



TO: STEVE SMITH
TOPSAIL ISLAND SHORELINE PROTECTION COMMISSION

FROM: MIKE McINTYRE

SUBJECT: JUNE MONTHLY LEGISLATIVE UPDATE

DATE: JUNE 19, 2019

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

- Washington News
 - Budget and Appropriations
 - Disaster Aid
 - National Flood Insurance Program Reauthorization
 - EPA and FEMA Agree to Accelerate Post-Disaster Water Infrastructure Repairs
 - Legislation Introduced to Restore Advance Refunding Bonds
 - Legislation Introduced to Help Coastal Communities Implement Living Shoreline Projects
- Update on TISPC Federal Priorities

WASHINGTON NEWS

Budget and Appropriations

The House is steadily moving ahead on FY 2020 appropriations. On June 12, the House began consideration of a five-bill “minibus” appropriations package, the first of several minibuses that the House plans to consider over the next two weeks. According to House Majority Leader Steny Hoyer (D-MD), the House is planning to approve all 12 appropriations bills before the end of the month.

This first minibus includes the Energy and Water Development (E&W, which provides funding to the Army Corps of Engineers), Defense, Labor–Health and Human Services–Education, Legislative Branch, and State–Foreign Operations appropriations bills. Consideration and final passage of the bill will not occur until June 19 or 20 at the earliest because the House is considering over 200 amendments on the floor, a process which takes several days. After passage of this minibus, the House will begin considering a second five-bill minibus containing the Commerce–Justice–Science, Agriculture–Rural Development–Food and Drug Administration, Interior–Environment, Military Construction–Veterans Affairs, and Transportation– Housing and Urban Development appropriations bills.

The House E&W bill provides a total of \$7.36 billion to the Army Corps of Engineers, an increase of \$357 million above the FY 2019 level and \$2.53 billion above the President’s budget request. The bill also provides \$2.155 million for Atlantic Intracoastal Waterway operations and maintenance activities in North Carolina and \$30,000 for operation and maintenance activities related to the New River Inlet. The bill would

also direct \$7.5 million to the new Beneficial Use of Dredged Material Pilot Program, which was authorized in 2016. The Corps has already selected the initial 10 pilot projects, but an additional 10 projects were authorized in 2018, so the Corps is expected to select more projects at some point in the future (exact timing is unclear).

The Senate has yet to release or consider any bills, but the Senate Appropriations Committee (SAC) has held several hearings. SAC is expected to begin considering its first appropriations bills this month.

[Please see the “Update on TISPC Federal Priorities” section below for more information.]

Disaster Aid

After several months of delays, on June 6, President Trump finally signed into law a \$19.1 billion disaster aid package, the *Additional Supplemental Appropriations for Disaster Relief Act, 2019* (P.L. 116-20). The House passed the bill on June 3, and the Senate passed the bill on May 23. In addition to providing needed disaster recovery and mitigation funding, P.L. 116-20 also provides an extension of the National Flood Insurance Program (NFIP) through September 30, 2019; the program was set to expire on June 14.

P.L. 116-20 also includes:

- \$381 million to repair damages to Marine Corps installations, including Camp Lejeune.
- \$1 billion for the Flood Control and Coastal Emergencies account to better support emergency preparation and repairs for floods, hurricanes, and other natural disasters.
- \$600 million for the planning and construction of projects to replace facilities damaged by Hurricanes Florence and Michael.
- \$2.4 billion for Community Development Block Grants for disasters since 2017, and permits states to interchangeably use funds from Hurricane Matthew for Hurricane Florence.
- \$168 million in mitigation dollars, which were appropriated to North Carolina in 2018, to be distributed to the state within the next 90 days.

[Please see the “Update on TISPC Federal Priorities” section below for more information.]

National Flood Insurance Program Reauthorization

On June 11, the House Financial Services Committee considered and unanimously approved two NFIP reauthorization bills: H.R. 3167, the *National Flood Insurance Program Reauthorization Act of 2019*, and H.R. 3111, the *National Flood Insurance Program Administration Reform Act of 2019*. H.R. 3167 is bipartisan legislation that reauthorizes the NFIP for five years and includes a number of reforms to increase affordability, improve mapping, enhance mitigation, and modernize the NFIP. H.R. 3111 is bipartisan legislation that makes much-needed improvements to the NFIP’s appeals and litigation process following the numerous flaws identified in the oversight, accountability, and transparency of the claims process in the aftermath of Superstorm Sandy.

H.R. 3167 is the bill that carries the majority of NFIP reauthorization provisions. Based on initial analysis, the bill would: 1) create a five-year demonstration program for means tested assistance to low-income policyholders; 2) repeal surcharges; 3) enable policyholders to pay premiums in monthly

installments; 4) create a state revolving loan fund for mitigation; 5) raise the amount of funds made available under the Increased Cost of Compliance (ICC) program and expand eligible mitigation activities under ICC; 6) help target mitigation funding for repeatedly flooded communities; 7) grant credits for alternative forms of mitigation when elevation is not feasible; 8) allow NFIP coverage for cooperatives and community-based policies; 9) authorize floodplain management activities; 10) authorize funding for flood mapping; 11) require up-to-date technology and more advanced and granular maps; 12) improve the process for policyholders and communities to appeal the Federal Emergency Management Agency's (FEMA's) mapping decisions; and 13) create new flood map zones for levee-impacted and agricultural areas. The bill does not include provisions to allow more privatization in the flood insurance market, an issue that remains contentious.

The Senate has yet to introduce or consider compromise NFIP reauthorization legislation. As a result, it may be difficult, again, for Congress to pass a reauthorization bill by the September 30, 2019, deadline.

EPA and FEMA Agree to Accelerate Post-Disaster Water Infrastructure Repairs

On June 4, the U.S. Environmental Protection Agency (EPA) and FEMA announced that they had entered into a Memorandum of Understanding to allow communities impacted by disasters to have faster access to federal funding for water infrastructure repairs. Communities typically must pay out-of-pocket for disaster recovery activities which are later reimbursed by FEMA. A major issue with this process is that many communities do not have the budget to pay for disaster recovery activities upfront. The agreement between EPA and FEMA would instead allow municipalities to apply for no- or low-interest loans through the EPA's Clean Water and Drinking Water State Revolving Loan Fund programs for repairs to drinking water and wastewater infrastructure. FEMA would then reimburse the loan repayments. To execute the agreement, FEMA has agreed to share information about damaged infrastructure with State Revolving Funds. EPA has also agreed to reevaluate whether it could waive requirements in the CWA and Safe Drinking Water Act that stipulate projects receiving money from State Revolving Funds which only use American iron and steel, though the laws do allow the EPA administrator to waive the provisions when it is in the public interest. There is no similar requirement for FEMA reimbursements, and EPA has agreed to "consider cases of emergency or disaster recovery" for iron and steel waivers.

Legislation Introduced to Restore Advance Refunding Bonds

On May 15, House Municipal Financial Caucus Co-Chairs Dutch Ruppersberger (D-MD) and Steve Stivers (R-OH) introduced the *Investing in Our Communities Act* (H.R. 2772), which would restore the ability to issue tax-exempt advance refunding bonds. Advance refunding bonds were eliminated by the *Tax Cuts and Jobs Act*, signed into law by President Trump on December 22, 2017.

Advance refunding of municipal bonds allows local and state governments to take advantage of reductions in interest rates, which results in billions of dollars in savings. From 2013-2017, the Government Finance Officers Association estimated that advance refunding of municipal securities saved taxpayers at least \$12 billion.

Legislation Introduced to Help Coastal Communities Implement Living Shoreline Projects

On June 6, legislation was introduced in the House and Senate that would help coastal communities construct living shoreline projects. The *Living Shorelines Act* (H.R. 3115/S. 1730) would create a \$50 million cost-shared grant program through the National Oceanic and Atmospheric Administration to assist states, localities and non-governmental organizations in constructing living shoreline projects that use natural materials and systems, including dunes, wetlands, and oyster reefs, to support the natural flood resilience of healthy shoreline ecosystems. The projects would be monitored to measure and help determine best practices for future living shoreline projects. The bill would also give priority consideration to projects in areas where a federal disaster has been declared in the past 10 years or that have a history of flooding, which would include North Carolina.

The bill currently does not enjoy strong bipartisan support (there is only one Republican cosponsor to the House bill and no Republican cosponsors in the Senate). However, more cosponsors will likely be added; several additional cosponsors have already signed onto the bill in the days following introduction.

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 continue to work with the offices of Senators Tillis and Burr and Representative Rouzer on the best strategy to advance H.R. 2834/S. 1406 in the current legislative process. We are planning to meet with these offices in Washington, DC, on July 16 to further discuss strategy and next steps.

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

As we reported last month, we are continuing to coordinate with Representative Rouzer's office, which has requested information from relevant federal agencies to determine the status of the issue across the country. (This is sometimes a process that takes several months.) Both legislative and administrative options are being explored and considered at this time, but agreement on an administrative solution is looking less likely. We have also been in contact with Senator Burr's office on this issue. It appears that other sand borrowing issues have surfaced across the country, including in North Carolina. This is a developing situation. More detailed information should become available in the near future.

3. 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 secure new start construction funding for the Surf City and North Topsail Beach Project:

Disaster Aid

As you know, the recently passed disaster aid package includes language that allows the Corps of Engineers to use disaster aid funding for authorized but not-yet-constructed Corps projects (i.e. new starts). Our team has made many calls to Corps Headquarters over the past two weeks to clarify how the process will work. We now know that the Corps of Engineers will be working to produce a list of critical new and ongoing Corps construction projects that will be funded with the \$740 million provided in the disaster aid package. The Corps is expecting to finalize this list by late July or early August.

On June 11, we sent an email to TISPC Chairman Smith and the mayors and town managers of Surf City and North Topsail Beach explaining the process for pursuing this disaster aid funding for the construction of the Surf City and North Topsail Beach Project. We advised TISPC and the towns to contact the Wilmington District to advocate for the project and ensure that the project is highly ranked on the District's list of recommended projects, which it is required to send to Corps Headquarters in the next 2 to 3 weeks. It is our understanding that TISPC has contacted the Wilmington District in this regard.

As the TISPC and the towns work to advocate at the District level, we will be working with TISPC's congressional delegation to properly advocate for the project at the Headquarters level. We have already been in contact with the delegation and will continue to be in contact as the process moves forward. We have provided the delegation a draft letter of support for their consideration, which would be sent from the

congressional delegation to the Corps. The delegation is in the process of reviewing the draft letter at this time. We are also planning to meet with Corps Headquarters on July 16 in Washington to advocate for the project in person.

Appropriations/Work Plan

Although we are optimistic about the disaster aid opportunity, we are continuing to ensure that there is an opportunity to compete for a new start for the Surf City and North Topsail Beach Project in the regular appropriations process. As you know, the House this week is in the process of approving a minibus appropriations bill that includes the Energy and Water appropriations bill, which allocates funding to the Army Corps of Engineers. Unfortunately, the House Appropriations Committee did not provide a coastal storm damage reduction new construction start to the Corps in FY 2020. However, two opportunities to compete for funding in FY 2020 as a flood and storm damage reduction project are provided in the bill. The flood and storm damage reduction account includes both coastal and inland projects, increasing the number of projects that the Surf City and North Topsail Beach Project must compete against. However, there is still an opportunity in the Senate to secure a coastal storm damage reduction new start.

We met with the Senate Appropriations Committee (SAC) Subcommittee on Energy and Water on June 6. SAC staff stated that they are still working on their Energy and Water appropriations bill and do not expect to release the bill for several more weeks. Therefore, they do not know how many new starts the Senate plans to provide and to which accounts. We again advocated that the Senate provide a new start to a coastal storm damage reduction project. We discussed the Surf City and North Topsail Beach Project specifically and discussed that the best funding option at this time is the disaster aid funding. They expressed their interest in continuing to work with us on the new start issue, particularly if the Surf City and North Topsail Beach Project is not provided funding through the disaster aid package. They asked to stay updated on the situation and to check in after the disaster aid funding is allocated in late July or early August.