



TO: STEVE SMITH
TOPSAIL ISLAND SHORELINE PROTECTION COMMISSION

FROM: MIKE McINTYRE

SUBJECT: APRIL MONTHLY LEGISLATIVE UPDATE

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The April Monthly Legislative Update provides information on the following topics:

- Washington News
 - Budget and Appropriations
 - Disaster Aid Package
 - National Flood Insurance Program Reauthorization
 - Flood Mitigation Revolving Loan Fund Legislation (Update)
 - Congressional Budget Office Estimates Storms, Flooding Likely to Cause \$54 Billion in Damage Annually
- Update on TISPC Federal Priorities

WASHINGTON NEWS

Budget and Appropriations

As you know, the Trump Administration released its detailed FY 2020 Budget Request to Congress on March 18. Poyner Spruill and The Ferguson Group conducted an analysis of sections of the budget proposal that would be of most interest to TISPC. An analysis of the budget for specific agencies of interest is provided below.

Please keep in mind that the Trump Administration's FY 2020 Budget Request, like all presidential budget requests, will not have a significant influence on how Congress chooses to appropriate funding in FY 2020, but will be treated more like a recommendation to Congress.

U.S. Army Corps of Engineers

The FY 2020 U.S Army Corps of Engineers [budget](#) for Civil Works provides **\$4.827 billion**, a \$2.17 billion decrease from the FY 2019 enacted funding level. The budget includes \$2.308 billion for commercial navigation, \$1.011 billion for flood and storm damage reduction, and \$187 million for aquatic ecosystem restoration.

- \$2.308 billion for the study, design, construction, operation and maintenance of inland and coastal navigation projects.

- \$1.930 billion for the Operation and Maintenance (O&M) account, including \$2.155 million for Atlantic Intracoastal Waterway (AIWW) O&M in North Carolina and \$30,000 for New River Inlet O&M.
- Proposes to derive \$965 million from the Harbor Maintenance Trust Fund (HMTF) to support transportation of cargo at current levels at the 50 largest U.S. coastal ports.
- Proposes to derive \$55.5 million from the Inland Waterways Trust Fund (IWTF) for construction on the inland waterways.
- \$82 million for the FY 2020 Investigations Program, including \$77 million from the Investigations account and \$5 million from the Mississippi River and Tributaries (MR&T) account.
 - The Investigations Account includes funding to complete one preconstruction engineering and design (Mobile Harbor, AL), and three dredged material management plans (Buffalo Harbor, NY, Cleveland Harbor, OH, and Corpus Christi Ship Channel, TX).
 - The account also includes \$25 million for Corps efforts, in conjunction with state floodplain management authorities, to provide technical and planning assistance to enable local communities to reduce their flood risk, with emphasis on non-structural approaches.
- \$1.301 billion for the Construction Account, including \$1.170 billion from the Construction account, \$55.5 million from IWTF, \$18.3 million from HMTF, and \$56.8 million from MR&T.
 - Under the Construction Account, \$150 million for the WRRDA Section 1043 Non-Federal Construction of Federal Projects program, which allows the Corps to transfer appropriated funds to non-federal sponsors who decide to construct a project on their own.
 - \$150 million for the Innovative Funding Partnerships Program, which would be used in conjunction with funds voluntarily provided by non-federal interests in excess of the non-federal sponsor's statutory cost share requirements to accelerate the completion of construction of certain authorized projects.
 - Provides construction funding for nine commercial navigation projects (including one HMTF project and one IWTF project), five aquatic ecosystem restoration projects and programs, and four flood risk management projects. No projects are provided new start construction funding.
- Four construction projects are funded to completion in the FY 2020 budget: three commercial navigation projects (Charleston Harbor, SC; Locks and Dams 2, 3, and 4, Monongahela River, PA; and Melvin Price Lock and Dam in IL and MO); and one aquatic restoration project (Mud Mountain Dam, WA)
- \$200 million for the Regulatory Program to protect the nation's waters and wetlands and provide efficiency in permit processing.
- \$27 million for preparedness and training of Corps staff to enable them to assist communities during a flood, hurricane, or other natural disaster.
- Gives priority to coastal harbors and inland waterways with the most commercial traffic. It provides for the maintenance of channels at small ports, with emphasis on those that support significant commercial fishing, subsistence, or public transportation benefits.

- Additionally, the budget request proposes, as did the FY 2019 President’s Budget Request, to establish an annual fee to support infrastructure investment and economic growth by helping finance users’ share of future capital investment, as well as 10 percent of the operation and maintenance costs, associated with inland waterways.

Department of Commerce

The FY 2020 Department of Commerce [budget](#) request provides **\$12.2 billion** in discretionary funding, a \$766 million or 7 percent increase from the FY 2019 enacted funding level. The Department of Commerce houses agencies and programs important to coastal communities, including the National Oceanic and Atmospheric Administration (NOAA).

NOAA houses six different agencies, including the National Ocean Service, the National Weather Service (NWS), and the Office of Oceanic and Atmospheric Research, all of which provide valuable services, funding, and research that benefit coastal America. For FY 2020, the Trump Administration proposes a budget of **\$4.5 billion** in discretionary funding, a decrease of nearly \$1 billion from the FY 2019 enacted funding level.

Important highlights of the proposed budget for NOAA include:

- Eliminates funding for the Coastal Zone Management Program, which supports federal-state partnerships to protect, restore, and responsibly develop coastal communities and resources.
- Eliminates funding for the National Coastal Resilience Fund Program, which assists states, academic institutions, and nonprofits in the restoration or expansion of natural features, such as coastal wetlands, dune systems, forests, and barrier islands that help minimize the impacts of storms, rising sea levels, and other extreme events on nearby communities and infrastructure.
- Reduces funding for the Coastal Mapping Program, which supports accurate mapping of 95,000 miles of shoreline and near-shore bathymetry.
- Reduces funding for species recovery and conservation programs, such as the Right Whale Recovery account, the Species Recovery Grants Program, and funding for marine monuments.
- Reduces overall funding for NOAA research programs.
- Eliminates funding for the Fisheries Disaster Assistance account, which helps address the environmental and economic effects of a commercial fishery failure.
- Eliminates the National Sea Grant Program.
- Reduces overall funding for the NWS.

Department of Homeland Security

The FY 2020 Department of Homeland Security [budget](#) includes **\$51.7 billion** in net discretionary budget funding, a \$5.7 billion increase from the enacted FY 2019 funding level. An additional \$19.4 billion for the Disaster Relief Fund (DRF) is requested for response and recovery to major disasters. The budget also proposes to reduce funding for major grant programs like the Emergency Management Performance Grants Program, State Homeland Security Grant Program, and Port Security Grant Program. The budget states that these reductions represent a continuation of the Administration’s commitment to streamline

programs, while other programs, such as the Pre-Disaster Hazard Mitigation Assistance Program, provide duplicative support and are thus eliminated.

Important highlights of the proposed budget for DHS include:

- \$4.8 billion for the National Flood Insurance Program (NFIP), an increase of \$217 million from the FY 2019 budget request.
- A \$163 million reduction for the NFIP's Flood Hazard Mapping Program. The Administration states that "Flood hazard mapping is not solely a federal responsibility. The private sector as well as state and local entities should contribute data and communicate flood risk."
- \$19.4 billion for the DRF, which allows DHS to fund federal disaster support activities as well as eligible state, territorial, tribal and local actions, such as providing emergency protection and debris removal. DHS is also requesting an increase of \$12.8 billion to the DRF to support disaster declarations, including the recovery costs of Harvey, Irma, Maria, and the California wildfires.

Disaster Aid

The Senate has been unable to approve a disaster aid package in recent weeks due to partisan disagreements regarding funding for Puerto Rico, all but ensuring states and territories impacted by storms, wildfires, and flooding in recent months will be left waiting for disaster aid until after Congress returns from its two-week recess on April 29. The House has already passed a \$14.2 billion disaster aid package, but before leaving for the recess, House Democrats introduced a new bill that provides more funding for both Puerto Rico and Midwest states that recently experienced severe flooding. Further House action, however, will not help resolve the impasse in the Senate.

National Flood Insurance Program Reauthorization

As you know, Congress must reauthorize the NFIP by May 31, 2019, or the program will lapse. House Majority Leader Steny Hoyer (D-MD) said that passing another short-term extension of the NFIP will be a priority for the House in May. We have not heard any specifics from Senate leadership, but we suspect this will be a priority for the Senate as well. The next extension will mark the 11th extension of the NFIP since its authority initially expired in September 2017.

In speaking with House Financial Services Committee and Senate Banking Committee staff, it is our understanding that Congress wants this next extension to be relatively short in order to keep pressure on Congress to continue working towards a long-term reauthorization of the NFIP. The Senate Banking Committee in particular has not made much progress internally negotiating and producing a compromise bill that can be conferenced with the House, which is in part necessitating another short-term extension.

We have been informed that the next extension may run through September 30, 2019, but it is possible it may be slightly shorter or longer depending on how Congress decides to prioritize other legislative items.

Flood Mitigation Revolving Loan Fund Legislation (Update)

In our last monthly report to TIPSC, we provided information on new legislation, the *State Flood Mitigation Revolving Fund Act* (H.R. 1610), which would establish state revolving loan programs to fund mitigation projects for homeowners, businesses, and communities to strengthen flood mitigation measures and address current and future flood risks. The bill language does not expressly prohibit nor allow for the construction of beach renourishment or dune projects—leaving it up to the Administrator of FEMA to determine if those projects are allowable under the program. We contacted the bill sponsor’s office (Representative Charlie Crist of Florida) to determine why this choice was made. We were informed that specifically acknowledging such projects would make the bill fall under the jurisdiction of two House committees rather than one, which could complicate passage of the bill.

We are concerned about leaving a decision regarding the eligibility of beach renourishment and dune restoration projects up to the FEMA Administrator because most other FEMA programs, apart from post-disaster Public Assistance, do not consider these project types eligible for funding. As a result, we are planning to reach out to the anticipated sponsor of the Senate companion bill to see if they would be interested in adjusting the eligibility language to explicitly allow for the eligibility of beach renourishment and dune restoration activities, even if such a change triggers multi-committee jurisdiction in the Senate.

Congressional Budget Office Estimates Storms, Flooding Likely to Cause \$54 Billion in Damage Annually

The nonpartisan Congressional Budget Office (CBO) released a [new report](#) in April that finds that hurricanes and other storm-related flooding will likely cause \$54 billion in economic damage annually. That total consists of \$34 billion in expected annual economic losses to the residential sector, \$9 billion to commercial businesses, and \$12 billion to the public sector. Under current conditions and policies, the expected annual cost to the federal government—and thus to taxpayers—of damage from hurricane winds and storm-related flooding is \$17 billion for the major categories of spending.

CBO provided several policy recommendations to Congress that it believes would help reduce expected storm losses. These recommendations include policies that would limit greenhouse gas emissions; increase federal funding to assess flood risks or to lessen damage if storms occur; expand participation in the NFIP, including expanding the purchase requirement for certain areas outside the 100-year floodplain; better align NFIP premium rates with risk; expand the federal role in risk mitigation, including increasing funding for risk mitigation and increasing “the stringency of building codes in areas at risk of storm damage;” and increase the share of disaster assistance paid for by state and local governments. Specific details about the recommendations can found on pages 19–29 of the report.

Several of CBO’s recommendations are cause for concern, but it is important to keep in mind that these are simply recommendations, most of which would need to be either be administratively implemented by FEMA and/or approved by Congress.

In addition to other issues, the report inadequately references the importance of nonstructural mitigation measures like beach renourishment and dune construction. The report suggests that the federal government already provides adequate funding for nonstructural mitigation measures, including for the preservation and

restoration on dunes and shoreline vegetation (there are no references to beach renourishment specifically), through existing programs. However, we know this is not the case. The report also suggests that reducing the federal share in disaster aid would “give state and local governments more incentive to limit development in areas at relatively high risk of flooding, such as through zoning restrictions or stricter building code requirements,” and encourage them to invest more in mitigation infrastructure. These statements show that there is a lack of understanding regarding how much local governments already either contribute to or solely fund pre-disaster mitigation activities. CBO does, however, admit that reducing federal disaster assistance would “increase the burden on state and local governments and could slow the recovery of affected communities.”

UPDATE ON TISPC FEDERAL ADVOCACY PRIORITIES

The current status of priority agenda items are outlined below.

1. North Topsail Beach – Continue to facilitate changes to the CBRA maps

We are continuing discussions with the Senate offices regarding final language and timing for reintroduction of the North Topsail Beach CBRA mapping bill. We will keep North Topsail Beach and TISPC apprised of these developments, as appropriate.

2. Topsail Beach – Support legislation that would allow for the use of sand from inlet CRBA areas for beach nourishment

The sand borrowing issue has garnered added attention in recent months as more communities have voiced their concerns publicly. An [article](#) was recently published in E&E News that details similar issues in New Jersey, which were prompted by recently proposed changes to an existing CBRS Unit that is part of a broader initiative by the U.S. Fish and Wildlife Service to add an additional 275,000 acres to the CBRS. The U.S. House Representative representing this area of New Jersey is Jeff Van Drew (D), whom we referenced in last month’s report as a potential key ally on this issue. Representative Rouzer is continuing discussions with Representative Van Drew’s office and others, including Representative Garret Graves (R-LA), regarding a path forward.

The continued advocacy by the TISPC, Representative Rouzer and others has prompted calls for a hearing to help facilitate discussion and action on the issue. Accordingly, committee staff is working to develop and schedule a CBRA-related hearing in the House Natural Resources Committee. It is currently unclear when this hearing will be held and which CBRA topics will be discussed during the hearing, but we know that the sand borrowing issue is going to be a key component of the hearing.

Island-wide – Obtain federal funding for approved federal beach nourishment projects (Surf City/North Topsail Beach & Topsail Beach)

We are continuing to pursue a multi-pronged approach to securing new start construction funding for the Surf City and North Topsail Beach Project. In addition to continuing efforts to secure funding through the regular annual appropriations and work plan process, we are continuing to coordinate with the delegation to ensure that language allowing the Corps of Engineers to use disaster aid funding for authorized but not yet constructed Corps projects (i.e. new starts) is included whatever disaster aid package is ultimately

considered and approved by Congress. So far, each package that has been considered has included this important language. However, as TISPC knows, consensus has not been reached in Congress regarding a disaster aid package, and the earliest we will see both chambers consider another package is the week of April 29.

We recently discussed timing for final passage of the disaster aid package with Senate Appropriations Committee staff. Staff reported that it is not clear how the situation will be resolved when Congress returns from its recess, but negotiations are expected to continue.

As a reminder, it is our understanding that the Corps has a list of projects for which it would use the disaster aid funding to continue, complete or start. This list has been provided to Congress to help tabulate the total requests that must be made in the disaster aid package. We have been informed that the Surf City and North Topsail Beach Project is considered a priority project and is included on this list. Although no guarantees can be made at this juncture, there is a possibility that funds will be made available through the upcoming disaster aid package that can be used to start the Surf City and North Topsail Beach Project outside the FY 2020 Work Plan process.