

Charlotte County, Florida 2014 Federal Legislative Agenda





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Charlotte County Board of County Commissioners**

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Local Government Issues

National Flood Insurance Program

Monitor changes to flood insurance rates for homeowners and businesses in Charlotte County. *Monitor* FEMA's implementation of H.R. 3370, the Homeowner Flood Insurance Affordability Act. *Monitor* FEMA's attention to deadlines as set forth in H.R. 3370, particularly with regard to specific reports and/or other actions. *Support* efforts to fix any unintended consequences that may occur after the passage of H.R. 3370, as well as improve the National Flood Insurance Program for the benefit of all participants.

Remote Sales-Tax Legislation

Support legislation that requires companies making catalog and internet sales to collect and remit the associated taxes.

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 Charlotte County and its political subdivisions the opportunity to collect the appropriate Transient Occupancy Taxes from visitors to the region.

Tax-Exempt Bonds

Oppose legislation that would threaten the tax exemption on state and local bonds, including a 28 percent cap on tax-exempt municipal bonds.

Public Pension Reform

Monitor federal legislative proposals related to public pensions, e.g., the Public Employee Pension Transparency Act, which could significantly impact the Florida Retirement System.

Environment

RESTORE Act

Monitor the resolution of the civil trial between BP and the Department of Justice, including allocation of fines via the Clean Water Act or Natural Resource Damage Assessment processes. *Monitor* Federal implementation of the RESTORE Act to ensure continued benefit to Charlotte County. *Support* efforts to secure funding for Charlotte County.

Charlotte Harbor Conservation; Central Sewers

Support efforts to secure funding for Charlotte County sewer system expansion.

Stump Pass and Knight Island

Monitor opportunities for Federal involvement in a solution at Stump Pass to address sediment management and erosion of the adjacent beaches, and to provide for safer navigation. *Monitor* the Federal Emergency Management Agency's future interpretation of Eligible Sand Replacement on Public Beaches fact sheet.

Offshore Energy Exploration

Monitor the potential expansion of offshore energy exploration in Florida's Federal waters.



Waters of the United States

Monitor activity related to the EPA's proposed rule on waters of the U.S. **Oppose** any aspects of the proposed rule that could lead to unrealistic and over-burdensome regulations that would negatively affect Charlotte County.

Transportation

Transportation Authorization

Support full funding of transit programs to their MAP-21 authorized levels. **Monitor** proposed changes to Federal highway and transit programs. **Monitor** efforts to enhance Federal transportation revenue streams. **Support** any and all opportunities to secure funding for Charlotte County priorities via this legislation or other means, including Piper Road and Burnt Store Road.

Federal Aviation Administration Authorization

Support \$3.35 billion in annual appropriations for the Airport Improvement Program. **Support** Charlotte County Airport Authority grant proposals through the FAA Airport Improvement Program. **Support** annual full and dedicated funding for the FAA Contract Tower Program.

Economic Development & Social Services

Economic Development Administration Programs

Support Charlotte County EDA grant applications as applicable, including potential applications for improvements to Parkside, Charlotte Harbor, and Murdock Village Community Redevelopment Areas or other infrastructure projects. **Monitor** continued funding of the Economic Development Administration.

Community Services Block Grants & the Low Income Home Energy Program

Monitor funding levels for the Community Services Block Grant and the Low Income Home Energy Program because of their critical role in the County's efforts to support those that are least fortunate. **Support** any applicable funding opportunities for the Human Services Department.



FEDERAL ISSUE: National Flood Insurance Program

BACKGROUND; HOW IT MAY AFFECT CHARLOTTE COUNTY: In 1968, Congress established the NFIP to address the nation's flood exposure and challenges inherent in financing and managing flood risks in the private sector. Private insurance companies at the time claimed that the flood peril was uninsurable and, therefore, could not be underwritten in the private insurance market. A three-prong floodplain management and insurance program was created to (1) identify areas across the nation most at risk of flooding; (2) minimize the economic impact of flooding events through floodplain management ordinances; and (3) provide flood insurance to individuals and businesses.

Until 2005, the NFIP was self-supporting as policy premiums and fees covered expenses and claim payments. Today, the program is in roughly \$25 billion in debt due to a number of large storms, the most recent being Sandy.

In mid-2012, Congress passed, and the President signed a 5-year reauthorization of the National Flood Insurance Program (NFIP) that attempted to restore the program to firmer financial footing by making a number of changes to the program that impacted the County's residents. This is known as Biggert-Waters.

Then, on March 21, 2014, H.R. 3370 was enacted, the Homeowner Flood Insurance Affordability Act that attempts to address some of the so-called unintended consequences of Biggert-Waters.

What the New Law Does

1) **Caps Annual Rate Increases for pre-FIRM Primary Homes**

- Ensures that those pre-FIRM primary residence policyholders whose rates have gone up will have rate increases within their specific insurance property class of between 5 and 15 percent per year (18 percent for any specific home).
- Provides actual refunds to policyholders who will have overpaid after the passage of the bill (guidance within 8 months, reimbursement between 14-16 months)
- Removes the sales trigger

2) **Reinstates Grandfathering**

- Does away with Section 207 of BW12 and reinstates "grandfathering" for primary homes which will stay with the property (homes that were built to code post-FIRM will not have rate increases due to changing flood maps)

3) **Develops surcharges to pay for the cost of the bill**

- Creates an annual surcharge of \$25 for all primary residences and \$250 for business and second home owners

4) **Provides options to lower policy rates**

- Provides for policy deductibles of up to \$10,000
- Allows for monthly payment of premiums



5) **Focuses on future mitigation and affordability**

- Requires FEMA to develop specific guidelines within one year to provide policyholders with mitigation opportunities to receive lower premiums
- Ensures that future mitigation activities will provide premium discounts
- Provides additional funding and a new deadline of 2 years from enactment for the FEMA affordability study, which will have to consider mitigation assistance and means-tested premium assistance
- Requires a future FEMA “affordability framework”

6) **Flood Insurance Advocate**

- Creates a Flood Insurance Advocate

What it Doesn't Do

- Does not offer relief to second homes and businesses (subject to continued 25 percent annual increases until actuarial rates are reached)
- Rates can increase more than 18 percent each year if a policy lapses, the community's Community Rating System (CRS) rating is “downgraded” or there is a decrease in deductible or increase in coverage

Meanwhile, the County will need to remain vigilant to ensure the public fully benefits from the changes to Biggert-Waters enacted on March 21, 2014. Such steps include:

1. **Educate the community about H.R. 3370 and how it will help some constituents**
2. **Gather hard data related to business owners and homeowners who are not helped by H.R. 3370**
3. **Monitor FEMA implementation of H.R. 3370, including:**
 - a. Rate increases and the schedule of such increases
 - b. Create a Flood Insurance Advocate to educate and assist policyholders and coordinate outreach
 - c. Allow for optional high-deductible policies for residential properties
 - d. Clearly communicate full flood risk determinations to individual property owners regardless of whether their premium rates are full actuarial rates
 - e. Changes to map revision protocols
 - i. Before commencement of any map updating process, notify each community affected by the mapping model that FEMA plans to use and provide an explanation of why such model is appropriate
 - ii. Provide each affected community a 30-day period to consult with FEMA regarding the appropriateness of the model to be used
 - iii. Upon completion of the first Independent Data Submission, transmit a copy of such information to the affected community, provide the community a 30-day period during which they may provide data to FEMA that can be used to supplement or modify the existing data, and incorporate any data that is consistent with prevailing engineering principles
 - iv. Notify a community's member of Congress and Senators
 - f. Study of voluntary community-based flood insurance options (no date set for completion of study)
 - g. Follow any FEMA effort to secure reinsurance of coverage provided by the NFIP from private markets



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4. **Work with Congress to ensure FEMA meets the deadlines set forth in H.R. 3370, including the following reports and/or other actions:**
 - a. *8 months*: guidance to provide refunds to pre-FIRM primary homeowners who overpaid
 - b. *12 months*: guidelines for property owners describing alternative means of flood mitigation, other than elevation, that can reduce flood risk and inform property owners about how mitigation can lower premiums
 - c. *14 to 16 months*: actual refunds provided to those who overpaid
 - d. *18 months*: Affordability Study (using \$2.5 million in funding)
 - e. *18 months*: “Draft Affordability Framework” that addresses the “issues of affordability of flood insurance sold” via the NFIP. Draft framework shall consider:
 - i. Communication to consumers of flood risk
 - ii. Targeted assistance to policyholders based on ability to participate in the NFIP
 - iii. Individual or community actions to mitigate risk or lower the cost of flood insurance
 - iv. The impact of increases in premium rates on participation in the NFIP
 - v. The impact of rate map updates on affordability
 - f. *18 months*: a report assessing the impact of rate increases on the affordability of flood insurance for the following:
 - i. Small businesses with less than 100 employees
 - ii. Non-profit entities
 - iii. Houses of worship
 - iv. Residences with a value equal to or less than 25 percent of the median home value of properties in the State in which the property is located
 - g. *18 months*: allow for the monthly payment of flood insurance premiums
 - h. Ensure reporting from FEMA to Congress of number of annual policy premiums that exceed one percent of the total coverage provided by the policy
5. **Work with Congress to fix any unintended consequences that may occur, as well as improve the National Flood Insurance Program for the benefit of all participants**

RECOMMENDED POSITION: *Monitor* changes to flood insurance rates for homeowners and businesses in Charlotte County. *Monitor* FEMA’s implementation of H.R. 3370, the Homeowner Flood Insurance Affordability Act. *Monitor* FEMA’s attention to deadlines as set forth in H.R. 3370, particularly with regard to specific reports and/or other actions. *Support* efforts to fix any unintended consequences that may occur after the passage of H.R. 3370, as well as improve the National Flood Insurance Program for the benefit of all participants.



FEDERAL ISSUE: Remote Sales-Tax Legislation

BACKGROUND; HOW IT MAY AFFECT CHARLOTTE 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, 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, in effect give their customers a discount by collecting no state or local sales taxes. Consumers are left with the confusing yet legal responsibility to report the sales taxes owed on online purchases on their tax returns.

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. It is also a drain on local government revenues. In 2014, uncollected sales tax is estimated to cost local governments \$23 billion nationwide.

To correct this inequity across the country, Congress introduced legislation in both the House and Senate during the 112th Congress that would allow states to collect these taxes from out-of-state retailers that do not have a physical presence in their state. Though it received some support, it was not passed by either chamber.

In the 113th Congress, the bill was reintroduced as the Marketplace Fairness Act in both the House and Senate (S. 743 and H.R. 684). This version of the bill would create two systems, from which states can choose, to facilitate the process of collecting these taxes. The first is the already established Streamlined Sales and Use Tax Agreement would accomplish this by simplifying state and local sales and use tax laws. 24 states have already signed this agreement, which is also supported by the National Association of Counties. The second alternative would allow for states to meet minimum requirements for their state tax laws and administration thereof. To protect small, online retailers, this legislation also exempts sellers who make less than \$1,000,000 in total remote sales from the requirement to collect the tax.

In May 2013, the Senate passed the legislation with significant bipartisan support by a vote of 70-24, with Senator Nelson voting for the measure and Senator Rubio against it.

In the House, the Marketplace Fairness Act (H.R. 684) faces an uncertain future though the bill has significant support with 66 cosponsors, including Florida Representatives Deutch, Crenshaw, Ross, Wilson, and Diaz-Balart. It also has the support of local, state, and national business groups, such as the Florida Chamber of Commerce, Associated Industries of Florida, Florida TaxWatch, Florida Retail Federation, and Amazon.com.

Most recently, Rep. Jason Chaffetz (R-UT) has indicated that he is working with House Judiciary Committee Chairman Bob Goodlatte (R-VA) to introduce an alternative measure based on the Senate-passed legislation, but with targeted changes. Those mentioned would include language aimed at facilitating the compliance and auditing system, as well as a new provision that would replace the Senate's \$1,000,000 exemption with a phase-in period for these businesses to comply with collecting these taxes. There is no timetable for action in the House. Should the House consider related legislation before the end of the 113th Congress, it would have to be reconciled in conference committee with the



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Senate-passed bill. There have also been conversations related to ceding authority over the leveling of sales taxes on online and catalog purchases to states. The legislation could essentially let each state decide how to handle the issue individually.

RECOMMENDED POSITION: **Support** legislation that requires companies making catalog and internet sales to collect and remit the associated taxes.



FEDERAL ISSUE: Transient Occupancy Taxes

BACKGROUND; HOW IT MAY AFFECT CHARLOTTE COUNTY: In the 111th Congress, attempts were made by senior Senators to insert language into various pieces of legislation that would have exempted Online Travel Companies (OTC), e.g., Expedia, Travelocity, and others, from remitting taxes based on the retail rate paid by the end consumer. For instance, if Expedia or a similar purveyor were to pay \$60 for a room in Charlotte County and then sell that room to a consumer for \$100, they would be able to, under the proposal, only remit \$6 dollars to the local government instead of \$10 (using a 10 percent bed tax for illustrative purposes).

In late 2009, 17 Florida counties filed an action against a number of online travel companies alleging that the companies have failed to collect and/or pay taxes under the respective tourist development tax ordinances. During 2012, there were several Florida State Circuit Court cases that ruled in favor of the OTCs. Two cited that Florida law is not clear on the issue, while a Circuit Court Judge ruled more directly in July that the OTCs only owe local tourist taxes on the discounted rates they paid for the rooms.

In late September of 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 February of 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.

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. Earlier 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 May 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.

From October 2011 through September 2012, Charlotte County collected \$2,461,026 in transient occupancy taxes, which is used to support the tourism industry in our region. 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 Charlotte County and its political subdivisions the opportunity to collect the appropriate Transient Occupancy Taxes from visitors to the region.



FEDERAL ISSUE: Tax-Exempt Bonds

BACKGROUND; HOW IT MAY AFFECT CHARLOTTE COUNTY: Although municipal bonds have been tax-exempt for almost 100 years, a number of Federal proposals continue to be discussed which target the tax exemption of tax-exempt bonds, particularly as part of the debate to end the sequester or reduce Federal spending. 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 increase borrowing costs for state and local governments, ultimately leading to higher taxes or reduced services. Specifically:

- The Administration has proposed as part of a jobs and deficit reduction plan to limit the benefit of itemized deductions and certain exclusions to 28 percent for higher income taxpayers.
- The Administration's plan also includes a new debt reduction trigger which could further limit the exclusion for tax-exempt bond interest income below 28 percent. The new trigger could limit the tax savings from tax-exempt bonds every year, increasing the risk and the cost of all tax-exempt bonds.
- The Administration's National Commission on Fiscal Responsibility and Reform, also called Simpson-Bowles, has recommended a tax reform plan which would end the tax exemption for newly-issued state and local bonds.
- The Bipartisan Policy Center has proposed a tax reform plan, also known as Domenici-Rivlin, which would end the tax exemption for all new private-purpose bonds.
- Senators Ron Wyden (OR) and Dan Coats (IN) introduced the Bipartisan Tax Fairness and Simplification Act which would replace tax-exempt bonds with taxable bonds and a tax credit.
- Senator Tom Coburn (OK) has proposed a tax reform plan which would repeal the program which authorizes tribes to issue tax-exempt bonds for economic development purposes.
- The Congressional Budget Office has released a report on revenue-raising options which includes a proposal to replace the tax exemption of municipal bonds with a direct subsidy for issuers.

It is estimated that the difference in the rate of earnings the County and other local governments would need to offer prospective buyers of 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 2 percent higher than if the bonds were tax-exempt, the additional cost to taxpayers over the 30 years could be roughly \$30 million.

In early 2014, Rep. Dave Camp (MI), the chairman of the House Ways and Means Committee (with jurisdiction over tax issues) released a comprehensive tax reform discussion draft that proposes to rewrite the individual and corporate tax code. Rep. Camp's comprehensive tax reform proposal contains changes that would affect municipal bonds. Specifically, bonds would become more expensive to offer because high-income individuals who are most likely to invest in municipal bonds would have to pay a 10 percent surtax on their income above a certain threshold and would not be able to deduct the tax-exempt interest. It is unclear how much of an affect this could have on costs, but surely there would be an impact.

In the Senate, Senator Ron Wyden (OR) recently became the Chairman of the Senate Finance Committee, which is the Senate committee of jurisdiction over tax issues. This is significant due to his



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abovementioned efforts related to municipal bonds with Senator Coats in the 112th Congress, though to date he has not reintroduced the same legislation during the 113th Congress.

Meanwhile, in the Administration's Fiscal Year 2015 budget, President Obama again proposed a 28 percent limit on all itemized deductions for high-income individuals. If accepted by Congress, this would apply to all new and outstanding municipal bonds in 2015. 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 cost nearly \$500 billion over the same time period.

These provisions are likely to continue to receive tepid responses from many in Congress. Last year, 140 members of Congress, including 12 members of the Florida delegation, signed letters to leadership asking that the tax exemption for municipal bonds not be altered.

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



FEDERAL ISSUE: Public Pension Reform

BACKGROUND; HOW IT MAY AFFECT CHARLOTTE COUNTY: The sponsors of the Public Employee Pension Transparency Act (Rep. Devin Nunes of CA and Sen. Richard Burr of NC), have stated that public pensions are significantly underfunded and are aiming to ensure what, in their opinion, will be more realistic asset projections compared with expected liabilities.

Specifically, the legislation would require additional reporting of assets and liabilities and more significantly, require that assets in a public plan such as the Florida Retirement System (FRS) are projected to grow at the rate of Treasury securities instead of more optimistic projections tied to historic stock market indices, thereby greatly increasing plan liabilities. This might require projected growth rates of less than 1 percent annually instead of growth rates of 7.75 percent, which is what the Florida Retirement System used between 2009 and 2011. The legislation would also disallow any future federal bailout of public pension plans, and would penalize local governments that do not comply with the disclosure requirements of the bill by removing the tax-exemption on their bonding authority. Ultimately, the legislation would likely make local government participation in pension plans more expensive, yet it would also aim to make them more secure.

In 2012, Sen. Orrin Hatch (UT), the Ranking Member of the Senate Finance Committee, released a report saying that public pension debt “threatens America” and that “defined benefit pension plans are inappropriate for state and local governments.” He concluded his report by stating his intention to introduce a legislative solution in the future.

Rep. Nunes and Sen. Burr reintroduced the Public Employee Pension Transparency Act in the 113th Congress. Rep. Nunes’ bill (H.R. 1628) has 10 cosponsors in the House, while Sen. Burr’s companion bill (S. 779) has 2 cosponsors in the Senate.

RECOMMENDED POSITION: *Monitor* federal legislative proposals related to public pensions, e.g., the Public Employee Pension Transparency Act, which could significantly impact the Florida Retirement System.



FEDERAL ISSUE: RESTORE Act

BACKGROUND; HOW IT MAY AFFECT CHARLOTTE COUNTY: In April 2010, an explosion at the Deepwater Horizon oil rig caused the worst oil spill in U.S. history with almost 5 million barrels of oil spilling into the Gulf of Mexico. BP has largely been held responsible for the spill.

In the summer of 2012, Congress passed the RESTORE Act, which mandated that 80 percent of Clean Water Act civil damages from the spill be allocated directly to the five impacted states, including Florida. The legislation also contained additional language related specifically to Florida as to how its allocation should be spent by a state consortium and individual counties along the Gulf.

Since the spill, BP has settled with the Federal government for \$4.5 billion to resolve criminal charges against it. The company has also estimated that it will spend nearly \$8 billion to provide compensation for economic damages. Finally, BP has agreed to provide an interim payment of \$1 billion to repair natural resources via the Natural Resource Damage Assessment (NRDA) process. Based on the law, this last payment is tax-deductible for the company.

BP and the Department of Justice (DOJ) have attempted to negotiate a settlement to civil charges, but to no avail. A civil trial began in February 2013 and could take up to a decade or more to resolve.

In November 2012 the Environmental Protection Agency (EPA) suspended BP's ability to secure new Federal contracts for its "lack of business integrity." BP is the largest supplier of fuel to the U.S. military and was also unable to compete for new oil and gas leases on Federal lands. BP sued to have this suspension lifted. The EPA's action against BP was perceived to be an attempt to force BP's hand to settle the civil charges related to the Deepwater Horizon spill, including those impacting funding for the RESTORE Act. However, in March of 2014, the EPA resolved the lawsuit BP filed by removing these restrictions; and with them, some leverage they may have provided for an expedited settlement of the DOJ's case against BP.

BP could face fines ranging from \$5 billion to roughly \$20 billion under the Clean Water Act, funds from which would then flow to Gulf States via the RESTORE Act. The amount of the fine is dependent on whether BP was "grossly" negligent or not. However, if DOJ and BP settle civil charges or if the lawsuit is resolved under the NRDA process, the authority to spend the fines would remain with Federal agencies, not the states. BP would also receive a tax deduction for the amount of the fines. Nearly all Gulf Senators and many members of Congress have been united in their objection to a government settlement with BP under the NRDA process.

If the lawsuit is resolved via Clean Water Act fines, the Department of the Treasury has been tasked with implementing the RESTORE legislation. The Treasury has drafted regulations to guide the delivery of any funds to the Gulf region, but they have yet to be finalized. The County commented on these draft regulations.

Meanwhile, DOJ in January 2013 settled a suit with Transocean for their role in the Deepwater Horizon Oil Spill. As a result of the agreement, Transocean will pay the government \$1 billion in Clean Water Act fines, resulting in the first allocation of funding, expected to be \$800 million, to be distributed via the RESTORE Act.



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RECOMMENDED POSITION: *Monitor* the resolution of the civil trial between BP and the Department of Justice, including allocation of fines via the Clean Water Act or Natural Resource Damage Assessment processes. *Monitor* Federal implementation of the RESTORE Act to ensure continued benefit to Charlotte County. *Support* efforts to secure funding for Charlotte County.



FEDERAL ISSUE: Charlotte Harbor Conservation; Central Sewers

BACKGROUND; HOW IT MAY AFFECT CHARLOTTE COUNTY: The health of Charlotte Harbor is critical to the future of Charlotte County. A significant issue that threatens the Harbor is the need to transition residents from older, often failing septic systems to central sewers.

The Environmental Protection Agency estimates that over the next 20 years, the nation must collectively invest \$390 billion to update or replace existing wastewater systems and build new ones to meet increasing demand. This is an issue that affects the whole country, but in Charlotte County, fewer than 60,000 of our residents are on central sewer.

As many of our homes are within 150 feet of waterways that flow into the Harbor, we must help people connect to central sewers. The County is currently undertaking the first phase of converting homes within close proximity to the Harbor to central sewer. In addition to taking advantage of State Revolving Funds and tax assessments, we are pursuing funding for additional phases of this environmentally significant project.

The RESTORE Act could also offer the County opportunities to develop central sewers. In late 2012, the County presented a proposal to the Charlotte Harbor National Estuary Program for a more than \$16 million project to remove septic systems, install a central sewer system, construct stormwater improvements, and implement an educational program on Best Management Practices on 10,400 total properties, 6,800 of which are existing homes.

By providing a long term solution to significantly reduce non-point source pollutants into the receiving waters of Charlotte Harbor, the ability to support economic activities dependent on water quality will improve with the reduction/elimination of beach closures, sanitary health hazard complaints, and related impacts of nutrient and sediment loading. Removal of septic systems will increase the amount of developable land for businesses and provide for a larger variety of uses. Improving water quality will retain and increase tourism. And, a continuation of the cooperative effort between public, private, and nonprofit organizations will continue the enforcement of water quality regulations and Best Management Practices.

RECOMMENDED POSITION: *Support* efforts to secure funding for Charlotte County sewer system expansion.



FEDERAL ISSUE: Stump Pass and Knight Island

BACKGROUND; HOW IT MAY AFFECT CHARLOTTE COUNTY: Knight/Don Pedro Island in Charlotte County is a popular tourist destination and residential area that lies to the south of the Stump Pass inlet. Independent engineering analyses have demonstrated that the inlet causes severe erosion to these downdrift beaches, yet it still serves as a vital navigation inlet for recreational and other boating.

To address the inlet impact and to maintain its navigational use, Charlotte County implemented a management plan and beach restoration project in 2003 by dredging Stump Pass' navigation channel and ebb shoal and transferring that sand to the downdrift beaches. Directly bypassing the trapped sand offsets erosion losses and protects upland development on the islands while also providing for safer navigation. In 2006 and 2011, the County conducted storm damage recovery and maintenance projects to address severe erosion and navigational concerns experienced in the wake of the 2004 and 2008 hurricane seasons. Unfortunately, these efforts are not long-term solutions for Stump Pass.

Congress provides the U.S. Army Corps of Engineers with standing authorization, known as the Continuing Authorities Programs (CAP), to respond to a variety of water resource problems without the need to seek specific congressional authorization or funding for each project. Related specifically to Stump Pass, two authorities are likely most relevant. They include CAP Sections 103 (Small Beach Erosion Control Projects) and 107 (Small Navigation Projects).

In 2012, the County engaged the Corps to explore opportunities to work with the Corps on solutions to Stump Pass erosion and shoaling concerns. A Corps team from the Jacksonville District visited the County to meet with staff, gather information, and tour Stump Pass and the downdrift beaches. While the Corps determined that there was little opportunity to get involved given the limitations of their authorities, there may be other Federal opportunities in the future.

Meanwhile, the County has appealed the Federal Emergency Management Agency's decision that no eligible beach erosion occurred on Knight Island during Tropical Storm Debby. In fact, the storm caused significant erosion to various areas of the improved beach on Knight Island and the County seeks a reassessment of FEMA's Eligible Sand Replacement on Public Beaches policy as it pertains to this and other projects throughout Florida and the nation.

RECOMMENDED POSITION: **Monitor** opportunities for Federal involvement in a solution at Stump Pass to address sediment management and erosion of the adjacent beaches, and to provide for safer navigation. **Monitor** the Federal Emergency Management Agency's future interpretation of Eligible Sand Replacement on Public Beaches fact sheet.



FEDERAL ISSUE: Offshore Energy Exploration

BACKGROUND; HOW IT MAY AFFECT CHARLOTTE COUNTY: Active energy drilling currently occurs in both the western and central Gulf of Mexico. However, nearly the entire eastern Gulf is protected from drilling until 2022 by the Gulf of Mexico Energy Security Act of 2006 (GOMESA). State waters in the Gulf of Mexico extend 10.5 miles from shore. The Federal government controls waters beyond that point.

In the 112th Congress, the House of Representatives voted to expand offshore oil drilling, including in the eastern Gulf of Mexico in an effort to lower gas prices and increase domestic revenue. Specifically, the House passed three pieces of legislation that would reverse all current oil moratoriums, require the Department of Interior to revisit oil projects that were rejected after the Deepwater Horizon spill, and make acreage of the Outer Continental Shelf that is currently unavailable to lease available for drilling, including the eastern Gulf of Mexico and the Atlantic Coast. Similar legislation was introduced in the Senate, but it failed to receive the necessary votes to be considered.

Late in 2011, the Administration proposed its OCS Oil and Gas Leasing Program for 2012-2017. Within the program, the Administration does not propose to lease any areas in the Atlantic for oil and gas drilling.

In response to the plan, 180 members of Congress from both political parties sent a letter to the Administration asking that they open up more areas of the OCS to drilling, including additional areas in the eastern Gulf. Four members of the Florida House delegation signed the letter.

However, the Administration also signaled its intentions in its five-year OCS Oil and Gas Leasing Program to allow seismic analysis to determine resource potential in the Atlantic, and recently took a big step in moving forward with that plan, which could eventually lead to offshore drilling in the Atlantic OCS from Delaware to parts of Florida.

In February, the Department of Interior's Bureau of Ocean Energy Management (BOEM) finalized a Programmatic Environmental Impact Statement (PEIS) on seismic air-gun testing for offshore oil and gas exploration in the Atlantic Ocean, which opens the door for industry groups to conduct the first new oil and gas surveys in three decades. Specifically, the final plan allows for the deployment of high-volume air-guns in Federal waters to pinpoint the depth and size of oil and gas deposits, and though it is viewed by many to include the most stringent regulations to mitigate against the effects these air guns may have on wildlife, some continue to oppose the PEIS.

This PEIS could be signed as early as April, though any decisions about any future oil and gas exploration leases in areas off the Atlantic would be made by President Obama's successor. Should the analysis of the seismic surveys be completed in time for potential inclusion in the next DOI OCS Oil and Gas Leasing Program for 2017-2022, some believe that drilling could take place in areas identified as having resource potential as early as 2020.

Senator Mary Landrieu (D-LA) applauded the decision and took the opportunity to discuss the need for expanded revenue sharing between the Federal government and states that have oil and gas production off their coasts, something which she has long favored. Senator Landrieu recently became Chair of the



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Senate Energy and Natural Resources Committee, which has jurisdiction over these issues, and is generally seen as agreeing with the committee's Ranking Member, Senator Lisa Murkowski (R-AK), on the need to open more areas of the U.S. OCS for exploration.

In the 113th Congress, Senators Landrieu and Murkowski introduced S. 630, the Fixing America's Inequity with Revenues (FAIR) Act, which promotes new drilling by offering increased revenue sharing and also includes renewable energy proposals to entice support from generally anti-drilling advocates. Specifically, states would receive 27.5 percent of royalties from offshore fossil or renewable energy, and an additional 10 percent if the state creates a fund to support clean energy and energy conservation programs. Currently, States receive 50 percent of royalties from onshore fossil fuels development on Federal lands; this revenue sharing program would also be expanded to include renewable energy. Additionally, revenue sharing under the FAIR Act would apply to all OCS revenue. One of the primary goals of this legislation is to entice Senators beyond the four Gulf oil and gas producing states to support opening up areas for oil and gas exploration where there is currently a moratorium, through the prospect of direct royalties to their states.

In the House of Representatives, the Chairman of the Natural Resources Committee, Rep. Doc Hastings (R-WA) introduced legislation similar to what he introduced in the previous Congress, the Offshore Energy and Jobs Act, H.R. 2231, which would expand offshore energy exploration and production by requiring the Obama administration to submit a new five-year offshore plan for the OCS Oil and Gas Leasing Program to include lease sales off the coasts of Alaska, Virginia, South Carolina, and parts of California. H.R. 2231 would also require that the Obama Administration lift its current moratorium on lease sales for the east coast of Florida in its current 2012-2017 lease plan. The Administration has issued a veto threat for this legislation and it is unlikely to be considered in the Senate. Although he is retiring after this term, Rep. Hastings and his House colleagues are certain to keep up the pressure to open further areas to future drilling.

RECOMMENDED POSITION: *Monitor* the potential expansion of offshore energy exploration in Florida's Federal waters.



FEDERAL ISSUE: Waters of the United States

BACKGROUND; HOW IT MAY AFFECT CHARLOTTE COUNTY: A series of decisions by the U.S. Supreme Court over the past decade imposed restrictions on the scope of wetland regulation governed by Section 404 of the Clean Water Act (CWA) that regulate “dredge and fill” activities in navigable waters and their adjacent wetlands. Opponents of these restrictions have urged Congress to redefine waters of the U.S., and apply that definition to all aspects of the CWA.

As legislation along those lines failed to pass previous Congresses, the Environmental Protection Agency (EPA), in partnership with other Federal agencies, has begun to develop guidance to redefine waters of the U.S. It appears that their efforts are focused on expanding as broadly as possible the definition of waters of the U.S. to include tributaries, ditches, canals, and all water bodies that can potentially drain into navigable waters, interstate waters, or the territorial seas. That guidance generated over 400,000 public comments, most of which called for a formal rulemaking with clear distinctions of what is and what is not a water of the U.S.

At the end of 2013, the EPA submitted a proposed rule to the Office of Management and Budget (OMB) for review and concurrently released a report on the connectivity of water to provide a scientific rationale for concluding that virtually all bodies of water contribute flow to waters subject to Federal jurisdiction and should therefore be subject to regulation under the CWA.

Due to the controversy surrounding the EPA’s guidance, the proposed rule has already been significantly delayed. However, in late 2013, a copy of the proposed rule was leaked, and it was found to propose major changes to the scope and application of the CWA, including:

- All water bodies would be subject to Federal jurisdiction or case-by-case review unless expressly exempted from jurisdiction. This would include:
 - Waste treatment systems
 - Prior converted cropland (as determined by the EPA)
 - Artificially irrigated areas that would revert to upland without irrigation
 - Artificial lakes or ponds created by excavation or by diking dry land (stock watering ponds, irrigation, settling basins, or rice growing)
 - Artificial reflecting or swimming pools
 - Small ornamental waters created in dry land
 - Water-filled depressions incidental to construction
 - Groundwater drained through subsurface drainage systems
 - Gullies, rills, non-wetland swales, and puddles
 - Ditches excavated entirely in upland areas that drain only uplands or non-jurisdictional waters, and have no more than ephemeral flow
 - Ditches that do not contribute flow to otherwise jurisdictional waters
- Under the leaked rule, the term “adjacent” would apply to *all* adjacent waters, not just wetlands, and would include “neighboring” waters located within a riparian area or floodplain to be determined by the EPA.
- All tributaries would be waters of the U.S. and are defined as any water body with a bed, bank and ordinary high-water mark, even if that tributary for any length has a man-made break (bridge, culvert, pipe, dam) or a more natural break (wetland, debris pile, boulder, underground stream).



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Tributaries can be natural, man-altered, or man-made unless expressly exempted. This includes ephemeral, intermittent, and seasonal streams.

- Federal jurisdiction of “other waters” would be determined on a case-by-case review if they either alone or in combination with other similarly situated waters in the area are determined to have a “significant nexus” (anything more than speculative or insubstantial) to navigable waters, interstate waters, or the territorial seas.

Because this definition of waters of the U.S. under the proposed rule would apply to all aspects of the CWA, its impact will be much broader than expanding the jurisdiction of the Section 404 program. For example, features of municipal separate storm sewer systems can be defined as waters of the U.S., requiring not only the regulation of discharges from the system, but also runoff into the system. Roadside ditches that have more than ephemeral flow and drain into another water body could also be defined as waters of the U.S. and the runoff into the ditch would be regulated. As waters of the U.S., all these water bodies would be subject to use attainability designation and appropriate numeric affluent standards could be imposed on each.

This is particularly troubling for Florida given its unique flood control systems throughout the state, all of which would likely fall under the new definition of waters of the U.S. and would be subject to stringent and expensive new regulation.

The draft proposed rule is expected to be released in early 2014 and public comment will be open for either 60 or 90 days.

Congress has paid some attention to this issue over the past several years. In the House, there have been efforts to attach legislative “riders” to various appropriations bills to stop implementation of the rule. However, these efforts have ultimately failed, allowing EPA and other Federal agencies to continue their work. Meanwhile, on the other side of the issue, nearly 100 members of Congress recently wrote to the EPA asking that they release the rule as quickly as possible (although the letter did not outright support the content of the rule). Once a formal rule is published this year, it is likely that Congress will engage again in an effort to at least alter, if not completely disregard the EPA’s rule.

POSITION: *Monitor* activity related to the EPA’s proposed rule on waters of the U.S. *Oppose* any aspects of the proposed rule that could lead to unrealistic and over-burdensome regulations that would negatively affect Charlotte County.



FEDERAL ISSUE: Transportation Authorization

BACKGROUND; HOW IT MAY AFFECT CHARLOTTE COUNTY: After several years of short-term authorizations, Congress passed and the President signed the Moving Ahead for Progress in the 21st Century Act (MAP-21) on July 6, 2012. MAP-21 funds Federal surface transportation programs at roughly the levels of the previous authorization (\$48 billion) through September 30, 2014, which means that Congress will need to begin to craft the follow-on legislation to MAP-21 well before the end of the 113th Congress.

Through its Federal advocacy efforts, the County was successful in challenging the proposal in the original Senate legislation that would have terminated Metropolitan Planning Organizations (MPO) that contain urbanized areas (UZA) with a population of fewer than 200,000, which would have eliminated the County's MPO.

MAP-21 also eliminated or consolidated many programs, transformed nearly all discretionary transportation grant programs into formula programs, and left much discretion to state Departments of Transportation on how to allocate funding among the remaining programs.

One of those changes was the removal of dedicated funding for several programs, including Safe Routes to School, Recreational Trails, and the Transportation Enhancements program. The legislation instead created a new Transportation Alternatives Program (TAP). Under this consolidated program, funding for these activities will be reduced by approximately \$300 million annually from current levels of funding. Fifty percent of Florida's \$49.9 million annual TAP allocation for Fiscal Years 2014 and 2015 will be sub-allocated within the state based on population, while the remaining fifty percent will be allocated by the Florida Department of Transportation (FDOT).

Under the transit funding formula apportionments of MAP-21, the North Port-Port Charlotte UZA is expected to receive \$2,151,529 in Fiscal Year (FY) 2014 from the Federal Transit Administration (FTA) Section 5307 Urbanized Area program. Additionally, Charlotte County could see formula funding from the previously competitive discretionary Section 5339 Bus and Bus Facilities program, which provides funds to rehabilitate or replace buses or bus equipment and/or to construct bus facilities. Florida is expected to have \$4,681,580 available in FY 2014 for transit agencies in UZA's with populations between 50,000 and 199,999. For eligible entities in UZA's of this size, FDOT will also have \$4,578,587 available for transportation programs that help meet the special needs of elderly individuals and individuals with disabilities from the Section 5310 Enhanced Mobility of Seniors and Individuals with Disabilities program.

In developing MAP-21, Congress did not address the need for a long-term, sustainable plan to finance our nation's transportation infrastructure. Fuel taxes, which currently provide most of the money for surface transportation, do not provide a solid long-term foundation for generally desired transportation funding growth, even if Congress were to raise them modestly. The choice then becomes finding new sources of income for an expanded program, or alternately, to settle for a smaller program that might look very different than the one currently in place. Less Federal funding via a future transportation reauthorization bill would mean significantly less funding available to FDOT, and ultimately Charlotte County, to support both surface transportation and transit projects and programs.



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In the 113th Congress, Rep. John Delaney (D-MD) has proposed legislation in the attempt to spur investment in U.S. infrastructure through the repatriation of corporate funds overseas and increasing public-private partnerships. The Partnership to Build America Act (H.R. 2084) would create a \$50 billion dollar “American Infrastructure Fund” (AIF) that can be leveraged as high as \$750 billion for loans and loan guarantees. The bill would not require annual appropriations, being funded instead through the sale of 50-year bonds that are not guaranteed by the Federal government and pay one percent interest. To incentivize U.S. corporate investment in these bonds, they would be allowed to send home a certain dollar amount (to be determined by auction) in overseas earnings, tax-free, for every dollar they invest in the bonds. The fund would then provide loans or loan guarantees to states and local governments to finance transportation, energy, education, communications, and water infrastructure projects. This bill would continue to encourage public-private partnerships by requiring that a minimum of 25 percent of AIF financed projects be public-private partnerships, from which at least 20 percent of the project’s funding comes from private capital. H.R. 2084 currently has bipartisan support with 55 cosponsors (29D, 26R), including Florida Reps. Patrick Murphy, Joe Garcia and Ted Yoho. In the Senate, companion legislation, S. 1957, was recently introduced by Senator Michael Bennett (D-CO), and has 12 cosponsors (7R, 4D, 1I). The legislation appears to be garnering nearly equal support from both parties, which is a positive indicator.

Meanwhile, in early 2014, House Ways and Means Committee Chairman, Rep. Dave Camp (R-MI), released a comprehensive tax reform discussion draft that includes a proposal that would transfer \$126.5 billion into the Highway Trust Fund from some of the proceeds from another provision in the proposal related to repatriating income from foreign subsidiaries of U.S. corporations. This would help to fill about half of the Highway Trust Fund’s anticipated shortfall needed to fund a six-year surface transportation bill at current spending levels. Regardless of the potential merits of such a proposal, which still would only provide a partial and temporary solution to the Highway Trust Fund revenue shortage, Rep. Camp’s proposal is unlikely to move forward this year.

Most recently, the Administration’s Fiscal Year 2015 budget offered a proposal for a \$302 billion four-year transportation reauthorization bill to follow MAP-21. Like Rep. Camp’s plan, it also suggests corporate tax reform in order to address the Highway Trust Fund’s insolvency issues, and pay for the many proposed provisions within, which include:

- \$206 billion for investments in the highway system and road safety (a 22 percent annual increase from MAP-21).
- \$72 billion to invest in transit systems and expand transportation options (a 70 percent annual increase).
- \$9 billion in competitive funding:
 - \$5 billion (\$1.5 billion annually) to increase funding for the TIGER program. It also calls for the permanent authorization of the program.
 - \$4 billion (\$1 billion annually) for new grant program “to incentivize innovation and local policy reforms to encourage better performance, productivity, and cost-effectiveness” in transportation systems.
- \$10 billion for a multimodal freight grant program for rail, highway, and port projects that address the greatest needs for increase efficiency of the movement of goods in the U.S. and abroad.
- \$4 billion for continued annual funding of the Transportation Infrastructure Finance and Innovation Act (TIFIA) loan program to encourage more private investment in infrastructure.



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The proposal also calls for policy changes to increase local participation in Federal transportation funding decisions, which echoed testimony provided in a recent House Transportation and Infrastructure hearing about the reauthorization of new transportation programs. Several comments were made in support of providing some additional level of local control over transportation funding decisions, particularly given that local governments can help leverage funds, yet have little to no influence over funding decisions under MAP-21.

RECOMMENDED POSITION: *Support* full funding of transit programs to their MAP-21 authorized levels. *Monitor* proposed changes to Federal highway and transit programs. *Monitor* efforts to enhance Federal transportation revenue streams. *Support* any and all opportunities to secure funding for Charlotte County priorities via this legislation or other means, including Piper Road and Burnt Store Road.



FEDERAL ISSUE: Federal Aviation Administration Authorization

BACKGROUND; HOW IT MAY AFFECT CHARLOTTE COUNTY: Congress passed a new reauthorization of Federal Aviation Administration (FAA) in February 2012 that extends the program through Fiscal Year (FY) 2015.

Airport Improvement Program

Among other things, the legislation authorizes \$3.35 billion annually for the Airport Improvement Program (AIP). 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 Punta Gorda Airport and is subject to annual appropriations by Congress. With the tremendous growth in passenger traffic at the Punta Gorda Airport, including a 69 percent increase in 2011 from the prior year, it is critical to ensure that the airport can compete for sufficient Federal funding as necessary to continue its growth.

In its Fiscal Year (FY) 2013 budget, the Administration proposed to lower funding for the AIP program to \$2.4 billion, a reduction of \$926 million, by eliminating guaranteed funding for large and medium hub airports. The budget attempts to focus federal grants to support smaller commercial and general aviation airports that do not have access to additional revenue or other outside sources of capital. At the same time, the budget would allow larger airports to increase non-federal passenger facility charges (PFC), thereby giving larger airports greater flexibility to generate their own revenue.

In its FY 2014 budget, the Administration proposed a reduction in funding for the AIP from \$3.35 billion in FY 2013 to \$2.9 billion by eliminating guaranteed funding for large and medium hub airports. The Punta Gorda Airport is a non-hub airport. The purpose of this proposal was to focus Federal grant support on smaller commercial and general aviation airports that are less likely to have access to additional revenue or other outside sources of capital. At the same time, the budget would have allowed larger airports to increase non-federal passenger facility charges (PFC), thereby giving them greater flexibility to generate their own revenue. However, in the final FY 2014 omnibus appropriations bill, this was rejected by Congress, and the program received its fully authorized limit at \$3.35 billion. The Administration's FY 2015 budget includes the same proposed changes and funding levels as its FY 2014 budget proposal for the AIP.

In FY 2013, Congress approved the transfer of \$253 million in FY 2012 unobligated AIP funding to the FAA's Operations account to keep air traffic controllers from being furloughed due to sequestration. In the FY 2014 omnibus, funding was provided to avoid a similar situation. However, that transfer is a recent example of Congress addressing short-term operational needs by using long-term infrastructure funding, ultimately damaging the ability of our nation's airports to remain competitive and prosper through targeted infrastructure funding.

Contract Tower Program

Meanwhile, in response to cuts mandated by the budget sequestration, the FAA announced in March, 2013 that it would phase out Federal funding for 149 contract air control towers around the country, including the tower at Punta Gorda Airport. This proposal was met with substantial Congressional and local opposition and ultimately legislation was passed which provided the Department of Transportation flexibility to keep these towers funded through the remainder of FY 2013. It is important to note,



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however, that the funding that was provided to keep these towers open was taken from the AIP, which ultimately resulted in reduced availability of funds for this program in FY 2013.

In the FY 2014 omnibus appropriations bill, Congress provided \$140 million for the FAA Contract Tower Program and added language that guarantees full funding for the entire fiscal year in order to prevent the Administration from making cuts to the program. The Administration's FY 2015 budget did not include a request for dedicated funding for the Contract Tower Program. Airports and related interest groups are advocating for dedicated funding for the Contract Tower Program in the amount of \$149 million for FY 2015.

RECOMMENDED POSITION: *Support* \$3.35 billion in annual appropriations for the Airport Improvement Program. *Support* Charlotte County Airport Authority grant proposals through the FAA Airport Improvement Program. *Support* annual full and dedicated funding for the FAA Contract Tower Program.



FEDERAL ISSUE: Economic Development Administration Programs

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

Local governments or non-profits such as Charlotte County are local sponsors of the projects. For example, infrastructure projects such as those designed to support the recent construction of a Cheney Brothers distribution center in Charlotte County could be eligible for funding from the EDA. Funding from the EDA could also offer opportunities to help fund projects in Community Redevelopment Areas, including road and water infrastructure improvements that can help reinvigorate the regions and lead to additional reinvestment in homes and businesses.

The President's Deficit Commission, as well as more recent Congressional proposals, has proposed the elimination of EDA, as its mission is seen as duplicative by some. In June 2012 the Senate failed to pass the "Economic Development Revitalization Act," which would have reauthorized the Economic Development Administration (EDA) through 2015. EDA's authorization expired in September 2008, but funding via the appropriations process has kept it functioning without an authorization. In addition to reauthorizing EDA, the Senate legislation would increase the authorized funding for the program from \$300 to \$500 million annually. Despite the failure to pass the legislation, the EDA will continue to operate through the annual appropriations process if provided sufficient funding by Congress.

The FY 2014 omnibus appropriations bill provided an increase in funding for the EDA from \$220.6 million in FY 2013 to \$246.5 million. The Administration proposed a small increase in funding the EDA in its FY 2015 budget to just over \$248 million.

RECOMMENDED POSITION: **Support** Charlotte County EDA grant applications as applicable, including potential applications for improvements to Parkside, Charlotte Harbor, and Murdock Village Community Redevelopment Areas or other infrastructure projects. **Monitor** continued funding of the Economic Development Administration.



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

BACKGROUND; HOW IT MAY AFFECT CHARLOTTE 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 Charlotte County, the Human Services Department 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.

In Fiscal Year 2011, Congress provided \$678.64 million for the program, from which the County received \$43,697. In Fiscal Year 2012, Congress provided the program with the same amount as in 2011. The FY 2013 Continuing Resolution provided a slight bump to the program to \$682 million before the approximately 5 percent sequestration cut, which would have also reduced funding to the County. The FY 2014 omnibus reversed some of the sequestration cuts to the program, funding CSBG at \$674 million. For FY 2015, the Administration has proposed a nearly 48 percent decrease in funding for the CSBG to \$350 million.

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

In FY 2011, Congress provided \$4.7 billion for LIHEAP, while in FY 2012; Congress provided the program with an over 26 percent reduction in funding to \$3.47 billion. This resulted in a reduction in funding for Charlotte County's program from \$649,457 to \$353,502. In the FY 2013 Continuing Resolution, LIHEAP received a rare increase in funding before the sequestration cuts to just over \$3.7 billion. The FY 2014 omnibus appropriations bill reduced funding for LIHEAP to \$3.425 billion, which provided \$77.35 million to the state of Florida. Meanwhile, the Administration's FY 2015 budget has proposed a further reduction in funding from FY 2014 for LIHEAP to \$2.8 billion, a greater than 45 percent reduction from FY 2010 when LIHEAP was funded at \$5.1 billion.

RECOMMENDED POSITION: **Monitor** funding levels for the Community Services Block Grant and the Low Income Home Energy Program because of their critical role in the County's efforts to support those that are least fortunate. **Support** any applicable funding opportunities for the Human Services Department.