS for guidance regarding the allocation of 21st Century Cures state formula funding. *Support* attempts by entities within St. Lucie County to secure funding to fight opioid addiction.

Aging Issues

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 elder persons in St. Lucie County.

Economic Development Administration

Support continued annual funding of the Economic Development Administration. *Support* any St. Lucie County Economic Development Administration grant applications as applicable.

Community Services Block Grants & Low Income Home Energy Program Funding

Support continued adequate annual funding for both the Community Services Block Grant and the Low Income Home Energy Assistance Program.

Department of Housing and Urban Development Formula Programs

Support adequate funding for future fiscal years for both the HOME Investment Partnerships and the Community Development Block Grants programs because of their critical role in the County's overall efforts to support those that are least fortunate.

Federal Criminal Justice Reform

Support legislation that seeks to improve the federal criminal justice system, including improvements to mental health services for offenders.

Local Government Issues

Domestic Discretionary Spending Pressure

Monitor proposed cuts to non-defense discretionary programs of importance to St. Lucie County.

Citrus Issues

Support federal efforts to benefit the citrus industry given its large importance to the economy of St. Lucie County.

Tax-Exempt Bonds

Oppose legislation that would threaten the tax exemption on state and local bonds, including a cap on tax-exempt municipal bonds.

Remote Sales-Tax Legislation

Monitor 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.



Transient Occupancy Taxes

Oppose legislation that would exempt Internet travel brokers from paying taxes on the full room rate paid by the consumer, thereby costing St. Lucie County and its political subdivisions the opportunity to collect the appropriate Transient Occupancy Taxes from visitors to the region.

Siting of Wireless Facilities

Oppose legislation that would preempt local government control and force local governments to lease publicly-owned infrastructure for the installation of “small cell” wireless towers.

Federal Emergency Management Agency Disaster Assistance

Support legislation to prohibit the Federal Emergency Management Agency from de-obligating previously awarded disaster funds for projects that have been certified as complete by the state for at least three years. *Support* changes to the Stafford Act to ensure that counties are not denied for an appeal when the state, acting as the grantee, fails to meet the regulatory timeline through no fault of the county.



FEDERAL ISSUE: St. Lucie County Federal Beach Nourishment Projects

BACKGROUND; HOW IT MAY AFFECT ST. LUCIE COUNTY: The federal government and St. Lucie County have long partnered on the Fort Pierce shore protection project and the St. Lucie County shoreline feasibility study, the latter of which is evaluating erosion along the southern shoreline of the County.

Fort Pierce Beach Project

To fund beach nourishment projects and studies that are generally not budgeted for by the Administration, Congress typically appropriates additional funding for what Congress terms “Additional Funding for Ongoing Work.” In Fiscal Year (FY) 2016, Congress provided \$40 million in additional funding to the Corps for “shore protection” construction activities, as well as \$2.5 million for “shore protection” investigations (studies). These are the funding sources from which the Fort Pierce beach project and the St. Lucie County feasibility study must compete in the future.

The Fort Pierce beach project did not receive federal funding in FY 2016. In the interim, the beach was partially renourished as part of a FIND maintenance dredging project during spring 2017. Funding was secured in FY 2017 for the next federal nourishment planned for spring 2018.

In addition, the federal authorization for the Fort Pierce beach project is set to expire in 2020.

The Water Resources Development Act (WRDA) of 1999 provided the Corps with the authority to undertake a General Reevaluation Report (GRR) for the primary purpose of incorporating one additional mile to the original 1.3-mile project length. After monitoring the performance of the initial beach nourishment project in 1999, it was evident that the rapid migration of sand southward along the shoreline negated the need for the one-mile extension. Efforts on the GRR continued moving forward with consideration to include: 1) coastal structures to manage the high erosion area immediately south of Ft. Pierce Inlet; 2) Section 111 inlet impacts to increase the federal cost share; 3) revisions to the nourishment cycle to 2 years; and 4) justification for a new 50-year federal project. A Limited Reevaluation Report (LRR) was subsequently completed that increased the federal cost share and revised the nourishment cycle to two years, while the GRR continues moving forward to address the structures and 50-year project life.

After taking over responsibility for completing the GRR with Taylor Engineering in May 2016, the County subsequently submitted the draft report to the Assistant Secretary of the Army (Civil Works) in March 2017 as allowed under amended Section 203 authority of WRDA 2014. The County received correspondence from the ASA’s office in August 2017 with several comments regarding the report. Based upon subsequent meetings at the ASA’s office there seemed to be a consensus that the Ft. Pierce GRR could continue to move forward under Section 203 authority (WRDA 1986). The GRR itself provides a solid foundation for an additional 50-year project life with structures but will require some revisions to address comments previously submitted from the ASA to the County. The County is developing a Memorandum of Agreement (MOA) with the Jacksonville District (USACE) for their technical assistance moving forward.

St. Lucie County Project

With regard to the South County feasibility study, the study received \$50,000 in the FY 2014 omnibus, which was used to re-scope the project to meet the new 3x3x3 requirement codified by WRDA 2014. An



additional \$414,000 in FY 2014 funding was later provided to reinitiate efforts on the feasibility study and should keep the study moving along well through at least the end of FY 2015. Then, the St. Lucie County Shoreline Feasibility Study received an additional \$850,000 from the Corps in the FY 2015 Work Plan and may still need funding in the FY 2017 work plan to complete the study and move towards construction.

The Corps recently completed a Chief of Engineers report which will ultimately be used as an authorizing document for Congress via the next Water Resources Development Act.

Sand Source Issues

Over the past several years, it has become clear that communities in south Florida need more sand for beach nourishment projects while there is a relatively large reserve of material off the Treasure Coast. However, transportation distance and grain size and color variations, plus other local concerns, make the Treasure Coast material less suitable for south Florida beaches.

With that in mind, the counties of St. Lucie, Broward, Indian River, Miami-Dade and Martin have joined together to amend law in a 1986 WRDA bill that generally prohibits the exploration of non-domestic sand for American shore protection projects. In the 2016 House version of WRDA, Rep. Frankel was successful in amending the legislation on the House floor to include language allowing for easier exploration of such material during planning efforts for future shore protection projects. Unfortunately, the language was dropped in conference negotiations with the Senate and did not become law.

In the 115th Congress, Sen. Rubio and Rep. Frankel, along with nine original House cosponsors including Congressman Brian Mast, have introduced S. 279 and HR 833 which mirrors the language in the 2016 House WRDA bill. Passage of such legislation will allow for the option of using non-domestic sand in future federal beach nourishment projects.

RECOMMENDED POSITION: *Support* adequate annual funding for the Corps of Engineers Investigations and Construction accounts, including additional funding specifically for “shore protection” projects not identified in the annual Administration budget. *Support* Corps funding of the Fort Pierce beach construction project and the St. Lucie County feasibility study. *Support* expedited Corps review and approval of the Section 203 study for the reauthorization of the Fort Pierce project and the Chief’s Report for the St. Lucie County feasibility study. *Support* H.R. 833 and S. 279, both of which would allow for the option of using non-domestic sand in future federal beach nourishment projects.



FEDERAL ISSUE: C-23 and -24 Reservoirs – Indian River Lagoon-South Project

BACKGROUND; HOW IT MAY AFFECT ST. LUCIE COUNTY: In 2000, Congress authorized a 30-year plan, termed the Comprehensive Everglades Restoration Plan (CERP), for the restoration of the Everglades ecosystem in southern Florida. CERP generally focuses on increasing the storage of excess water in the rainy season to provide more water during the dry season for the ecosystem and for urban and agricultural users. When originally authorized, it was estimated that CERP would cost a total of \$8.2 billion and take approximately 30 years to complete. More recent estimates indicate the plan may take 50 years to implement, and could cost \$13.5 billion.

C-23 and -24 Reservoirs – Indian River Lagoon-South Project

St. Lucie County remains extremely interested in the timely completion of the entire Indian River Lagoon-South (IRL-S) project, particularly construction of the C-23 and -24 reservoirs and associated storm water treatment area (STA). The IRL-S project is a component of CERP, and was first authorized by Congress in 2007. In Fiscal Years 2014-15, the Florida Legislature appropriated \$20 million, in part, to be used to purchase water conservation land along the C-23 and C-24 canals. The County has also provided \$1 million toward the purchase of conservation land.

The Integrated Delivery Schedule (IDS) for federal Everglades restoration efforts continues to include these projects, initiating design and PPA execution in 2018 and 2019 for the two reservoirs, respectively. However, this progress is dependent on appropriations by Congress and programming by the Corps. The Jacksonville District of the Corps has indicated they are doing preliminary work with the SFWMD to prepare for design efforts on C-23 and C-24 components of IRL-S in the event funds are identified to allow for this design work to move forward. However, their budget justification document for 2018 indicates the Administration does not propose to spend funding to begin the project. Meanwhile, the House and Senate have both moved forward significantly with the development of their respective FY 2018 Energy & Water Appropriations bills. Both bills provide equal funding to the Corps for the South Florida Ecosystem Restoration project. On the Senate side, Senators Rubio and Nelson drew attention to the importance of the C-23 and C-24 situation by inserting the following language in the report accompanying the bill:

The Committee recognizes the importance of restoring America's Everglades, and eliminating discharges from Lake Okeechobee that help fuel harmful algal blooms in the St. Lucie River and Indian River Lagoon. The Committee urges the Corps to expedite preparations for design work on the C-23 and C-24 South Reservoirs that, along with the C-44 Reservoir, will serve as crucial elements of the Indian River Lagoon-South CERP project to collect and clean discharges before they enter the Lagoon.

There is still land that must be acquired for at least one of the reservoirs by the non-federal sponsors prior to construction commencing.

Central Everglades Planning Project

The St. Lucie River and the Indian River Lagoon feel the brunt of Lake Okeechobee management during periods of rainy conditions. Too often in the wet season, the River and Lagoon suffer from excessive storm water runoff from areas upstream of St. Lucie County, as well as massive releases of nutrient-laden water from Lake Okeechobee and its watershed.



To help address these issues, the Corps began the Central Everglades Planning Project (CEPP), which seeks to allow more water to be directed south to the central Everglades, Everglades National Park and Florida Bay while protecting the St. Lucie and Caloosahatchee estuaries. CEPP was authorized via WRDA 2016 and now needs funding via the annual budget and appropriations process to move into preconstruction, engineering and design and ultimately construction of actual projects.

Herbert Hoover Dike

Meanwhile, the Corps continues work on Herbert Hoover Dike, the 143-mile structure surrounding Lake Okeechobee, which provides the largest amount of storage for the Everglades system. Since 2007, the Corps has invested over \$500 million in projects designed to reduce the risk of catastrophic failure of the aging structure. Actions taken include installing a cutoff wall, removing and replacing water control structures (culverts), and conducting a variety of studies and technical reviews to help ensure the safety of south Florida residents and ultimately provide for more water storage in the Lake. The Corps is also nearly finished restoring the Kissimmee River, a tremendous achievement. In October, President Trump announced that he directed the Office of Management and Budget to accelerate the completion of repairs to the Dike, however this announcement did not come with any new timeline or explanation of funding. A future supplemental appropriations bill to respond to recent hurricanes, including Hurricane Irma in Florida, may provide a funding source for this project.

RECOMMENDED POSITION: *Support* the completion of the C-23 and C-24 reservoir projects and associated storm water treatment area, part of the Indian River Lagoon-South Everglades restoration project. *Support* continuing implementation of all facets of Everglades restoration, including: funding continued work on the Central Everglades Planning Project, full funding for the restoration of the Herbert Hoover Dike, and continued funding for the Tamiami Trail bridging project to send more water south and reduce the need to send water through the St. Lucie River to the Indian River Lagoon during wet periods.



FEDERAL ISSUE: Port of Fort Pierce: Port Development and Inlet Maintenance Dredging

BACKGROUND; HOW IT MAY AFFECT ST. LUCIE COUNTY: Dredging of the Fort Pierce Inlet and Harbor by the Army Corps of Engineers was completed in November of 2014, using funding from the Hurricane Sandy emergency supplemental bill. This dredging restored the inlet channel and interior turning basin to the maximum permitted depth of 28 feet. The next maintenance dredging will be needed prior to approximately five years.

To fund dredging projects that are not generally budgeted for by the Administration, Congress has added additional funding for what Congress terms “Additional Funding for Ongoing Work.” Among these amounts, Congress in Fiscal Year (FY) 2017 provided \$49 million in additional funding to the Corps for “Small, Remote, or Subsistence Navigation” Operations & Maintenance (O&M) activity, which is an increase from the FY 2016 funding level of \$48 million. This is the funding from which the Fort Pierce Inlet must compete in the future to maintain the channel.

Meanwhile, the County has aggressive plans to develop the Port of Fort Pierce in partnership with private entities to create economic opportunity and jobs for the region. With that anticipated development will come a need for a number of federal permits, some of which could pose unique challenges and require engagement with federal resource agencies. Additionally, now that the County owns the Port, there may be opportunities to pursue funding, especially with the expected development of an infrastructure package in 2018.

RECOMMENDED POSITION: **Support** County or other permit applications for purposes of Fort Pierce port development. **Support** adequate annual funding for the Corps of Engineers Operations & Maintenance account, including additional funding for dredging not identified in the annual Administration budget. **Support** additional funding specifically provided for “Small, Remote, or Subsistence Navigation” dredging activities.



FEDERAL ISSUE: Energy Exploration

BACKGROUND; HOW IT MAY AFFECT ST. LUCIE COUNTY: Active energy drilling does not currently occur off of the Atlantic coast of Florida. State waters in the Atlantic extend three miles from shore, with the federal government controlling waters beyond that point.

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).

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.

Although typically a new five-year plan would not be developed for several years, in April, 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. BOEM will consider all 26 OCS planning areas, including the Atlantic Coast of Florida. The County submitted comments to BOEM in opposition to the expansion of offshore drilling in August.

In January 2017, 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 3 sales in the South Atlantic and one in the Straits of Florida. BOEM will also host a public meeting on the matter on February 8 in Tallahassee, among other places.

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 has 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 and other members of the Florida delegation have already released statements criticizing 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.



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 the Florida Atlantic Coast 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. The County has sent letters to your delegation members expressing opposition to the bill.

RECOMMENDED POSITION: *Oppose* the potential expansion of energy exploration or seismic testing in Florida.



FEDERAL ISSUE: Infrastructure Investment

BACKGROUND; HOW IT MAY AFFECT ST. LUCIE 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 and unexpected investment in infrastructure occurred via the 2009 Stimulus bill, which, among other things provided \$105.3 billion for infrastructure, including \$48.1 billion on transportation, \$18 billion on water, environment, and public lands, and the remainder on government buildings, telecommunications and broadband, and energy infrastructure.

Recently however, federal funding for infrastructure still 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.

In response, the Trump Administration has made bold promises to invest \$1 trillion in infrastructure over ten years. The President's 2018 budget proposal provides an outline of the Administration's proposed infrastructure investment. It includes a 10-year distribution of a 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 calls for \$5 billion, increasing to \$50 billion in FY 2021 and then decreasing through FY 2026 when it is phased out. The Administration is expected to release a set of principles to guide the development of an infrastructure package in early 2018. The Administration is expected to emphasize a local commitment to creating new taxes or other revenue sources to fund infrastructure improvements. As a result of this focus, little to no emphasis is expected to be placed on leveraging private investment. The other expected key elements of the plan are: block grants for rural areas, money for transformational projects, infrastructure financing programs (think the water state revolving loan funds, WIFIA, or TIFIA for example), along with permit reforms and streamlining. Congress on the other hand, continues to discuss a desire to provide more funding for infrastructure, but has not offered a formal proposal or a specific timeline as to when they may be able to tackle the issue, given other priorities nor a plan for how to fund new infrastructure investment.

While it is unclear how this discussion will progress during the remainder of 115th Congress, it is possible that new infrastructure investment opportunities could be created and used to fund projects in St. Lucie County.

RECOMMENDED POSITION: *Support* new federal investment in infrastructure. *Support* any and all opportunities to secure funding for St. Lucie County's infrastructure priorities.



FEDERAL ISSUE: Treasure Coast International Airport

BACKGROUND; HOW IT MAY AFFECT ST. LUCIE COUNTY:

Treasure Coast International Airport Customs Facility

The Treasure Coast International Airport's (KFPR) Customs office in Fort Pierce is managed by the Palm Beach Customs office. As such, all requests for service must first be approved by the Palm Beach office. This creates problems because, as an example, the Fort Pierce Customs officers must have overtime requests approved by Palm Beach, making it difficult to meet the dynamic needs of the busy airport.

The airport had another fantastic year in 2015, welcoming over 4,500 flights and 18,000 passengers on flights to our region. These passengers and planes operate for recreational and business purposes and stop at the airport to clear Customs before continuing their journey or remaining for a stay. For six years in a row, the Fort Pierce Customs office has been voted the number one inspection station in the entire country by a popular flying magazine. A large majority of the aircraft are not based in St. Lucie County and stop at the airport solely to clear Customs, refuel, or use other services. For St. Lucie County, the benefit of having these visitors is that they all get to see the great assets the airport has to offer, including a paint shop, maintenance facilities, and other amenities. Most of the over 50 businesses and 1,100 employees based at the airport, as well as many boat manufacturers in the immediate area, benefit from the Customs office. Given that, the Customs operation is vital to the community and St. Lucie County does all it can to support their operation. For example, the County recently completed a \$2.1M renovation project for Customs to put them in a new built-to-suit building.

With that in mind, the County would benefit from its airport becoming its own port of entry rather than a landing rights field under the jurisdiction of the Port of Palm Beach. This removal of bureaucracy would help make the office more efficient, further improve the airport, and benefit the County's economic development efforts. To become a port of entry, the requesting entity must prepare a report that outlines that the benefits would justify the expense to the federal government. The report must demonstrate that the location meets several factors, particularly a sufficient workload of passengers, flights, or goods. There are also population thresholds and certain facilities that the requester must agree to provide. The recent acquisition of the Port of Fort Pierce may assist the County in meeting these thresholds. Meeting the basic thresholds however is not a guarantee that a port of entry designation will be given. One of these most important considerations for Customs and Border Protection (CBP) is whether they have available staffing or the ability to hire additional staffing.

Nationwide, there is a shortage of Customs officers, despite Congress having appropriated funds to add additional officers. In 2014, Congress authorized CBP to hire an additional 2,000 officers, but they have been unable to meet that goal to date, now having a deficit of 3,700 officers. Apparently, the hiring process for a CBP officer can take approximately 18 months and nearly two-thirds of applicants fail the legally required polygraph. As a result of this overall shortage, many officers are being reassigned from airports to the Mexican border. For example, 10 officers were recently reassigned from the Orlando airport to the Mexican border. Meanwhile, Senator Claire McCaskill (D-Mo.) introduced S. 2314, legislation that would require CBP to hire a minimum of 500 officers per year until the staffing gap is filled. The bill currently has 3 cosponsors, all Democrats.

With respect to added Customs staff or additional hours, the County may benefit from existing law that allows for reimbursable fee agreements to pay for additional Customs staff. Generally, businesses or



other entities utilizing such additional staff or hours will pay for the added services through a reimbursable fee agreement with the airport and the Customs office. Again, these requests are still subject to the availability of officers.

Federal Aviation Administration Reauthorization

In September 2017, Congress passed a short-term Federal Aviation Administration (FAA) extension through March 2018. The short-term extension did not include any significant policy changes. Both the House and Senate have drafted comprehensive reauthorization bills, however neither has been able to pass their respective bills out of their chamber and there are significant differences between the two.

The House bill, the 21st Century AIRR Act (HR 2997) would increase the authorized funding level for the Airport Improvement Program (AIP) to \$3.424 billion in Fiscal Year (FY) 2018, which is \$74 million above the currently authorized level. The bill also raises the authorized funding level each fiscal year, up to \$3.817 billion in FY 2023, which is \$467 million over the currently authorized level. 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 Treasure Coast International Airport and is subject to annual appropriations by Congress. The House legislation does not propose any increase for the Passenger Facility Charge (PFC), which is a tool that airports can use to fund infrastructure improvements. The House legislation also contains a controversial provision to privatize Air Traffic Control (ATC).

The Senate bill, the Federal Aviation Administration Reauthorization Act of 2017 (S. 1405) maintains the currently authorized funding level of \$3.35 billion 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 propose any increase for the PFC and does not include the ATC privatization language.

For FY 2017, Congress provided \$3.35 billion for the AIP program. The House has included \$3.35 billion for the AIP in their funding bill. Meanwhile, the Senate Transportation Housing and Urban Development (THUD) Appropriations bill addresses both the PFC and AIP funding. The Senate THUD Appropriations bill includes authorization for a \$4 increase for the PFC. Secondly, an additional \$250 million would be added to AIP funding, bringing the total up to \$3.6 billion. In exchange, the large hub airports would give up their remaining AIP entitlement dollars, allowing those funds to cycle back to the Small Airports Fund. 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.

RECOMMENDED POSITION: *Support* efforts to establish an independent customs office at the Treasure Coast International Airport. *Support* the hiring of additional Customs officers nationwide to help alleviate nationwide shortages. *Support* any Treasure Coast International Airport grant proposals through the Airport Improvement Program. *Support* \$3.35 billion in annual appropriations for the Airport Improvement Program. *Monitor* the FAA reauthorization proposals for negative impacts to the Treasure Coast International Airport, particularly with regard to privatized air traffic control.



FEDERAL ISSUE: Healthcare Reform

BACKGROUND; HOW IT MAY AFFECT ST. LUCIE COUNTY: The Patient Protection and Affordable Care Act (PPACA), often referred to simply as the Affordable Care Act (ACA) or “Obamacare,” was passed by Congress and signed into law in 2010. The primary goal of the ACA was to increase the quality and affordability of health insurance, as well as lower the uninsured rate by expanding public and private insurance coverage. The law included a number of mechanisms, including individual and employer mandates, insurance exchanges, minimum standards of care, and new taxes/fees to accomplish these goals.

Since its passage in 2010, Republicans have unsuccessfully worked to repeal the law many times. The 2016 election, which resulted in unified government under Republican control, provided an opportunity to successfully do so, however repeated legislative efforts during the 115th Congress have, thus far, failed. Congress was able to repeal the individual mandate as a part of the recently passed tax reform legislation.

With legislative efforts to fully repeal and replace the ACA failing earlier this year, several smaller efforts have now emerged to undermine or modify the ACA. These efforts include the Trump Administration’s decision in October to cut off subsidies to insurers selling coverage through the ACA, an earlier decision to reduce the advertising budget for the ACA’s open enrollment period by 90 percent, and cutting back on grants to navigators, who assist citizens in enrolling by approximately 40 percent. Additionally, some members of Congress have sought to address other parts the ACA through legislative means. Potential legislative action has ranged from a bipartisan plan in the Senate to restore ACA subsidies for two years in exchange for additional state flexibility.

With respect to Medicaid, if it were changed to a block grant program, federal expenditures would be limited to a set amount given to states, ostensibly with fewer strings attached. This however, could end up forcing states and counties to come up with more money for Medicaid depending on how large of a block grant is provided to Florida and what type of program the state develops.

Meanwhile, House Speaker Paul Ryan (R-WI) has long supported the idea of privatizing Medicare and has stated that entitlement reform will be a priority issue for the House in 2018. Specifically, Speaker Ryan supports changing Medicare from a single payer system in which the federal government pays directly for healthcare to a system where beneficiaries would use government benefits (i.e. a voucher) to purchase private insurance. According to Ryan, this would inject competition into the market, thereby reducing prices. However, critics point out this would effectively end the program, and force seniors to navigate the private insurance market. There are also concerns that this could actually increase costs, as Medicare tends to be less expensive than private insurance.

Additionally, Centers for Medicare and Medicaid Services (CMS) Administrator Seema Verma has indicated support for changes to the Medicaid program. In late 2017, she indicated that CMS would encourage states “to propose innovative Medicaid reforms, reduce federal regulatory burdens, increase efficiency, and promote transparency and accountability.” As an example of the type of changes CMS would be supportive of, Administrator Verma indicated that they would approve waiver requests from states that include a requirement that recipients participate in community engagement activities, such as employment, job training and education. This is a significant shift for the Medicaid program and could affect the number of participants in the program, impacting the County’s cost-share with the state and shifting uninsured health care costs onto local hospitals and communities.



Future ACA repeal or reform could provide an opportunity to address the issue of the Cadillac tax. Under the ACA, a Cadillac health plan is defined as a plan with annual premiums exceeding \$10,200 for individuals or \$27,500 for families. Under current law, and beginning in 2020, a 40 percent excise tax will be assessed on any dollar amount paid in premiums exceeding the aforementioned values, which, after 2020, will adjust to inflation annually. However, the rate of growth in healthcare costs often outpaces the rate of inflation, meaning employers are likely to pay significantly more each year. Originally envisioned as a tool to reduce healthcare costs, the tax in practice looks increasingly like an increase in out-of-pocket costs for workers. The tax, which is estimated to generate \$87 billion over the next ten years, is an offset to pay for the ACA.

The excise tax was originally slated to begin in 2013. However, due to strong concerns expressed by labor groups and others, the ACA has amended by Congress to delay the tax until 2020. Recently, legislation has been filed in the House to further delay the tax an additional year until 2021. Additionally, a House bill to repeal the Cadillac tax completely now has 226 cosponsors, including Congressman Brian Mast, which is over half of the members. The companion legislation in the Senate currently has 20 cosponsors.

RECOMMENDED POSITION: *Monitor* efforts to repeal, replace, or amend the Affordable Care Act. *Monitor* changes to Medicaid and Medicare. *Support* the repeal of the excise tax on high-cost health insurance plans (a.k.a. the Cadillac tax) within the Affordable Care Act.



FEDERAL ISSUE: Mental Health Care

BACKGROUND; HOW IT MAY AFFECT ST. LUCIE 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. 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. 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. In addition to these provisions, 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.

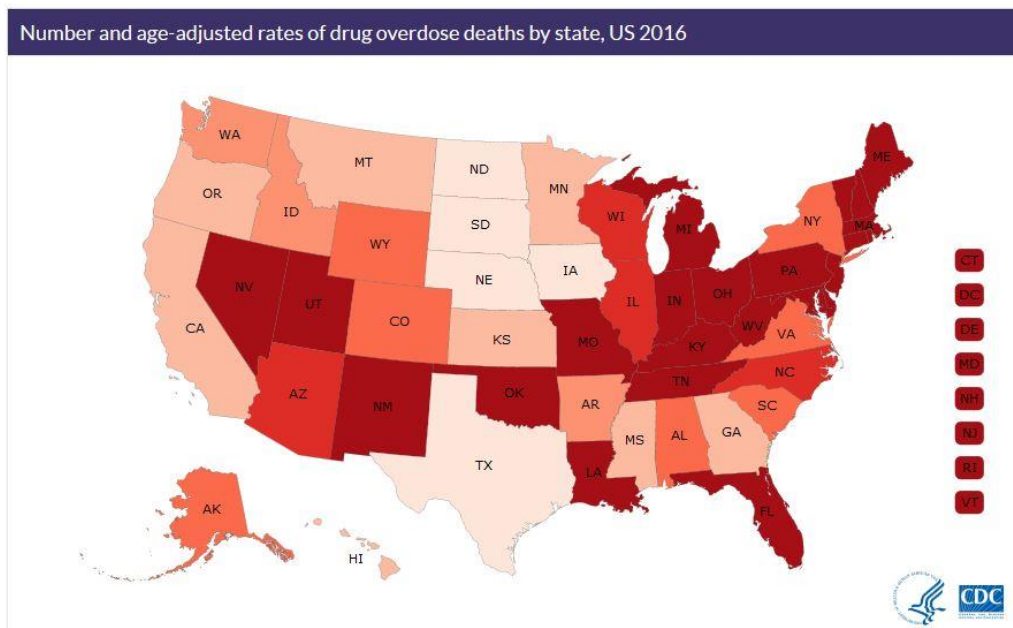
The legislation has an estimated \$6.3 billion price tag. Roughly half of the bill would be offset by future cuts of \$3.5 billion to the Prevention and Public Health Fund, which was created by the Affordable Care Act (Obamacare) and helps fund public health departments around the country. It is important to note that this fund continues to be a target of Congress, with additional cuts proposed to help pay for the Children’s Health Insurance Program and to fund community health centers.

RECOMMENDED POSITION: **Support** legislation that responsibly expands treatment options for the mentally ill.

FEDERAL ISSUE: Opioid Addiction

BACKGROUND; HOW IT MAY AFFECT ST. LUCIE COUNTY: Opioids are a class of drugs made from opium, as well as synthetic or semi-synthetic drugs that resemble these opium-based drugs. Many opioids are available by prescription. Examples include oxycodone, codeine, morphine, and fentanyl. Heroin is an opioid that is illegal. These drugs are often referred to as narcotics.

Over 42,000 people died of opioid overdoses in the United States in 2016. The below map from the Centers for Disease Control and Prevention (CDC) shows total opioid death rates by state. The data in the map encompasses everything from heroin to hydrocodone to fentanyl. New Hampshire, Ohio, Kentucky, West Virginia and Pennsylvania have highest death rates in the country. For 2016, Florida has the 16th highest opioid related death rate among states as calculated by the CDC, and the problem has been increasing dramatically. According to a recent report from the Florida Department of Law Enforcement (FDLE), the number of opioid related deaths in the state increased by 35 percent from 2015 to 2016.



Legend

- 6.9 to 11.0
- 11.1 to 13.5
- 13.6 to 16.0
- 16.1 to 18.5
- 18.6 to 21.0
- 21.1 to 52.0

Congress has taken two major steps on opioid addiction. First was the Comprehensive Addiction and Recovery Act (CARA) passed in July 2016. This bill authorized a variety of activities across many federal agencies to combat opioid addiction. This includes pharmaceutical research and development, law enforcement tools, and addiction recovery programs. However, CARA does not provide any funding



for these activities, leaving the funding levels for each of the authorized activities subject to annual appropriations.

The 21st Century Cures Act, passed in December 2016, also addresses opioid abuse. Section 1003 of the bill provides \$1 billion to the states to address opioid abuse. The \$1 billion is to be provided over a two year period, and the first \$500 million was appropriated in the FY 2017 Continuing Resolution in December 2016. Florida received just over \$27.1 million through the first allocation of funding. During a recent Senate Health, Education, Labor and Pensions (HELP) Committee hearing regarding the implementation of the 21st Century Cures Act, the Administration stated that they plan to continue to allocate opioid epidemic funding based on a state's population, rather than considering need. This will provide more funding to Florida as a high-population state.

In October of 2017, President Trump declared the opioid crisis a national public health emergency. Public health emergencies are typically reserved for outbreaks of infectious diseases and provide a narrow focus. The public health emergency declaration falls short of the national emergency declaration recommended by the President's Commission on Combating Drug Addiction and the Opioid Crisis. No additional federal funds are provided through the declaration and it provides few tangible, on the ground benefits. It does allow Health and Human Services (HHS) to redirect some existing resources and to eliminate some paperwork and administrative procedures from certain tasks, such as hiring personnel and expanding access to telemedicine. The declaration lasts for 90 days and can be renewed.

In addition to the public health emergency declaration, the President announced a new anti-drug advertising campaign and emphasized several other ongoing efforts, such as a public-private partnership through the National Institute of Health to develop safer pain treatments. He also stated that the administration would be looking at waiving some inpatient treatment Medicaid restrictions, but did not commit any additional dollars to the effort or outline any details about the waivers.

Either through appropriators funding of CARA activities or federal agencies fighting opioid addiction through discretionary programs under the Secretary, there will continue be opportunities to address opioid addiction in the remainder of the 115th Congress.

RECOMMENDED POSITION: *Support* appropriations activities to fund programs in CARA and the 21st Century Cures Act. *Monitor* HHS for guidance regarding the allocation of 21st Century Cures state formula funding. *Support* attempts by entities within St. Lucie County to secure funding to fight opioid addiction.



FEDERAL ISSUE: Aging Issues

BACKGROUND; HOW IT MAY AFFECT ST. LUCIE COUNTY:

National Institute on Aging – Funding for Alzheimer’s and Dementia Research

The National Institute on Aging (NIA), one of the 27 institutes and centers of the National Institutes of Health (NIH), leads the national scientific effort to understand the nature of aging in order to promote the health and well-being of older adults, whose numbers are projected to escalate in the coming years due to increased life expectancy and the aging of the baby boomer generation. According to the U.S. Census Bureau, the number of people age 65 and older will more than double between 2010 and 2050 to 88.5 million, or 20 percent of the population; and those 85 and older will increase three-fold to 19 million.

Chronic diseases associated with aging account for more than 75 percent of Medicare and other federal health expenditures. Unprecedented increases in age-related diseases as the population ages are one reason the Congressional Budget Office projects that total spending on healthcare will rise from 17 percent currently to 25 percent of the U.S. gross domestic product by 2025.

Alzheimer’s disease and related dementias are a particularly dramatic example of the crisis ahead. The NIA reports that as many as 5.1 million Americans currently have Alzheimer's disease, and the incidence is expected to triple to 13.8 million by 2050. The financial burden of Alzheimer’s disease on the United States is anticipated to increase exponentially from \$307 billion annually to \$1.5 trillion as baby boomers age. The NIA is the lead federal agency for research into Alzheimer’s disease.

Between Fiscal Year (FY) 2003 and FY 2010, scientists at NIA saw a series of nominal increases and cuts that amounted to a 14.7 percent reduction in constant dollars.

For FY 2014, Congress provided just \$540 million for Alzheimer’s disease, while \$6 billion went to cancer research, \$3 billion to HIV/AIDS, \$2 billion to cardiovascular disease, \$1.3 billion to heart disease, and more than \$1 billion to diabetes. Since that time, there have been consistent increases in funding each year. In FY 2017, Congress provided \$1.39 billion for Alzheimer’s research, \$260 million for the Brain Research through Advancing Innovative Neurotechnologies (BRAIN) Initiative, as well providing the Department of Defense’s Alzheimer’s research budget with \$15 million.

While Congress has not yet completed the FY 2018 appropriations process, both the House and Senate Appropriations Committees recommend increases in Alzheimer’s research to \$1.8 billion. With regard to the BRAIN Initiative, the Senate recommends \$400 million in funding, while the House recommends \$336 million.

Older Americans Act Programs

Most federal programs that exist for the delivery of social and nutritional services for the elderly in St. Lucie 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, and \$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 House has proposed \$2.237 billion while the Senate has proposed \$1.993 billion. Both of these amounts are higher than the \$1.907 billion request in the President's budget request.

RECOMMENDED 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 elder persons in St. Lucie County.



FEDERAL ISSUE: Economic Development Administration

BACKGROUND; HOW IT MAY AFFECT ST. LUCIE COUNTY: The Economic Development Administration (EDA) is primarily a granting agency that funds economic development projects throughout the country. Successful projects often leverage roughly 200 new jobs and \$24 million in private investment for every \$1 million of EDA investment.

St. Lucie County has secured these funds in the past for economic development projects, including at the airport. In December 2010, St. Lucie County submitted a grant application to the EDA to help fund an infrastructure project at the Treasure Coast Research Park (TCRP). EDA initially approved the grant, but later rescinded the application due to challenges related to securing private sector commitments of job creation.

More recently, in 2013, the Treasure Coast Education, Research and Development Authority (TCERDA) applied for funding for their proposed Sunshine Kitchen Food Business Incubator (SKFBI) project through the EDA's Public Works Investment Assistance Program. The SKFBI project calls for the construction of an 8000 square-foot structure on the TCRP campus to house a professionally-equipped commercial kitchen and research lab designed to aid entrepreneurs in the development of commercially viable food ventures. Once constructed, the SKFBI will offer professional business consultative services to assist in developing a business plan for their ventures and serve as a working laboratory to develop, process, market, package, and promote their product. Although this initial request was denied, the County and TCERDA reapplied for funding and were awarded \$895,000 in 2014 for the SKFBI project.

The Trump Administration has proposed eliminating the Economic Development Administration (EDA). Although Congress has not gone along with this proposal so far in the 2018 appropriations process, both the House and Senate have proposed cuts to the EDA's funding. In FY 2017, Congress provided the EDA with \$276 million. In their respective FY 2018 appropriations bills, the House has proposed \$176 million in funding while the Senate has suggested \$254 million for the EDA.

RECOMMENDED POSITION: **Support** continued annual funding of the Economic Development Administration. **Support** any St. Lucie County Economic Development Administration grant applications as applicable.



FEDERAL ISSUE: Community Services Block Grants & the Low Income Home Energy Assistance Program

BACKGROUND; HOW IT MAY AFFECT ST. LUCIE COUNTY: The Community Services Block Grant (CSBG) program allocates federal funding to alleviate the causes and conditions of poverty in communities. The funds provide for a range of services and activities to assist the needs of low-income individuals, including those addressing employment, education, better use of available income, housing, nutrition, emergency services and/or health.

In St. Lucie County, the Community Services Division administers CSBG funding, which is the most flexible funding source the County has for addressing self-sufficiency initiatives. The program has income requirements, yet is not an entitlement program, thereby allowing the County to work with clients that are highly motivated to reduce their dependence on public benefits.

The CSBG program has seen strong funding levels over the past few years, receiving \$674 million in FY 2014 and FY 2015 and \$715 million in FY 2016. For FY 2017, Congress provided level funding of \$715 million. In President Trump's FY 2018 budget, he proposed eliminating CSBG, however, Congress has not agreed to that request. For FY 2018, the House has recommended \$600 million while the Senate has proposed \$700 million for CSBG.

Meanwhile, the Low Income Home Energy Program (LIHEAP) provides heating assistance to low-income households. Also administered in St. Lucie County, LIHEAP is the only lifeline for some of the most impoverished families and seniors in the community. While LIHEAP is often thought of as a program that benefits northern states, it is equally important in Florida due to the expense of cooling a residence during excessive heat in the summer months.

The LIHEAP program has seen reduced funding over the past few years. Since FY 2010 when LIHEAP was funded at \$5.1 billion, Congress has reduced funding to the program. In FY 2017, they provided \$3.39 billion, which was level with the FY 2016 funding level. The Trump Administration also proposed eliminating this program in their FY 2018 budget, however both the House and Senate have proposed level funding.

RECOMMENDED POSITION: *Support* continued adequate annual funding for both the Community Services Block Grant and the Low Income Home Energy Assistance Program.



FEDERAL ISSUE: Department of Housing and Urban Development Formula Programs

BACKGROUND; HOW IT MAY AFFECT ST. LUCIE COUNTY: St. Lucie County and its two largest cities receive direct allocations of funding from two Department of Housing and Urban Development (HUD) formula programs: the HOME Investment Partnership (HOME) and Community Development Block Grants (CDBG).

CDBG is a flexible grant program that provides communities with federal funding to address a wide range of unique community development needs. The CDBG program provides annual grants on a formula basis to states and local governments.

HOME funds are designed to create affordable housing for low-income households and are awarded annually as formula grants to participating jurisdictions. HUD establishes HOME Investment Trust Funds for each grantee, providing a line of credit that the jurisdiction may draw upon as needed. The program allows local governments to use HOME funds for grants, direct loans, loan guarantees or other forms of credit enhancement, rental assistance, or security deposits.

Since Fiscal Year (FY) 2010, nationwide funding for the CDBG and HOME programs has been significantly reduced with varying changes to individual recipients. The FY 2017 omnibus appropriations bill provided \$3 billion for the CDBG program and \$950 million for HOME, both of which were level with FY 2016 funding. In FY 2017, the County received \$440,401 in HOME funding, and the cities of Fort Pierce and Port St. Lucie received \$477,456 and \$1,011,694, respectively, in CDBG funds.

For FY 2018, the Administration proposed eliminating both programs. To date, both the House and Senate have proposed \$2.9 billion and \$3 billion respectively for CDBG and \$950 million for HOME in their respective FY 2018 appropriations bills which have yet to be completed.

RECOMMENDED POSITION: *Support* adequate funding for future fiscal years for both the HOME Investment Partnerships and the Community Development Block Grants programs because of their critical role in the County's overall efforts to support those that are least fortunate.



FEDERAL ISSUE: Federal Criminal Justice Reform

BACKGROUND; HOW IT MAY AFFECT ST. LUCIE COUNTY: Congress developed legislation aimed at reforming the criminal justice system over the past several years, however, none of the proposals have yet to be signed into law. The Trump Administration has not placed a high priority on criminal justice reform, so it is unclear whether any of the current Congressional proposals would find support in the White House.

Among the largest proposals put forth by Congress, the Sentencing Reform and Corrections Act of 2015 (S. 2123) was reintroduced in the 115th Congress in October. It is designed to address overcrowding in the federal prison population by reducing mandatory minimums for certain prison sentences, such as non-violent, non-trafficking drug offenses, while also raising the mandatory minimum for other crimes, such as domestic violence. The bill would also place limits on solitary confinement for juveniles, establish recidivism reduction programs to help incarcerated individuals prepare to reenter society and create a National Criminal Justice Commission to undertake a comprehensive review of the criminal justice system. In the 114th Congress, S. 2123 was approved by the Senate Judiciary Committee by a vote of 15-5 but was not considered on the Senate floor.

The Pretrial Integrity and Safety Act of 2017, was introduced in the Senate by Sen. Kamala Harris (D-CA) and Sen. Rand Paul (R-KY) with Congressman Carlos Curbelo (R-FL) and Congressman Ted Lieu (D-CA), along with Congresswoman Mia Love (R-UT) and Congresswoman Sheila Jackson Lee (D-TX), introducing a House companion measure. The bill authorizes a three-year, \$10 million grant program to incentivize states to reform or replace the practice of money bail. In addition, it would authorize funding for national data collection on the processing of defendants in state and municipal courts and require a Department of Justice report annually on the effectiveness of the grant program. Neither bill has been heard in committee.

The Second Chance Reauthorization Act has been refiled in the House (HR 2899) and would reauthorize and streamline the Second Chance Act programs, which provide grants, training, and technical assistance to states, local governments, and nonprofits to prevent criminal recidivism. The various programs include demonstration grants, reentry courts, mental health and addiction treatment, and employment services, among others. The bill has 35 bipartisan cosponsors, but has not had a hearing.

Another bill - the Comprehensive Justice and Mental Health Act of 2015 (S.993/H.R. 1854) - would have reauthorized and updated the Mentally Ill Offender Treatment and Crime Reduction Act to help facilitate collaboration among the criminal justice, juvenile justice, mental health treatment, and substance abuse systems to ensure those with mental illness receive the care they need. The Senate unanimously passed S. 993 in December 2015 and the House Judiciary Committee approved H.R. 1854 in January 2016. The bill was not considered by the full House in the 114th Congress. Thus far, the bill has not been reintroduced in the 115th Congress.

RECOMMENDED POSITION: *Support* legislation that seeks to improve the federal criminal justice system, including improvements to mental health services for offenders.



FEDERAL ISSUE: Domestic Discretionary Spending Pressure

BACKGROUND; HOW IT MAY AFFECT ST. LUCIE COUNTY:

In late May, the Trump Administration released their Fiscal Year (FY) 2018 budget proposal for the next fiscal year. Among those agencies that fare 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 budget proposal included cuts to or the elimination of several programs of importance to the County.

Specifically, the Administration's budget proposal:

- Eliminates/Reduces FEMA state and local grant funding by \$667 million including Pre-Disaster Mitigation Grants and the Homeland Security Grant Program, including the Urban Area Security Initiative program (UASI). The budget also calls for a 25% non-Federal match for FEMA preparedness grants that currently do not require any match.
- Eliminates the Community Development Block Grant program (CDBG)
- Eliminates HOME, Choice Neighborhoods and the Self-help Homeownership Opportunity Program
- Eliminates the Community Services Block Grant Program (CSBG)
- Eliminates the Low Income Home Energy Assistance Program
- Eliminates an additional \$490 million in Department of Justice programs.
- Eliminates the Economic Development Administration, which provides grants for local economic development projects that create jobs
- Eliminates the EPA's National Estuary program
- Eliminates the TIGER grant program

After the release of the Administration's budget, the County engaged with members of your delegation to advocate for these programs. Congress ultimately funds the government and can ignore much of what the President has recommended, but the FY 2018 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.

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.

For FY 2018, many Members of Congress are concerned about the discretionary spending caps being too restrictive. Since the budget caps are established by law, Congress does have the power to change the law to allow for higher spending levels. They did this in October 2015 when they reached a budget deal for FY 2016 and FY 2017 for new top-line spending levels.



RECOMMENDED POSITION: *Monitor* proposed cuts to non-defense discretionary programs of importance to St. Lucie County.



FEDERAL ISSUE: Citrus Issues

BACKGROUND; HOW IT MAY AFFECT ST. LUCIE COUNTY: The Indian River Citrus District's premium crop has been, and will continue to be, grapefruit, although oranges which are often blended into juice are also grown in the District. St. Lucie County growers are within the Indian River Citrus District. Currently, the District raises 70% of the total grapefruit crop grown in the State of Florida. Three out of every four grapefruit that leave the State of Florida fresh come from this District. Approximately 14 million cartons of "Indian River" fruit were exported during the 2006-2007 season.

Unfortunately, citrus trees and crops face serious threats from infectious diseases, especially citrus greening or huanglongbing (HLB). This disease reduces production and destroys the economic value of fruit. The spread and cause of HLB are associated with a phloem-feeding insect (Asian citrus psyllid (ACP), *Diapharina citri*) and a fastidious bacterium (*Candidatus Liberibacter asiaticus*).

In early January, Congressman Buchanan and Senator Nelson reintroduced the *Emergency Citrus Disease Response Act*, originally introduced in 2015 to allow citrus farmers to immediately write-off the costs of planting new citrus groves. Under current law, the existing tax deduction does not kick in until the new grove produces income, which can take years. The theory behind the legislation is to provide an incentive for citrus farmers to plant new crops to keep up with demand without the risk of severe financial loss from citrus greening. Amending the deduction has been a point of discussion in citrus greening for a numbers of years. In the House, HR 112 has 33 co-sponsors including Congressman Brian Mast and several other bipartisan members of the Florida delegation. In the Senate, S. 71 has 2 cosponsors including Senator Rubio.

In addition to disease, this year the citrus crop in Florida has incurred damage from Hurricane Irma. Funding to assist the citrus industry was not included in either of the first two emergency supplemental funding bills passed by Congress, but it is expected to be included in a forthcoming third supplemental bill.

RECOMMENDED POSITION: **Support** federal efforts to benefit the citrus industry given its large importance to the economy of St. Lucie County.



FEDERAL ISSUE: Tax-Exempt Bonds

BACKGROUND; HOW IT MAY AFFECT ST. LUCIE 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 would mean that bond issuers would have to offer higher rates to attract investors. 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.

RECOMMENDED POSITION: *Oppose* tax reform legislation that threatens the tax exemption on state and local bonds, including a 28 percent cap on tax-exempt municipal bonds.



FEDERAL ISSUE: Remote Sales-Tax Legislation

BACKGROUND; HOW IT MAY AFFECT ST. LUCIE 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. 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 State of South Dakota is now appealing the ruling to the Supreme Court.



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.

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.

RECOMMENDED POSITION: *Monitor* 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: Transient Occupancy Taxes

BACKGROUND; HOW IT MAY AFFECT ST. LUCIE 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 transient occupancy tax rate collected from consumers to the appropriate local government. For instance, if Expedia or a similar purveyor were to pay \$60 for a room in St. Lucie County and then sell that room to a consumer for \$100, they would be able to, under the proposal, only remit \$3 dollars to the local government instead of \$5 (using the County's 5 percent tourist development tax for illustrative purposes).

In 2009, 17 Florida counties filed an action against a number of online travel companies (OTC's) alleging that the companies have failed to collect and/or pay taxes under the respective tourist development tax ordinances. Those counties 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 OTCs. Two cases, including the 17 county case, cited that Florida law is not clear on the issue, while a Circuit Court Judge ruled more directly that the OTCs 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 2012, the District of Columbia government won a suit where a judge ruled that online travel firms 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 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.

In 2015, local governments reportedly filed 88 lawsuits against Expedia and others for tax underpayment. The company won dismissal in 23 cases while 35 remain active. The remainder of the cases have been settled, put on hold, referred to administrative proceedings, or otherwise resolved. A 2011 estimate by the Center for Budget and Policy Priorities suggests that state and local governments lose as much as \$396 million a year due to such remittance practices by online hotel purveyors.

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 to seek 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 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 was passed out of the Senate without this language.

In Fiscal Year 2015-2016, St. Lucie County collected \$3.652 million from its tourist development tax, which is used to support the tourism industry in the region. This was a 20.1 percent increase from the previous fiscal year. This level of funding underscores the importance of this revenue source and the need to ensure it is not constrained by detrimental legislation.



RECOMMENDED POSITION: *Oppose* legislation that would exempt Internet travel brokers from paying taxes on the full room rate paid by the consumer, thereby costing St. Lucie County and its political subdivisions the opportunity to collect the appropriate Transient Occupancy Taxes from visitors to the region.



FEDERAL ISSUE: Siting of Wireless Facilities

BACKGROUND; HOW IT MAY AFFECT ST. LUCIE COUNTY: As telecommunications technology advances, companies have developed new wireless equipment to support 5G networks. These new small cell towers can range in size from approximately the size of a briefcase to something closer to the size of a refrigerator. The telecommunications industry has indicated that these small cell towers are needed to support increased use, faster internet speeds, and other uses such as driverless vehicles. Legislation has been introduced in many state legislatures, including in Florida, to limit local control over the siting and leases on publicly-owned infrastructure or in rights-of-way. Most recently, Florida passed a preemption bill during the 2017 legislative session.

The issue has arisen at the federal level as well, with the Senate Commerce Committee currently discussing draft legislation pertaining to the issue which would potentially expand the preemption beyond the legislation passed by the state legislature in Florida. The bill pending introduction is problematic in its current form because:

- It would impose sharply reduced “shot clock” time limits for local governments to process potentially unlimited wireless facility applications for all sizes;
- “Deem granted” applications for facilities when local governments are unable to meet the stringent time limits;
- Potentially result in applications being approved regardless of their safety, health or environmental impacts;
- Interfere with local governments’ management of their own property and their ability to receive appropriate compensation for its use.
- Adds municipal electric utility poles to the federal pole attachment statute and does not preserve any of the carve outs that are included in Florida law, such as those for municipal electric utility poles and those for certain rights-of-ways.
- The draft is silent on the installation of wireless facilities when state or local regulations do not permit above-ground utilities, which may result in federal law preempting those local regulations.

While the legislation has yet to be introduced, it is anticipated that it would be strongly opposed by local governments. Previous efforts to pass similar language in the past have failed, however the telecommunications industry has continued to push for the changes. Although many cities share the goal of ensuring access to affordable, reliable high-speed broadband and welcome new wireless infrastructure, it should be installed in collaboration with local governments and not preempt local control.

RECOMMENDED POSITION: *Oppose* legislation that would preempt local government control and force local governments to lease publicly-owned infrastructure for the installation of “small cell” wireless towers.



FEDERAL ISSUE: Federal Emergency Management Agency Disaster Assistance

BACKGROUND; HOW IT MAY AFFECT ST. LUCIE COUNTY: 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. 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, including Representative Brian Mast 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.

Florida local governments must also work through DEM to file any appeals of claims initially denied for funding from FEMA. In the aftermath of Hurricane Matthew in 2016, several counties that had claims denied by FEMA submitted the necessary documentation to file an appeal within 60 days. The state, through DEM, was supposed to officially submit those claims to FEMA, but failed to do so in time. DEM subsequently discovered 26 appeals for 18 applicants dating back to 2004 that they failed to file in a timely manner, costing local governments necessary disaster recovery funding. DEM committed in late 2017 to reviewing each of these appeals and submitting them to FEMA, however FEMA has not offered any assurance that they will consider them.

RECOMMENDED POSITION: *Support* legislation to prohibit the Federal Emergency Management Agency from de-obligating previously awarded disaster funds for projects that have been certified as complete by the state for at least three years. *Support* changes to the Stafford Act to ensure that counties are not denied for an appeal when the state, acting as the grantee, fails to meet the regulatory timeline through no fault of the county.