



TO: STEVE SMITH
TOPSAIL ISLAND SHORELINE PROTECTION COMMISSION
FROM: MIKE McINTYRE
SUBJECT: JANUARY REPORT AND LEGISLATIVE UPDATE
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This report and legislative update provides information on the following topics:

- Washington News
 - FEMA Announces Reinsurance Program to Manage Future Flood Risk in 2024
 - White House Office of Management and Budget Clears Proposed Rule Listing PFAS as RCRA ‘Hazardous Constituents’
 - Congress Again Likely to Pass Short-Term Continuing Resolution in to March; Full Spending Deal in Sight
 - Bipartisan Tax Package Announced
- Advocacy Update

Washington News

FEMA Announces Reinsurance Program to Manage Future Flood Risk in 2024

On January 4th, 2024, FEMA announced its 2024 traditional reinsurance placement for the National Flood Insurance Program (NFIP). This placement is a continuation of the NFIP’s risk management practice against catastrophic flood losses. FEMA has transferred an additional \$619.5 million of the NFIP’s financial risk to the private reinsurance market. This annual reinsurance agreement provides coverage in 2024 through the support of 18 private reinsurance companies.

The 2024 reinsurance placement covers portions of NFIP losses above \$7 billion arising from a single qualifying flood event. FEMA will pay a total premium of \$121.1 million for the coverage. The agreement is structured to cover 8.9125% of losses between \$7 billion and \$9 billion and 22.0625% of losses between \$9 billion and \$11 billion. Combined with the three capital markets reinsurance placements in 2021-23, FEMA has transferred \$1.9195 billion of the NFIP’s flood risk to the private sector.

Reinsurance is a financial risk management tool used by private insurance companies and public entities to protect themselves from large financial losses. If a qualifying catastrophic flood event occurs, reinsurance

companies cover a portion of the NFIP's losses to enhance FEMA's ability to pay flood insurance claims without borrowing from the U.S. Treasury.

White House Office of Management and Budget Clears Proposed Rule Listing PFAS as RCRA 'Hazardous Constituents'

The White House Office of Management & Budget (OMB) recently completed its review of an EPA proposal to designate four PFAS compounds as Resource Conservation and Recovery Act (RCRA) "hazardous constituents." Once finalized, this designation will empower regulators to mandate cleanup actions for releases from certain regulated waste facilities. The clearance, granted on December 21, marks progress toward EPA's ability to promptly propose the new rule. This follows OMB's earlier approval of a related rule that clarifies the inclusion of PFAS within RCRA's corrective action program, enhancing the agency's capacity to address substances listed as hazardous constituents under Appendix VIII of RCRA.

While this effort aims to subject PFAS to RCRA and its corrective action requirements, it fails to meet the calls of broader appeals to classify PFAS as "hazardous waste," eliciting concerns from both environmental groups and industry stakeholders.

Congress Again Likely to Pass Short-Term Continuing Resolution in to March; Full Spending Deal in Sight

Congress is poised to pass a further, short-term Continuing Resolution (CR) to keep the government funded through March 1, 2024, and March 8, 2024, respectively, for the various agencies covered under the existing "laddered" CR. Under this framework, funding for agencies and departments including the Department of Agriculture, Department of Veterans Affairs, Department of Energy, Department of Transportation, and Department of Housing and Urban Development would expire on March 1st, 2024. All remaining federal agencies, such as the Department of Homeland Security, Department of the Interior, Department of Justice, and more, would be funded through the March 8 deadline. Under the current CR, funding for these departments expires on January 19, 2024 and February 2, 2024 respectively.

The new CR, proposed by Senate Majority Leader Schumer (D-NY) and House Speaker Johnson (R-LA), would give Congress several more weeks to sort through partisan disagreements over government funding levels. If this new CR is not passed by January 19th, a partial government shutdown will occur, and become a full government shutdown if not passed by February 2nd.

Recently, it was also announced that House Republicans and Senate Democrats had reached an agreement in principle on a full Fiscal Year 2024 funding deal, that would fund the federal government for the remainder of FY2024, and likely include earmark funding for members' earmark priorities. However, details of the deal were still being negotiated, and thus the deal would not be able to be signed into law prior to the looming January 19th/February 2nd shutdown deadline. Further, many House conservatives sharply criticized Speaker Johnson, as they viewed the full spending deal as making too many concessions to Democrats and for being substantially similar to the deal that ultimately caused the removal of previous

House Speaker Kevin McCarthy from the Speakership. Still, there is significant pressure across both parties to pass a full suite of appropriations legislation, in particular as it is a Presidential election year.

Bipartisan Tax Package Announced

Senate Finance Committee Chair Ron Wyden (D-OR) and House Ways and Means Committee Chair Jason Smith (R-MO) have announced a bipartisan package of tax legislation, which they hope to pass in advance of this year's Tax Day on April 15th. The package includes a variety of policy changes, including extension of the child tax credit through 2025, research and development expensing, interest deductions, increasing the small business expensing cap, and more. Notably, the bill also continues relief measures for communities and families impacted by disasters, exempting disaster relief payments and settlements from taxation, and preventing the federal government from "double dipping" on disaster payments.

Text and specifics of the deal have yet to be released but should be forthcoming. This is further indication that both parties and chambers of Congress may also be inching closer to reaching a government spending deal. Under ideal circumstances, this deal could be passed alongside a government spending package, or shortly thereafter in March or early April.

ADVOCACY UPDATE

We continue to see delays in normal legislative business caused by ongoing disagreements over government spending and appropriations. Though there is a potential resolution to these disagreements on the horizon, it remains unclear as to exactly when a deal may come to fruition.

We hope your holiday season was cheerful, and that you are enjoying a happy new year!

North Topsail Beach CBRA Mapping Issue

Last year ended on the high note of seeing Congressman Murphy's bill, [H.R. 2437](#), passed out of the House Natural Resources Committee, largely along partisan lines. One Democrat, Rep. Mary Peltola (D-AK) voted to advance the measure. This bill will rectify CBRA mapping issues that impact North Topsail Beach and its residents. We were extremely pleased to see this occur before the end of the year, as passage out of the Natural Resources Committee is the most significant step towards becoming law in the lifecycle of the bill, across the many times it has been introduced over the years. We will continue to work alongside Congressman Murphy's office, as well as with Senator Tillis' and Senator Budd's offices, to advance the bill, and hopefully see it become law.

Opportunities for progress to be made on this bill's path to becoming law continue to remain limited given the ongoing disagreements over government funding, which has stalled most other normal legislative business. This bill would still need to be voted on by the whole House, the Senate, and be signed by the President in order for it to become law.

As soon as appropriations bills are passed to fund the government, we expect that there will be opportunities to further engage TISPC's delegation and shepherd this important bill along.

Sand Borrowing

Congressman Rouzer's legislation, [H.R. 524](#), which exempts certain uses of federal funds in shoreline borrow sites within the Coastal Barrier Resources System, remains stalled much like Rep. Murphy's H.R.2437, due to ongoing government spending negotiations. In the same manner as H.R. 2437, the bill would need to be passed by a vote of the whole House and the Senate, before being signed into law by the President. We are optimistic that this legislation will be passed during this Congress.

FEMA Issues

We are eagerly awaiting the publication of an Interim Final Rule (IFR) which would purportedly improve access to and efficiency of FEMA's Individual Assistance Program (IAP). As discussed in the October 2023 Report, the Biden Administration made notice of this forthcoming IFR in the Spring Regulatory Agenda. Publication of the IFR was expected to occur in October 2023, but it did not. We will update TISPC when any such IFR is published.

Surf City General Reevaluation Report (GRR)

Your advocates at W&S and TFG continue to stand ready to assist the Commission on the Surf City General Reevaluation Report (GRR) at the Commission's discretion.