NACo Legislative Bulletin

ACTION NEEDED!

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October 21, 2011

House May Take Up Three Percent Repeal Bill — *Action Needed!*
On October 13, the House Committee on Ways and Means marked up H.R. 674, legislation that would repeal the three percent withholding requirement that was enacted in Section 511 of the Tax Increase Prevention and Reconciliation Act of 2005. Already identified as a priority for the fall agenda by Majority Leader Eric Cantor (R–Va.), NACo has learned that GOP leaders are aiming to have floor action on the bill the week of Oct. 24. Passed via voice vote in committee, the bill currently has 269 cosponsors.

NACo has worked with an extensive coalition of state and local governments and businesses to push for repeal of this onerous provision. The withholding requirement currently has a January 1, 2013 deadline for implementation. For many county governments, this will result in enormous administrative and financial challenges to ensure compliance at a time when resources are scarce. Additionally, the requirement will likely result in an increase in the cost of goods and services when private sector companies pass along the three percent withheld as a cost of doing business, a scenario that will prove challenging to withstand.

Please call your Representatives and urge them to support H.R. 674. For the NACo alert, click here.
Contact: Mike Belarmino • 202/942.4254

Senator McConnell Introduces Three Percent Repeal Bill
On October 17, Senator Mitch McConnell (R-Ky.) introduced S. 1726, a bill to repeal the three percent withholding requirement. The legislation is identical to S. 164, introduced earlier this year by Senator Scott Brown (R-Mass.). It appears that this maneuver is an attempt to bypass the committee process and move the bill directly for full consideration. NACo, along with other state and local government representatives, sent a letter urging Senators to support the bill.
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Senate Spends Week Debating Minibus, Final Action Delayed including Amendment to Cut Rural Development — *Action Needed!*
The Senate has been working through amendments to an approximately $128 billion discretionary spending package, H.R. 2112, since October 17. The measure combines the Senate Appropriations Committee's fiscal 2012 Agriculture,

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Commerce-Justice-Science (S. 1572) and Transportation-HUD (S. 1596) spending bills. The term used to describe such a package is “minibus”. An "omnibus" is where the remaining spending items for the year are encased in one large bill. A "minibus" is simply a smaller version of the same where leaders patch together a handful of particular spending bills.

On October 20, the Senate rejected Senator Jim Webb’s (D-Va.) amendment to establish the National Criminal Justice Commissionby a vote of 43-57. This defeat was a major setback to counties, as this proposal has been a key NACo justice and public safety priority since 2009. Costing only $5 million dollars, the commission would have been tasked with undertaking a comprehensive review of the nation’s criminal justice system. Thereafter, an advisory committee of stakeholders would have made non binding recommendations for increasing the affordability, accountability, and accuracy of the nation’s criminaljustice system.

On October 20, the Senate adopted a bipartisan measure introduced by Senator Robert Menendez (D-N.J.) 60-38 to reinstate higher loan limits on federally backed mortgages as an amendment to the pending “minibus” spending bill. The amendment would renew lapsed conforming loan limits on government-backed mortgages through December 2013.

The Senate invoked cloture on the minibus by a vote of 82-16 in the early hours of October 21. Senators will resume consideration of the bill when they return from a weeklong recess on October 31 and hold votes on remaining amendments. Passage could occur as early as November 1. NACo is especially concerned about amendment number 800, submitted by Senator Tom Coburn (R-Okla.) which would cut budget authority for rural development programs by $1 billion, which represents a nearly 40 percent reduction that would be applied proportionally to each budget activity of USDA Rural Development. NACo strongly opposes this amendment which would decimate USDA Rural Development programs that provide grants and loans to rural counties and their partners for water/wastewater infrastructure, community facilities, broadband, electric, telephone, housing,renewable energy and business development.

Please call your Senators and urge them to oppose amendment number 800 to theminibus, which would cut Rural Development programs by 40 percent and decimate county economic development efforts across the country. To call your Senators dial the Capitol switchboard at 202/224-3121 and ask for their office. Contact: Daria Daniel • 202/942-4212; Dalen Harris • 202/942-4236; Erik Johnston • 202/942-4230

Agriculture Committees Recommend $23 Billion in Farm Bill Cuts — *Action Needed!*

The House and Senate Agriculture committee leaders sent a bipartisan letter on October 17 to the deficit reduction committee recommending $23 billion in mandatory spending cuts to Farm Bill programs over the next decade. The letter contains no specifics regarding where the savings will come from, but does promise that a complete legislative package will be brought forward by November 1. This package of recommendations is nearly certain to serve as the first draft of the next Farm Bill. The current five-year farm bill (PL 110-246) expires Sept. 30, 2012.

Senator Debbie Stabenow (D-Mich.) the chairwoman of the Senate Agriculture, Nutrition and Forestry Committee, and House Agriculture Chairman Frank D. Lucas, (R-Okla.), have been wary that the deficit reduction committee might propose specific cuts to Farm Bill programs. The timetable for writing the next farm bill is also linked to the broader deficit reduction efforts which will dictate the overall spending level for the bill. Stabenow and Lucas were joined by Ranking Members Collin Peterson (D-Minn.) and Pat Roberts (R-Kan.) in this effort to take control of the process by making serious recommendations to cut programs under their jurisdiction. The $23 billion figure is more than the automatic cuts that would be sequestered if there is no deficit reduction deal, however it is less than many other proposals including the President’s recommendation of $33 billion and Congressional proposals that get as high as $40 billion.

The likely package structure being discussed by the leadership includes a $14 to $15 billion reduction to commodity programpayments, a $6.5 billion reduction to conservation programs, and a $4 to $5 billion reduction in nutrition programs, including food stamps. Those cuts would translate to a 20, 10, and less than one percent reduction for commodities, conservation, and nutrition, respectively.

The $23 billion cut outlined by the Agriculture Committees will go towards deficit reduction. However, there are reports that the committee will seek to cut an additional $2 billion from mandatory programs in order to renew some of the 37

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programs created in the 2008 Farm Bill that no longer have baseline funding and would cost about $9 billion to renew. Many of these programs support NACo's priorities in rural development, renewable energy and support for beginning and young farmers. This includes $150 million in funding for rural development programs and $1.1 billion in energy programs supported by NACo. While the majority of NACo's Farm Bill priority programs are funded during the yearly appropriations process, NACo supports maintaining mandatory funding in the Farm Bill process. NACo also supports specific policy changes to authorized rural development programs that will make them more flexible for rural counties.

Action Needed: Please call your Congressional delegation, especially Agriculture Committee members, and urge them to support maintaining mandatory funding for rural development, renewable energy and beginning and young farmer programs in the Farm Bill legislative package that the Agriculture Committees will be sending to the deficit reduction committee on November 1. Also urge them to support legislative language that will provide enhanced flexibility for USDA Rural Development programs to fund strategic regional approaches to rural development that allow counties and their partners to focus on their local economic assets, priorities and goals. To call your Senators and Representative dial the Capitol switchboard at 202/224-3121 and ask for their office. For additional information about NACo's Farm Bill priorities, visit here.
Contact: Erik Johnston • 202/942-4230

Senate Rejects Procedural Motion to Advance Education and First Responders Jobs Measure
The Senate on October 21 rejected (50-50) a procedural motion to advance the education and first-responders jobs measure S.1723. The measure is one component of President Obama's broader $447 billion jobs package, which the Senate voted down last week. The measure would allocate $30 billion in grants to state and local governments to pay for teachers and $5 billion in COPS and SAFER grants to governments and other groups to pay for law enforcement officers and emergency personnel. Supporters say the measure would prevent teacher, law enforcement and emergency personnel layoffs.

The COPS hiring competitive grant program provides funding directly to law enforcement agencies for personnel and increases community policing capacity and crime-prevention efforts. Funding for the program is critical to counties, because it is estimated that by the end of the year, nearly 12,000 police officers and sheriff's deputies will have been laid off. The Staffing for Adequate Fire & Emergency Response Grants (SAFER) provides funding directly to local fire departments and volunteer firefighter interest organizations for the hiring, recruitment and retention of trained, "front line" firefighters in communities nationwide.

The measure would be paid for with a 0.5 percent surtax on household income above $1 million, a smaller version of the 5.6 percent millionaires surtax that Democrats wanted to use to offset the cost of the larger package. Democratic leaders have said they eventually want to vote on four separate portions of Obama's proposal.
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RAC Sets NACo's Rural Priorities
The increase in partisan gridlock, threat of unfunded mandates and impending federal austerity measures are all concerns for rural county elected officials. NACo's Rural Action Caucus (RAC) Steering Committee recently met to analyze this political landscape and decided to focus its advocacy efforts in 2012 on five key issues. Relief from unfunded mandates, Farm bill reauthorization, surface transportation/aviation reauthorization, rural healthcare/substance abuse and the Secure Rural Schools & Self Determination Act/PILT are RAC's 2012 legislative priorities.

Participants met with some of the local business and industry leaders that are at the forefront of Michigan's emerging agriculture and rural development efforts. This included representatives of the Harvest Wind Farm in Pigeon, the Thumb Octagon Barn and Agricultural Museum in Gagetown, POET Bio-refining in Caro and Zwerk Farms in Reese.
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HHS Pulls the Plug on the CLASS Act
On October 14, the Department of Health and Human Services (HHS) announced that it could not proceed with implementation of the Community Living Assistance Services and Support (CLASS) Act, which had been enacted as part of the Affordable Care Act (ACA). CLASS Act was designed to pay beneficiaries about $50.00 for long term care support and was to be funded entirely by

premium payments made through voluntary payroll deductions. It also contained a provision requiring the HHS Secretary to certify that it was actuarially sound. After months of study Secretary Sebelius announced that it could not be done.

In a post on the Huffington Post, Secretary Sebelius wrote this action does not affect overall implementation of the ACA and promised to continue working to find a way to improve long term care options. NACo supports federal policies encourage the elderly and disabled to receive the services they need in the least restrictive environment.
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EPA Changes Decision on Regulation of Farm Dust, Legislation Introduced
The U.S. Environmental Protection Agency (EPA) announced they will not change air quality standards for particulate matter (PM) 10, also known as coarse particles. NACo was particularly concerned over tighter regulation of PM standards because regulating PM 10, would include farm dust. NACo supports EPA's decision not to regulate PM 10 coarse particles, such as dust, because increased regulation would have been overly burdensome to many counties, especially rural counties.

However, the EPA indicated they still plan to move forward with changes to the PM-2.5 (fine particles) standard. NACo will monitor any proposed changes to PM-2.5 and will oppose any attempts by the Environmental Protection Agency to impose regulation of PM-2.5 at levels more stringent than current standards.

This announcement was made via a letter to Senate Agriculture Chair Debbie Stabenow (D-Mich.) from EPA Administrator Lisa Jackson. The letter states the decision was made after consultation with both EPA scientists and the Clean Air Science Advisory Council. The EPA decision was decried by environmental and health groups who are worried about the health risks associated with particulate matter pollution. Some Congressional Republicans and farm state Democrats applauded the announcement, but others remain concerned about regulation of PM-2.5.

The term "particulate matter" can include either solid or liquid materials. PM comes from both manmade and natural sources. PM-10 coarse dust particles are 2.5 to 10 micrometers in diameter (smaller than a human hair) and typically come from crushing or grinding operations and dust from paved and unpaved roads. PM-2.5 fine particles, on the other hand, are under 2.5 micrometers in diameter and can only be seen with an electron microscope. Sources of fine particles include all types of combustion, including motor vehicles, power plants, residential wood burning, forest fires, agricultural burning, etc.

NACo and its members expressed concerns to EPA and Congress over the last year regarding the potential for increased regulation to negatively impact regular activities such as cars driving down dirt roads and agricultural practices that sustain local economies. Even natural events such as wildfires or wind storms contribute to PM levels and are beyond the control of regulators.

Representative Kristi Noem (R-S.D.) recently introduced the Farm Dust Regulation Prevention Act of 2011, H.R. 1633. This bill would prohibit the U.S. Environmental Protection Agency (EPA) from proposing, finalizing, implementing, or enforcing any regulation revising the national primary ambient air quality standard applicable to particulate matter (PM) with an aerodynamic diameter greater than 2.5 micrometers under the Clean Air Act (CAA) for one year. This is known as PM-10 and includes dust that is prevalent on rural roads and farming operations.

The bill goes on to exempt classification of nuisance dust as a particulate matter as long as it is not regulated under state, tribal or local law and the benefits to applying CAA standards to the dust outweigh the costs. Under the bill, "nuisance dust" is defined as: " (1) generated from natural sources, unpaved roads, agricultural activities, earth moving, or other activities typically conducted in rural areas; or (2) consisting primarily of soil, other natural or biological materials, windblown dust, or some combination thereof."

The bill currently has 112 cosponsors and a hearing is scheduled for October 25 in the House Energy and Commerce subcommittee on Energy and Power. Representative Noem is still pushing for adoption of her bill to ensure that the EPA follows through on its recent pledge to not regulate farm dust.
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Senate Environment and Public Works Committee Announces Highway

Bill Mark Up

The Senate Environment and Public Works Committee on October 21 announced that it will consider a bipartisan two-year $109 billion highway bill on November 9. The bill, Moving Ahead for Progress in the 21st Century (MAP-21), according to the committee, “holds spending at current levels plus inflation, greatly increases leveraging of federal dollars, and modernizes and reforms the nation’s transportation systems to help create jobs and builds the foundation for long-term prosperity.” A date for consideration of the transit section of the bill by the Senate Banking Committee has not been announced nor has any announcement been made by the House Transportation and Infrastructure Committee. The surface transportation program is currently in its eighth extension, which expires on March 30, 2012.

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Senate Committee Approves Education Bill

On October 20, the Senate Health, Education, Labor and Pensions Committee approved a bill to reauthorize the Elementary and Secondary Education Act, also known as No Child Left Behind (NCLB), by a vote of 15 – 7. The bipartisan legislation changesmany of the controversial provisions of NCLB and returns flexibility and program control to states and local school districts.

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About NACo

National Association of Counties (NACo) is the only national organization that represents county governments in the U. S. NACo provides essential services to the nation’ s 3,068 counties. NACo advances issues with a unified voice before the federal government, improves the public's understanding of county government, assists counties in finding and sharing innovative solutions through education and research and provides value-added services to save counties and taxpayers money.

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