



2014 Federal Legislative Agenda

Local governments play a critical role in the American federal system of government. As the level of government closest to the people, they are responsible for the delivery of the majority of government services. Whether it is public safety, transportation, community planning, environmental stewardship, affordable housing, mental health and substance abuse treatment, child and family assistance programs, watershed management, or countless other services; individuals look to local governments to provide it. Broad policy and funding decisions made at the federal level directly affect the manner in which local governments function. It is therefore important for the Maricopa County Board of Supervisors to articulate positions and concerns to Washington on those issues affecting local government and the residents Maricopa County serves.

Relationship Building

A key to articulating positions and concerns is the County's relationships with Arizona's Congressional delegation and the Executive Branch, so it is imperative that County officials work to maintain and enhance these relationships. The National Association of Counties (NACo) legislative conference in March is a great opportunity for Board members and staff to personally interact with the delegation and Executive Branch.

Guiding Principles

Although Government Relations will brief the Board of Supervisors of activities as they occur during the 113th Congress and seek guidance regarding important bills and amendments and activities within government agencies, Government Relations asks that the Board consider supporting the following guiding principles to help the Government Relations team focus its efforts on issues of greatest concern:

Fiscal Strength and Responsibility

Maricopa County urges the federal government to recognize the unsustainable nature of the rising national debt and its potential impact on the economic vitality of the nation. Maricopa County urges the federal government to use a balanced approach to reduce the national debt that does not burden counties by shifting costs of programs to counties.

Local Authority

Maricopa County urges the federal government to allow for flexibility that empowers local communities, recognizing that locally elected officials best understand the needs of constituents.

Growth & Economic Development

Maricopa County urges the federal government to seriously consider the negative economic impact of rules and regulations before implementation while continuing to support programs that have a proven track record of supporting economic development, such as transportation funding.

2014 Federal Legislative Priorities

As the guiding principles provide general direction, Government Relations asks that the Board consider highlighting these specific issues to address community needs.

1. Clean Air Act – Environmental Protection Agency Exceptional Events Rule for PM-10

The County is significantly affected by the manner in which EPA interprets and implements Clean Air Act provisions for addressing high levels of particulate matter (PM-10) air pollutants due to high winds. The EPA's Exceptional Events Rule that implements those CAA provisions is flawed.

Government Relations proposes that Maricopa County continue working closely with local partner agencies, the Governor's Office, the local business community, and the Arizona congressional delegation to send a consistent message to EPA to revise its rule to provide more clarity and flexibility to states in working with exceptional event demonstrations, better ensure cooperation between EPA and the County, and assure reasonable and consistent implementation of the rule by EPA, so that the County will not face continual, reoccurring nonattainment due to exceptional events beyond its control.

2. Payment in Lieu of Taxes (PILT)

PILT provides payments to counties and other local governments to offset losses in tax revenues due to the presence of substantial acreage of federal land in their jurisdictions. In July 2012, President Obama signed into law PL 112-141, the Moving Ahead for Progress in the 21st Century Act (MAP-21). Included in the legislation was additional mandatory funding for the Payment in Lieu of Taxes (PILT) program for fiscal 2013. After implementation of the Budget Control Act (sequestration cuts), counties received roughly \$400 million in fiscal 2013. PILT is currently authorized at \$425 million for fiscal 2014. The recently adopted fiscal 2014 budget resolution included a deficit neutral reserve placeholder for PILT.

Western Senators failed in a recent effort to fully fund the program at the authorized level of \$425 million for fiscal 2014 in the fiscal 2014 omnibus spending measure. In response, Rep. Kirkpatrick introduced a bill that would permanently authorize and fund the PILT program and ensure that counties are not left in budget limbo every year due to the uncertainty of the Congressional budget process. However, the bill does not have bi-partisan support, nor does the corresponding bill in the Senate that was introduced by Colorado Senator Mark Udall. Therefore, most hope is pinned on the FY 2014 funding being included in another bill such as the Farm Bill.

Government Relations proposes that Maricopa County consider encouraging Congress find a solution to provide a consistent and stable source of funding for counties with federal lands in their jurisdictions.

3. Water Resources Development Act

Water Resources Development Act (WRDA) authorizes the projects and programs of the U.S. Army Corps of Engineers and provides an opportunity for Congress to articulate program priorities. Typically, a WRDA is passed every two years, but the last WRDA was

passed in 2007. Programs that are typically addressed in a bill include the National Levee Safety program and the National Dam Safety program, which includes grant assistance for dam repairs and removal.

During the first session of the 113th Congress, the House and the Senate each passed their versions of this bill. Negotiators hope to have a compromise bill completed in early 2014. Both versions include provisions designed to accelerate project reviews, but the bills differ greatly in their approach. The Senate version created a set of criteria that allows automatic project approval, but the House insisted on greater oversight. Therefore, the House bill authorizes 23 projects and establishes a process to select new projects that begins at the local level with submission to the Army Corp of Engineers. If a submission meets defined criteria, it would be included in an annual report for Congress to consider funding.

Last year, Maricopa County focused on new start funding for McMicken Dam, but depending on which version of the bill prevails, Maricopa County may need to alter its course. For instance, Maricopa County may want to focus more on project review funding because Maricopa County recently had to pay for an expedited review of a Corps project that the Corps did not have funds to review. The project was Corps project that Maricopa County simply operates.

Government Relations proposes that Maricopa County consider supporting the Corps using a balanced approach that completes projects at the same time it begins the approval process for new projects, so the pipeline has a constant flow of projects, including new starts and Corps projects.

4. Transportation Funding – Expedite Review of Local Government Federal-aid Projects

Despite continuing discussion and proposal of streamlining of environmental and other processes, the reality is the requirements are actually increasing and delays in approving federal projects are increasing. More resources are needed to decrease the time needed to process local government federal-aid project reviews and approvals, because states are inadequately funded and staffed to complete reviews in an expeditious manner. When real projects get “out the door”, they provide jobs and fuel economic growth. States, local governments, consultants, contractors and the general public all benefit.

Government Relations proposes that Maricopa County consider supporting the creation of a federal funds pool that would be dedicated solely to fund state DOT reviews and approvals of local federal-aid projects.

5. Transportation Funding – Highway Trust Fund

With MAP-21 expiring on September 30, 2014, the Congress is facing a need to reauthorize the federal surface transportation programs. A key issue identified by NACo and others is funding. The new authorization must be adequate to address transportation needs and make the Highway Trust Fund solvent. The American Association of State Highway and Transportation Officials (AASHTO), the Associated General Contractors of America (AGC), National Conference of State Legislatures (NCSL), National Association of Counties (NACo), National League of Cities (NLC), the League of Arizona Cities and Towns

(League), the Arizona Farm Bureau Federation (Bureau), Intelligent Transportation Society of America (ITS) and the American Trucking Associations (ATA) have all offered potential solutions. The following table depicts the various methods these organizations support as a means of increasing federal funding:

Organization /Agency	Increase Federal Gas Tax & Motor Fuel Tax	Annual Highway User Vehicle Fee	Vehicle Miles Traveled (VMT Fee)	Public-Private Partnerships (PPPs)	Credit Assistance, Tax Incentives, Financing Tools	Other Innovative Funding Mechanisms
AASHTO		X	X	X	X	
AGC	X		X	X	X	X
ATA	X					
NACo	X					X
NCSL				X		
NLC	X		X	X		X

Transportation Reauthorization acts since 1991 have focused largely on metropolitan areas and urban needs. Therefore, rural communities’ needs have steadily increased over time, including rural areas adjoining metropolitan areas such as unincorporated Maricopa County.

Government Relations proposes that Maricopa County consider supporting the reauthorization of the federal transportation program and for components to include the streamlining of federal environmental and project review and to increase the role of local officials in funding decisions.

6. Federal Lands During Government Shutdowns

On October 1, 2013, the federal government shut down. Therefore, Tonto National Forest officials shut down several locations that Maricopa County residents regularly use for recreational activities. National Parks officials also closed the Grand Canyon. The economic impact on tourism was significant and the State of Arizona had difficulty getting the federal government to refund it when it covered the expenses related to re-opening the Park.

Government Relations proposes that Maricopa County consider supporting legislation that would, during a federal government shutdown, allow local governments to enter into agreements under which the federal government may accept funds to reopen a local National Park, National Wildlife Refuge, or National Forest, and require the federal government to reimburse local governments for related expenses upon reopening of the federal government.

Issues of Interest to be Monitored

The first session of the 113th Congress was dominated by highly visible and extremely controversial issues, including gun control legislation, immigration reform and the implementation of the Affordable Care Act. Ultimately, a very polarized climate developed and resulted in a federal government shutdown in October. Therefore, several issues Maricopa County watched develop during the 112th Congress did not receive any significant attention and therefore, no viable solutions developed. With elections in November and a rather limited legislative calendar, these issues may remain in the shadows. Therefore, Government Relations will watch the following matters closely and brief Board members if viable solutions begin to gain traction:

1. Waters of the United States

We are awaiting the Environmental Protection Agency's (EPA) publication of a proposed rule that will clarify which U.S. bodies of water are protected under the Clean Water Act (CWA). In April 2011, the EPA and the U.S. Army Corps of Engineers issued guidance designed to implement the U.S. Supreme Court's ruling in *Rapanos v. United States*, in which a highly divided court pared back the agencies' jurisdiction under the CWA. Despite the ruling, the agency said it would be able to increase its jurisdiction over federally protected waterways under the guidance. After receiving hundreds of thousands of public comments — many of them critical — the agency decided to undertake a formal rulemaking based on the guidance. Publication of draft rules was expected in 2012, but did not occur. The forthcoming rules could face challenges in Congress and the courts, with concerns that they could give the EPA and the Army Corps increased discretion under sections 401 and 404 of the CWA, which require permitting for dredging, filling, and discharging into federal waters.

2. Sequestration - Defense Spending Cuts

In 2012, estimates indicated sequestration of non-defense discretionary spending could have led to approximately \$9.4 million in cuts to Maricopa County programs. Cuts were not that severe but programs did see cuts, including Head Start programs, Low Income Home Energy Assistance programs, Housing and Urban Development vouchers, Community Development Block Grants, and Workforce Investment Act Grants. Last year, Maricopa County focused its attention on Homeland Security Grants and Justice Program Grants such as JAG grants, Juvenile Accountability Block Grants, and Second Chance Act funding because these programs have the greatest impact on public safety. Government Relation will monitor any budget deals that could impact any of these County programs.

3. Sequestration - Non-Defense Discretionary Spending Cuts

Sequestration is a result of the Budget Control Act that became law in August of 2011. The Budget Control Act was a compromise that helped avoid the first-ever federal government debt default by raising the debt ceiling. The bill created the joint Congressional committee that came to be known as the "Super Committee" and charged it with finding at least \$1.2 trillion in spending reductions. The required super majority of the Committee failed to agree to reductions, so \$109 billion across-the-board spending cuts were scheduled to occur automatically in January 2013, with a total of \$1.2 trillion in cuts equally divided between

defense and non-defense discretionary spending over 10 years; this is the a mechanism referred to as “sequestration.”

The budget deal that Congress passed in December 2013 provided some relief from sequestration by restoring about \$63 billion in funding over fiscal years 2014 and 2015. Recognizing that defense spending is a significant part Maricopa County’s economy, Government Relations will continue to monitor sequestration, paying special attention to any potential cuts that would negatively impact the F-35 mission at Luke Air Force Base and/or Arizona’s defense contractors.

4. Healthcare Coverage for Incarcerated Individuals

According to the National Commission on Correctional Health Care, a substantial number of people that are booked into county jails have serious behavioral and/or medical needs. The Affordable Care Act (ACA) allows individuals who are incarcerated, but pending disposition of charges, to remain on health insurance provided through healthcare exchanges until convicted. This could be a great cost savings to Maricopa County, so Government Relations will continue to monitor the implementation of the ACA.

5. Clean Air Act – Environmental Protection Agency (EPA) Regional Haze

In November 2012, the EPA reduced the limit of nitrogen oxide power plants may emit each year beginning in 2017. Although the three power plants impacted by these regulations are not in Maricopa County, energy within Maricopa County could rise as result of this regulation. A fourth power plant outside of Maricopa County is facing similar regulations that could increase water costs to Maricopa County residents through an increase in energy costs for the Central Arizona Project. In addition, the utilities that depend on these four power plants may have to increase the production within Maricopa County, which could have an impact on air quality.

6. Clean Air Act –Transport of Air Pollution

Currently, the Clean Air Act (CAA) requires that EPA review each national ambient air quality standard (NAAQS) once every five years. EPA will be proposing a revision to the ozone standard this year that we anticipate will make the standard stricter. As the standard is ratcheted down, transport of ozone pollution from other areas becomes an issue in the valley and for other areas in the West. For example under certain meteorological conditions, ozone generated in California and across the border in Mexico drifts into the county and contributes to high ozone episodes here. On many days as much as 50% of our ozone problem comes from outside the county. In turn, Nevada and Colorado both point to the Phoenix ozone plume as a contributor to their high ozone episodes.

These circumstances will require more regional cooperation if we are eve to have a chance at meeting the standard. In addition, EPA leadership and action on federally controlled sources such as fuels, vehicles, and lands are absolutely essential—as these sources are outside state and local control. Note—if the county is unable to meet this standard, a number of negative consequences ensue. Under the structure of the Clean Air Act (CAA), the county will be subject to even more onerous controls. In addition, the CAA imposes lower permit thresholds each time the county fails to meet its attainment date and these lower permit

thresholds impose complex permitting requirement on even smaller sources. This makes the county less attractive to new business. Under the CAA, if the county fails to meet these requirements or fails to meet attainment dates, it imposes sanctions such as withholding federal highway funds, increasing major source (new permit) offset ratios and higher emission fees for larger sources. Ensuring EPA recognizes western as well as eastern issues in that rulemaking will be critical for Maricopa County.

7. National Dam Rehabilitation Program

Natural Resources Conservation Service (NRCS) National Dam Rehabilitation Program (The Watershed Rehabilitation Program), authorized by Congress in 2000, applies to the Flood Control District's 16 Natural Resources Conservation Service (NCRS) sponsored dams.

To date, NRCS has funded \$31 million for the overall rehabilitation of three NRCS dams managed by the Flood Control District (one completed, two in progress) under Project cost share agreements. Three additional NRCS dams managed by the District are also currently planned for rehabilitation/replacement under this Program. The additional funding need under this federal dam rehabilitation program to complete the work on these dams is currently estimated at \$80 million. The District has found that these dams prioritize very highly in funding allocations from the national budget for this program. The reason for this is primarily because of the significant number of people protected by the dams (thousands vs. tens for most NRCS Dams). However, the funding of this national program over the last several years (\$15 million to \$20 million per year nationally) has been significantly lower than the national need. Therefore, if this underfunding of the national program continues, it is expected that significant federal underfunding for the District's dam rehabilitation projects would occur.

8. Immigration Reform

Both the President and the Senate proposed comprehensive immigration reform plans in 2013. Elements of the plans included creating a pathway to citizenship for undocumented immigrants, increasing availability of visas to skilled workers, implementing an employer verification program, and creating a guest-worker program for laborers and agricultural workers.

There were several potential impacts on Maricopa County, including increase costs in County jails and court system, but none of the plans became law due to ongoing political fights. However, in December, Speaker of the House John Boehner hired Senator John McCain's former Chief of Staff to lead House immigration efforts, so this could indicate the issue will be back on the House agenda in 2014.