

CSAC 2019 Federal Advocacy Priorities

After two years of Republican control of Congress and the White House, 2019 will usher in the return of divided government as Democrats take the helm of the House of Representatives and the GOP slightly pads what was the narrowest of majorities in the Senate. While attempts at legislative deal making will undoubtedly be influenced by the looming 2020 presidential and congressional elections, there will be opportunities for bipartisan collaboration, particularly, for example, with respect to development of an infrastructure package.

For his part, President Trump will head into the second half of his administration aiming to build upon the aggressive deregulatory agenda that is currently underway at a number of federal departments and agencies. Legislatively, the president has indicated his willingness to work with the new House Democratic majority in several key areas, though it remains to be seen how much room for cooperation will exist in 2019.

California County Spending Priorities. Absent a new bipartisan agreement that lifts the fiscal year 2020 sequester-level spending caps prescribed by the Budget Control Act (BCA), congressional appropriators will be forced to cut billions of dollars in defense and non-defense discretionary spending as part of next year's budget. Regardless of whether Congress ultimately votes to suspend the BCA caps, CSAC will be working to protect the myriad of federal spending programs that are of vital interest to California's counties.

Transportation and Infrastructure. While efforts to advance a broad infrastructure package fell short during the 115th Congress, the incoming leaders of the House and Senate along with President Trump have indicated that infrastructure spending will be a key priority in 2019. CSAC will continue to urge members of the California congressional delegation to prioritize the significant infrastructure investment needs at the local level while looking for opportunities to enhance and streamline the transportation project delivery process.

On a closely related matter, the nation's highway and transit authorization law – the Fixing America's Surface Transportation Act (FAST Act) – is set to expire during the 116th Congress. Within the context of FAST Act reauthorization, CSAC will continue to emphasize the importance of the county road system with respect to federal transportation policy and advocate for new revenues for programs of importance to counties, such as safety and bridge projects.

Federal Healthcare Policy. CSAC will continue to support efforts to maintain and support the Affordable Care Act (ACA), including funding the expanded Medicaid program and insurance subsidies for individuals and families with incomes above the Medicaid eligibility thresholds. Additionally, CSAC will continue to support bipartisan efforts to eliminate the ACA excise tax, which is slated to go into effect in 2022. A number of California counties offer health insurance plans and related programs that will be subjected to the tax on high-cost plans.

Changes to Entitlement Programs. CSAC will work to protect California county interests as part of any Temporary Assistance for Needy Families (TANF) reauthorization legislation, including working to restore state and county flexibility to tailor work and family stabilization activities to families' individual needs. CSAC also will support maintaining the focus on work activities under TANF, while recognizing that "work first" does not mean "work only."

Homelessness. CSAC will support increased federal appropriations and new legislative initiatives to support housing programs that offer comprehensive services and case management for individuals and families experiencing homelessness.

Child Welfare Financing Reform. CSAC will support increased federal funding for services and income support needed by parents seeking to reunify with CSAC Draft Major Policy Issues for 2019 children who are in foster care. CSAC also supports increased financial support for programs that assist foster youth

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in the transition to self-sufficiency, including post-emancipation assistance such as secondary education, job training, and access to health care.

In addition, CSAC will work to protect and retain the entitlement nature of the Title IV-E Foster Care and Adoption Assistance programs while seeking the elimination of outdated rules that base a child's eligibility for funds on parental income and circumstances. The association also supports federal funding to address the service needs of youth who are victims of commercial sexual exploitation.

Finally, CSAC will continue work with Congress and the administration to provide maximum flexibility in meeting provisions of the Family First Prevention Services Act (FFPSA), including offering a broad array of prevention services and administrative actions to better align the FFPSA's congregate care provisions with the state's Continuum of Care reforms.

Indian Affairs / Fee-to-Trust Reform. CSAC will continue to lead local government efforts aimed at securing a comprehensive legislative overhaul of the Department of the Interior's fee-to-trust process. Similarly, CSAC will continue to urge the U.S. Department of the Interior to approve a series of key fee-to-trust process reforms as part of the Department's 25 CFR Part 151 regulatory review effort.

Public Lands. CSAC will continue to advocate for a long-term reauthorization of mandatory entitlement funding for the Payments-in-lieu-of-Taxes (PILT) program, as well as the Secure Rural Schools (SRS) program. Absent long-term renewals of these critical funding sources, CSAC will continue to support short-term programmatic extensions.

In addition, CSAC will continue to advocate for responsible reforms to federal land management. Such reform efforts should promote healthy forests, protect endangered species habitat, safeguard downstream water quality, improve California's water supply, and reduce the risk of wildfires. Finally, CSAC will continue to urge the federal government to provide assistance

through the Department of Agriculture and the Federal Emergency Management Agency to help California address its tree mortality crisis.

Justice Funding. CSAC will continue to serve as a lead advocate in efforts to protect, as well as enhance, the State Criminal Alien Assistance (SCAAP) program, which is a key source of federal funding for a significant number of California's counties. CSAC also will continue to advocate for a long-term reauthorization of SCAAP and will continue to seek several key reimbursement criteria changes to the program. With regard to the Victims of Crime Act (VOCA) and the Violence Against Women Act (VAWA), CSAC will continue to urge Congress to provide adequate funding for these importance victim services programs.

Federal Disaster Assistance. In the aftermath of the most destructive and costly wildfires in state history, CSAC will continue to advocate for federal disaster assistance to help communities impacted by the devastating effects of the fires.

Remote Sales Tax. In the wake of the Supreme Court's 2018 ruling in *South Dakota v. Wayfair*, states can now require online retailers to collect and remit sales taxes, regardless of whether they have a "physical presence" in that particular state. Following the *Wayfair* decision, a number of states, including California, are moving to capitalize on this lost tax revenue. Such widespread state-level action could serve as the impetus for Congress to consider legislation – similar to the Marketplace Fairness Act – that would create a national framework for tax collection. CSAC will support efforts aimed at further strengthening state and local taxing authority and will oppose legislation that seeks to overturn the *Wayfair* decision.

State and Local Tax Deduction. The 2017 Tax Cuts and Jobs Act (PL 115-97) allows taxpayers to deduct property taxes and income or sales taxes, CSAC Draft Major Policy Issues for 2019 but only up to a combined cap of \$10,000. Prior to the Act, federal taxpayers could deduct the entirety of their state and local

property taxes, as well as their state income taxes or sales tax. CSAC supports legislation that would fully restore the SALT deduction and opposes any effort to further reduce or eliminate this tax benefit.

Tax Exempt Bonds. The Tax Cuts and Jobs Act fully preserved the tax exempt status of municipal bonds and Private Activity Bonds (PABs), though eliminated the exemption for advance refunding bonds, which counties use to refinance outstanding bonds to take advantage of better terms and rates. CSAC will continue to support the municipal bond and PAB tax exemption, as well as legislation that would restore the exemption for advance refunding bonds.

Environmental Regulatory Reform. With the Trump administration taking a series of actions to dismantle Obama-era environmental regulations – such as the Clean Power Plan and the Waters of the United States (WOTUS) rule – CSAC will continue to monitor executive and administrative actions that could impact California’s counties.

Executive Action on Immigration-related Policy. CSAC will continue to closely monitor the potential impact of legislative and regulatory actions that would have the effect of cutting off certain federal funds to California’s counties, including new standards announced by the Department of Justice that would preclude the state’s counties from being eligible for SCAAP payments beginning with the fiscal year 2020 application cycle. It should be noted that the Trump administration’s executive and administrative actions aimed at withholding federal funds from so-called “sanctuary jurisdictions” remain the subject of a number of lawsuits across the country. Accordingly, CSAC will continue to closely monitor the outcome of these judicial proceedings.

Cannabis. While 33 states and the District of Columbia have legalized the use of cannabis for medicinal or recreational purposes, it is still classified as a Schedule 1 narcotic under the Controlled Substances Act. As a result, the use, possession, and sale of cannabis remains a federal crime, which has created significant issues for states that have legalized cannabis use. In an effort to address the conflict between federal and state law, CSAC supports legislation that would allow states to determine their own cannabis policies. CSAC also supports legislation that would ensure greater access to banking for cannabis-related businesses, as well as proper medical research on the effects of cannabis use.