Charlotte County, Florida
2018 Federal Legislative Agenda

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February 2018

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Water Resources and Environment

National Flood Insurance Program **5**

Support efforts to improve the National Flood Insurance Program for the benefit of all participants.

RESTORE Act **7**

Monitor federal implementation of the RESTORE Act to ensure continued benefit to Charlotte County. ***Support*** efforts to secure funding for Charlotte County. ***Support*** efforts to allow bonding of future RESTORE receipts so communities may implement complete projects now instead of waiting for funding to be available.

Waters of the United States and Regulatory Relief **9**

Monitor activity related to the implementation of the Waters of the U.S. rule. ***Oppose*** aspects of the proposed rule that would negatively affect Charlotte County. ***Support*** efforts to further regulatory reform, including with respect to transportation projects which receive less than $5 million in federal investment.

Charlotte Harbor Conservation; Central Sewers **11**

Support efforts to secure funding for Charlotte County sewer system expansion. ***Support*** amending existing Charlotte County water infrastructure authorization via the Water Resources Development Act to allow $16,000,000 for the Restoration of Water Quality in the Impaired Waters of Charlotte Harbor Project.

Shoreline and Inlet Management **13**

Support adequate annual funding for the Corps of Engineers Investigations account, including additional funding specifically for "shore protection" studies not identified in the annual Administration budget. ***Support*** initiation of a Corps of Engineers General Reevaluation or other report of the Manasota Key shoreline via the Corps of Engineers disaster supplemental or annual Work Plan, focusing primarily on those areas recommended for a project in 1981 to address sediment management and erosion of beaches, and to provide for safer navigation.

Energy Exploration **15**

Oppose the potential expansion of energy exploration in Florida.

Transportation

Infrastructure Investment **18**

Support new federal investment in infrastructure. ***Support*** all opportunities to secure funding for Charlotte County's infrastructure priorities.

Federal Aviation Administration Authorization **20**

Support the passage of a long-term FAA reauthorization bill, to include the Airport Improvement Program and the Contract Tower Program. ***Support*** $3.35 billion in annual appropriations for the Airport Improvement Program. ***Support*** Charlotte County Airport Authority grant proposals through the FAA Airport Improvement Program. ***Support*** annual full and dedicated funding for the FAA Contract Tower Program.

Economic Development & Social Services

Opioid Addiction **22**

Support appropriations activities to fund programs in CARA, the 21st Century Cures Act or other programs to address the opioid crisis. ***Monitor*** HHS for guidance regarding the allocation of 21st Century Cures state formula funding. ***Support*** attempts by entities within Charlotte County to secure funding to fight opioid addiction.

Healthcare Reform **24**
Monitor efforts to repeal/replace or amend the Affordable Care Act. ***Monitor*** changes to Medicaid and Medicare. ***Support*** the repeal of the excise tax on high-cost health insurance plans (a.k.a. the Cadillac tax) within the Affordable Care Act.

Medical Marijuana **26**
Support legislation to prevent federal interference with Florida's medical marijuana program.

Community Services Block Grants & the Low Income Home Energy Program **28**
Monitor funding levels for the Community Services Block Grant and the Low Income Home Energy Program because of their critical role in the County's efforts to support those that are least fortunate. ***Support*** any applicable funding opportunities for the Human Services Department.

Assessment of Fair Housing Rule **29**
Monitor implementation of the Department of Housing and Urban Development's Assessment of Fair Housing Rule.

Economic Development Administration Programs **31**
Support Charlotte County EDA grant applications as applicable, including potential applications for improvements to Parkside, Charlotte Harbor, and Murdock Village Community Redevelopment Areas, along with the Western Michigan Partnership and other infrastructure projects. ***Support*** continued adequate funding of the Economic Development Administration.

Local Government Issues

Federal Emergency Management Agency Disaster Assistance **32**
Support legislation to prohibit the Federal Emergency Management Agency from de-obligating previously awarded disaster funds for projects that have been certified as complete by the state for at least three years. ***Support*** changes to the Stafford Act to ensure that counties are not denied for an appeal when the state, acting as the grantee, fails to meet the regulatory timeline through no fault of the county.

Domestic Discretionary Spending Pressure **33**
Monitor proposed cuts to non-defense discretionary programs of importance to Charlotte County.

Remote Sales-Tax Legislation **34**
Support legislation that requires companies making catalog and internet sales to collect and remit the associated taxes. ***Support*** federal tax policies that maintain revenue streams to local governments.

Transient Occupancy Taxes **36**
Oppose legislation that would exempt Internet travel brokers from paying taxes on the full room rate paid by the consumer, thereby costing Charlotte County and its political subdivisions the opportunity to collect the appropriate Transient Occupancy Taxes from visitors to the region.

Tax-Exempt Bonds **38**
Oppose legislation that would threaten the tax exemption on state and local bonds. ***Support*** the passage of legislation to again allow for advanced refunding of tax-exempt bonds.

FEDERAL ISSUE: National Flood Insurance Program

BACKGROUND; HOW IT MAY AFFECT CHARLOTTE COUNTY: In 1968, Congress established the National Flood Insurance Program (NFIP) to address the nation's flood exposure and challenges inherent in financing and managing flood risks in the private sector. Private insurance companies at the time claimed that the flood peril was uninsurable and, therefore, could not be underwritten in the private insurance market. A three-prong floodplain management and insurance program was created to (1) identify areas across the nation most at risk of flooding; (2) minimize the economic impact of flooding events through floodplain management ordinances; and (3) provide flood insurance to individuals and businesses.

Until 2005, the NFIP was self-supporting, as policy premiums and fees covered expenses and claim payments. Today, the program is roughly $25 billion in debt due to a number of large storms.

In mid-2012, Congress passed, and the President signed, the Biggert-Waters Flood Insurance Act (BW12), a 5-year reauthorization of the NFIP that attempted to restore the program to firmer financial footing by making a number of changes to the program that impacts the Island's residents. Then, in early 2014, the Homeowner Flood Insurance Affordability Act (HFIAA), was enacted in an attempt to address some of the so-called unintended consequences of BW12. While HFIAA delayed many of the premium increases implemented by BW12, in the long run, the only real difference between rate increases envisioned by the two bills is that HFIAA reinstated grandfathering. This provision originally ended by BW12 allows property owners to pay flood insurance rates based on original risk, not that which is determined by new community flood maps.

Authorization of the NFIP expired September 30, 2017, and has been continued along with funding for the government several times through continuing resolutions. The 115th Congress still needs to address a longer-term reauthorization this year. Reauthorization may include reforms to the NFIP.

In Charlotte County, there are 35,608 NFIP policies for both homes and commercial properties.

115th Congressional Approach

The House Financial Services Committee drafted and passed several bills to address the reauthorization of NFIP. The proposals have many areas of concern for consumers and local governments. Specifically, the package of bills would:

- Raise the minimum average premium increase to 8% from 5%. FEMA has reported that a majority of risk classifications had increases of less than 8%, thereby this provision would mean higher premiums for the majority of policyholders.
- Increase a variety of surcharges for all policyholders in the NFIP while not holding the private insurance market to the same standards
- Change the definition of a multiple loss property and place additional restrictions on policyholders that fall into this category, increasing their expenses and limiting their choices for coverage
- Increase the regulatory burden on local governments by requiring communities with more than 50 repetitive loss structures (defined as properties that have had two or more claims totaling $1,000 in the past ten years) to map the properties and surrounding infrastructure and then enact a FEMA approved mitigation plan. The communities would then be subject to potential sanctions from FEMA if sufficient progress was not made on the plan. These sanctions are not clearly defined in the bill, but references to removal from the NFIP was taken out of the bill by amendment in committee.

The package of bills was then merged into a single bill, entitled the 21st Century Flood Insurance Reform Act, which ultimately passed the House last fall but is unlikely to gain traction in the Senate.

In the Senate, several Senators, including both Senators Nelson and Rubio, have introduced their own version of flood insurance reauthorization, entitled The Sustainable, Affordable, Fair and Efficient National Flood Insurance Program Reauthorization Act (SAFE NFIP Act), that includes beneficial provisions from a significantly more consumer-friendly perspective. Among them include efforts to further limit premium rate increases, create new means-tested mitigation and affordability provisions, expand the Increased Cost of Compliance program, focus on existing pre-disaster mitigation programs and developing accurate flood maps, cap Write-Your-Own compensation, and offer a policyholder credit if they secure an elevation certificate. Additionally, Senators Kirsten Gillibrand (D-NY) Bill Cassidy (R-LA) have introduced the Flood Insurance Affordability and Sustainability Act of 2017. The Senate Banking Committee has drafted their own reauthorization bill, which will ultimately serve as the vehicle for reauthorization in the Senate, however the Committee has indicated that this bill is a "base text" that will be amended as it moves forward.

Charlotte County Position

Charlotte County supports reauthorization of the National Flood Insurance Program (NFIP) with legislative, policy and programmatic modifications to improve the affordability and transparency of the program through reforms in the following areas:

1) Affordability/Rate Structure
    a. Maintain a focus on affordability; however, if rates must rise, provide a more reasonable glide path for all properties
    b. Ensure rates are consistent for all properties, including second homes and businesses
    c. Ensure NFIP rates are not excessive or unfair by making the rate-setting process more transparent to the public
2) Programmatic Modifications to Enhance NFIP's Financial Sustainability
    a. Consider Write-Your-Own reforms including reducing commissions while further incentivizing NFIP policy sales efforts
    b. Encourage greater participation by those outside of the 100-year floodplain via expanded use of the Preferred Risk Policy
    c. Further strengthen enforcement responsibilities to ensure those in the 100-year floodplain have and maintain flood insurance
    d. Privatization that maintains affordability and requires whole profile of risk (no cherry picking)
3) Mitigation
    a. Increase funding for existing flood mitigation programs
    b. Establish tax credits for mitigation efforts
    c. Consider voucher/loan programs to further emphasize mitigation, particularly for lower-income participants

POSITION: ***Support*** efforts to improve the National Flood Insurance Program for the benefit of all participants.

FEDERAL ISSUE: RESTORE Act

BACKGROUND; HOW IT MAY AFFECT CHARLOTTE COUNTY: In April 2010, an explosion at the BP-operated Deepwater Horizon oil rig caused the worst oil spill in U.S. history, with millions of barrels of oil spilling into the Gulf of Mexico.

In the summer of 2012, Congress passed the Resources and Ecosystems Sustainability, Tourist Opportunities, and Revived Economies (RESTORE) Act, which established the Gulf Coast Restoration Trust Fund and mandated that 80 percent of Clean Water Act (CWA) civil damages from the parties involved in the spill be allocated directly to the five impacted states, including Florida.

A civil trial between BP and the Department of Justice (DOJ) began in 2013, and, in 2014, a U.S. District Court judge ruled that BP was "grossly negligent" in the Deepwater Horizon spill, citing the company's extreme measures to cut costs, despite safety risks. In January 2015, the same judge ruled that BP dumped 3.2 million barrels of oil into the Gulf during the disaster.

Separately, in 2013, DOJ settled with Transocean for their role in the Deepwater Horizon spill. As a result of the agreement, Transocean paid $1 billion in CWA fines, resulting in the first allocation of funding to be distributed via the RESTORE Act.

In July 2015, BP and DOJ reached a settlement for all federal and state claims in which BP will pay $5.5 billion in CWA fines. BP will also pay $4.9 billion in economic claims to the Gulf states, including $2 billion to Florida; $350 million for region-wide claims; and approximately $600 million to resolve the economic loss claims of local governments.

These CWA fines will flow to the Gulf States via three channels created by the RESTORE Act: Direct Component, Council-selected projects, and the Spill Impact Component. The Department of the Treasury is tasked with implementing the RESTORE legislation. Treasury published a final rule for the RESTORE Act on December 14, 2015, with an effective date of February 12, 2016.

Since the spill, BP and Transocean have also settled with the federal government for $4.5 billion in criminal penalties. The National Fish and Wildlife Foundation (NFWF) has received $2.5 billion of these funds, with the remainder being allocated to several other trust funds. To date, NFWF has awarded more than 100 million for 25 projects in Florida. In 2016, the Natural Resources Damage Assessment (NRDA) Trustees released their programmatic restoration plan, which included up to $8.8 billion from a settlement reached with BP. Just over $680 million of this settlement has been allocated to Florida.

Direct Component (Bucket 1)
The Direct Component portion makes up roughly 35 percent of the total Trust Fund and is equally divided among the five Gulf States. The RESTORE Act grants states with significant discretion as to how they will use the funding for restoration activities. In Florida, these funds are then distributed to the 23 Gulf Coast counties. The "disproportionally affected" counties receive 75 percent of the state's share with the remaining 25 percent divided among the other 15 counties, including Charlotte, based on a formula that takes into account population, distance from the spill and average tax collection per capita. Charlotte County has developed a multi-year implementation plan (MYIP), which was submitted to Treasury in 2016. The County has now received three grant awards for projects included in the MYIP.

Council-selected Projects (Bucket 2)
The RESTORE Act also established the Gulf Coast Ecosystem Restoration Council (the Council), which is responsible for administering 60 percent of the total funding allocated to the Trust Fund. Thirty percent of the Trust Fund is to be used by the Council to develop and fund a Comprehensive Plan for the restoration of the entire Gulf Coast ecosystem, and the remaining thirty percent is to be distributed under the Spill Impact Component. The Council includes the Secretaries of the Interior, Commerce, Agriculture, the Administrator of the Environmental Protection Agency, Secretary of the Army for Civil Works, the head of the Coast Guard, and the Governors of each state. The Council is projected to receive approximately $1.6 billion for Council-selected projects as a result of the settlements with BP, Transocean and Anadarko.

Project and program requests for initial funding from the Transocean settlement under the Council's Comprehensive Plan were due in late 2014. In December of 2015, the Council approved the Initial Funded Priorities List (FPL). The FPL funds approximately $156.6 million in restoration activities and prioritizes 12 additional projects in the future, subject to further environmental and Council review. The Council also reserved $26.6 million for a future round of funding, which will be subject to a public process.

In December of 2016, the Council adopted an update to its Comprehensive Plan, which included a Ten-Year Funding Strategy for Gulf restoration. The Ten-Year Strategy does not identify specific programs or projects, but does anticipate that the next FPL will have a three-year development period, with all future FPLs also operating on a three-year schedule. According to the update, spacing out FPLs will allow the Council to include much larger projects and programs in future FPLs, as well as explore alternative financing mechanisms, such as public-private partnerships, to support these large-scale projects.

In January of 2018, the Administrator of the EPA became Chair of the Council and Administrator Pruitt announced that Kenneth Wagner would be serving as his designee on the Council. If the Council continues to follow the three-year time frame for the development of the next FPL, they should begin the process at some point this calendar year. This will provide an opportunity for Charlotte County to submit projects for consideration.

Spill Impact Component (Bucket 3)
In Florida, the Spill Impact Component is administered by the Gulf Consortium. The Gulf Consortium is tasked with drafting a State Expenditure Plan (SEP) which must then by submitted to the Council by the Governor for approval. Once an approved plan is in place, the Consortium can begin to draw down funding for projects. The Gulf Consortium was created by interlocal agreement in 2012 and has been meeting since that time. The Board of Directors consists of representatives from each of the 23 Gulf Coast counties, including Charlotte, and six appointments made by the Governor. The Consortium has agreed to divide their allocation up evenly between the counties. This will result in an allocation for Charlotte of just under $12.5 million. The Consortium has released their draft SEP for public comment, which includes Charlotte County's Charlotte Harbor Septic to Sewer Conversion Program. The comment period will be open for at least 45 days. The Consortium anticipates approving the SEP for transmittal to the Governor in April of 2018.

POSITION: ***Monitor*** federal implementation of the RESTORE Act to ensure continued benefit to Charlotte County. ***Support*** efforts to secure funding for Charlotte County. ***Support*** efforts to allow bonding of future RESTORE receipts so communities may implement complete projects now instead of waiting for funding to be available.

FEDERAL ISSUE: Waters of the United States and Regulatory Relief

BACKGROUND; HOW IT MAY AFFECT CHARLOTTE COUNTY:

Waters of the United States
A series of decisions by the U.S. Supreme Court over the past decade imposed restrictions on the scope of wetland regulation governed by Section 404 of the Clean Water Act (CWA), which regulates "dredge and fill" activities in navigable waters and their adjacent wetlands. Opponents of these restrictions have urged Congress to redefine Waters of the U.S. (WOTUS), and apply that definition to all aspects of the CWA.

As legislation along those lines failed to pass previous Congresses, the Environmental Protection Agency (EPA) and U.S. Army Corps of Engineers (Corps) during the Obama Administration developed guidance and a final rule to redefine WOTUS. This effort raised concern that it may have significantly expanded the definition of WOTUS to include tributaries, ditches, canals, and other water bodies that can potentially drain into navigable waters, interstate waters, or the territorial seas. These water bodies would be subject to new requirements, and some waters currently covered by a permit would be subject to additional monitoring and regulation when those permits are renewed.

As a result of this expanded definition, 31 states sued to stop implementation of the rule. Courts blocked the implementation of the rule while the various lawsuits proceeded. The Supreme Court recently ruled that challenges to the rule should be heard by federal district courts, not federal appeals courts. This ruling further complicates the issue of which rule is in effect, however shortly after the ruling, the Administration finalized a rule delaying the implementation of the 2015 rule until 2020. This delay will allow the Administration to work through the rulemaking process for a new rule. Once President Trump took office last year, he issued an executive order directing the EPA and Corps to reevaluate the Obama Administration's rule. The definitions of WOTUS directly impacts how local governments maintain stormwater infrastructure such as detention ponds, ditches, flood control structures and drinking water facilities, among other things.

The EPA and Corps announced in late June of 2017 that they would begin a two-step process to rewrite the WOTUS rule as a part of implementing President Trump's executive order. The first step rescinds the prior rule from the Obama Administration and reverts to the previous definition. The second step includes a review and redefinition of WOTUS which will consider "Supreme Court decisions, agency guidance, and longstanding practice." It is anticipated that the new definition will signal a significant change in the government's legal strategy for deciding which wetlands and streams are protected under the Clean Water Act. For more than a decade, federal agencies have relied on Justice Anthony Kennedy's opinion in the 2006 wetland-permitting case, Rapanos v. United States, in determining where the federal reach over waterways begins. The court ruled in favor of Rapanos, but in a 4-1-4 vote, the majority split on what approach to use to define government jurisdiction. President Trump's executive order specifically asked the agencies to consider the opinion the late Supreme Court Justice Antonin Scalia wrote in the 2006 case, saying the Clean Water Act ought only to cover navigable waters and waterways "with a continuous surface connection" to them — a far more restrictive definition than what the Obama Administration put into its rule. Relying on Scalia's opinion would likely restrict federal jurisdiction.

The EPA and Corps closed the commenting period on the recodification of the pre-2015 rule in September of 2017. The County submitted comments emphasizing the importance of working with local governments to ensure the new rule will be clear, feasible for all stakeholders to implement, and not place undue burdens on taxpayers

and local governments. Over the next several months the EPA and Corps will work to develop a new proposed rule, which will then be available for public comment.

Regulatory Reform

The repeal or rolling back of federal agency regulations and executive orders and actions has long been a topic of legislative debate. Congress often considers reversing numerous regulations and executive orders. The Congressional Review Act (CRA), which allows Congress to cast simple majority votes of disapproval for regulations within 60 legislative days of their adoption, is often used to block executive actions. Prior to 2017, it had only been used once since its passage 21 years ago. In the 115th Congress alone, it has been used to roll back 15 rules issued by the Obama Administration. While Congress has debated regulatory reform within many contexts and has made some strides towards enactment of reforms, we can expect much more to come from the 115th Congress.

For example, in early 2017, the House passed the Regulations from the Executive In Need of Scrutiny (REINS) Act. A companion measure has yet to be heard on the floor of the Senate. The bill revises provisions relating to congressional review of agency rulemaking by requiring any executive branch rule or regulation designated as a "major rule" to come before Congress for an up-or-down vote before being enacted. A "major rule" is any rule that the Office of Information and Regulatory Affairs of the Office of Management and Budget finds results in: (1) an annual effect on the economy of $100 million or more; (2) a major increase in costs or prices for consumers, individual industries, government agencies, or geographic regions; or (3) significant adverse effects on competition, employment, investment, productivity, innovation, or the ability of U.S.-based enterprises to compete with foreign-based enterprises.

A joint resolution of approval must be enacted within 70 legislative days after the agency proposing a major rule submits its report on the rule to Congress in order for the rule to take effect. A major rule may take effect for 90 days without such approval if the President determines it is necessary because of an imminent threat to health or safety or other emergency, for the enforcement of criminal laws, for national security, or to implement an international trade agreement.

With respect specifically to transportation projects, the National Association of Counties has suggested precluding projects that receive less than $5 million in funding, as well as emergency projects, from federal requirements, thereby saving millions in added costs due to a variety of federal guidelines. While this issue has been addressed to some degree in past transportation authorization bills, more could be done to strengthen the authority to bypass federal regulations in projects which receive a minimal federal investment. In January 2017, President Trump signed the "Executive Order Expediting Environmental Reviews and Approvals For High Priority Infrastructure Projects." In it, a process is described whereby a Governor or the head of any federal agency may request that the Council on Environmental Quality (CEQ) review within 30 days whether a project is deemed "high priority" and can therefore be subject to expedited National Environmental Policy Act (NEPA) review. If a project is deemed high priority by CEQ, then the agency in charge of the permits must develop a schedule for "expedited" NEPA review. This process has, however, is still in the process of being set up. In response to requests from Governors that have been submitted, CEQ has stated that they were still in the process of working with other federal agencies and that information regarding the designation of high priority infrastructure projects would be made available as that process moved forward.

POSITION: ***Monitor*** activity related to the implementation of the Waters of the U.S. rule. ***Oppose*** aspects of the proposed rule that would negatively affect Charlotte County. ***Support*** efforts to further regulatory reform, including with respect to transportation projects which receive less than $5 million in federal investment.

FEDERAL ISSUE: Charlotte Harbor Conservation; Central Sewers

BACKGROUND; HOW IT MAY AFFECT CHARLOTTE COUNTY: The health of Charlotte Harbor is critical to the future of Charlotte County. A significant issue that threatens the Harbor is the need to transition residents from older, often failing septic systems to central sewers.

The Environmental Protection Agency estimates that over the next 20 years, the nation must collectively invest $390 billion to update or replace existing wastewater systems and build new ones to meet increasing demand. This is an issue that affects the whole country, but in Charlotte County, fewer than 60,000 residents are on central sewer.

Many of the County's homes are within 150 feet of waterways that flow into Charlotte Harbor, necessitating that residents will ultimately need to be on central sewer. The County is currently completing the first phase of converting homes within close proximity to the Harbor to central sewer and will begin moving toward the second phase of the initiative this year. In addition to taking advantage of State Revolving Funds and tax assessments, the County is pursuing funding for additional phases of this environmentally significant project.

The RESTORE Act offers the County an opportunity to develop central sewers. In late 2012, the County presented a proposal to the Charlotte Harbor National Estuary Program for a more than $16 million project to remove septic systems, install a central sewer system, construct stormwater improvements, and implement an educational program on Best Management Practices on 10,400 total properties, 6,800 of which are existing homes. Additionally, the project is included in the State Expenditure Plan developed by the Gulf Consortium for the Spill Impact Component.

Meanwhile, a new process codified by the Water Resources Reform and Development Act (WRRDA) of 2014 presents an avenue from which to seek assistance from the Army Corps of Engineers for water quality restoration activities. Under WRRDA, the Corps is required to seek proposals for water resources studies and project modifications on an annual basis. From the proposals submitted by local sponsors, the Corps identifies those that meet certain criteria and recommends them to Congress for authorization within an Annual Report. The Report will also include an Appendix listing those proposals that are not recommended for authorization and the reasons for the lack of recommendation. Congress then has the opportunity to authorize the recommended studies and project modifications through a yes or no vote.

In 2014, the County submitted to the Corps a project modification proposal for water supply infrastructure. The County requested that its existing water supply authorization be modified to allow $16,000,000 for waste water infrastructure to address the County's Restoration of Water Quality in the Impaired Waters of Charlotte Harbor Project. However, the Administration deemed that the County's project did not meet a "core" mission of the Corps of Engineers. Congress, however, in Section 7001 of WRRDA 2014, said "the Secretary shall include…only those…proposed modifications…that are *related to the missions and authorities* of the Corps of Engineers" (emphasis added). Ecosystem restoration, as proposed under the project modification, is related to the missions and authorities of the Corps. Therefore, the County resubmitted the proposal in 2015 and will continue to engage with Congress to support the authorization amendment.

By providing a long-term solution to significantly reduce non-point source pollutants into the receiving waters of Charlotte Harbor, the ability to support economic activities dependent on water quality will improve with the reduction/elimination of beach closures, sanitary health hazard complaints, and related impacts of nutrient and

sediment loading. Removal of septic systems will increase the amount of developable land for businesses and provide for a larger variety of uses. Improving water quality will retain and increase tourism. Lastly, a continuation of the cooperative effort between public, private, and nonprofit organizations will continue the enforcement of water quality regulations and Best Management Practices.

POSITION: ***Support*** efforts to secure funding for Charlotte County sewer system expansion. ***Support*** amending existing Charlotte County water infrastructure authorization via the Water Resources Development Act to allow $16,000,000 for the Restoration of Water Quality in the Impaired Waters of Charlotte Harbor Project.

FEDERAL ISSUE: Shoreline and Inlet Management

BACKGROUND; HOW IT MAY AFFECT CHARLOTTE COUNTY:

Manasota Key
Over the past several years, highlighted most recently by Hurricane Irma, Charlotte County's beaches on Manasota Key have eroded to the point where the County has declared numerous emergencies to help with permitting and other homeowner challenges.

In 2016, upon seeking to engage the Corps of Engineers in a long-term solution to erosion issues, the County learned that the Corps completed a Chief of Engineers report on 29 June 1981 in response to a House Public Works Committee Resolution adopted 2 December 1971. Unfortunately, in the spring of 1981, the Charlotte County Board of County Commissioners withdrew support for the project, thereby effectively ending substantive work on the project.

Given the County's recent challenges and the work completed by the Corps in the past, the County requests that the Corps initiate a General Reevaluation or other report of the shoreline, focusing primarily on those areas recommended for a project in 1981. These include beach erosion control improvements along 3.9 miles beginning at Stump Pass and extending northward to the Sarasota County Line (along Manasota Key), including the Port Charlotte Beach State Recreational Area. At the time, the project had a benefit-cost ratio of 4.2, with initial placement of approximately 335,000 cubic yards (CY) and five-year nourishment intervals of approximately 68,000 CY each. Finally, a 1,250-foot long terminal groin was recommended to be constructed at the south end of the beach fill along Stump Pass. Sand was proposed to have come from an offshore borrow area.

To fund beach nourishment projects and studies that are generally not budgeted for by the Administration, Congress has appropriated additional funding for what Congress terms "Additional Funding for Ongoing Work." In Fiscal Year (FY) 2018, both the House and Senate versions of the Energy & Water Appropriations bill includes $1.5 million in additional funding to the Corps for "shore protection" investigations (studies). These levels are a decrease from the FY 2017 funding level of $2.75 million. This is the funding source from which the Manasota Key study must compete to be restarted. An additional funding opportunity for the study was included in the recently passed third disaster supplemental appropriations bill. Through the supplemental, the Corps was provided with $17.39 billion, with $135 million of that set aside for high-priority studies for risk reduction from future floods and hurricanes. Due to the damage to Manasota Key during past storms, the study is eligible to pursue funding through this allocation.

Knight Island and Stump Pass
Knight/Don Pedro Island in Charlotte County is a popular tourist destination and residential area that lies to the south of the Stump Pass inlet. Independent engineering analyses have demonstrated that the inlet causes severe erosion to these downdrift beaches, yet it still serves as a vital navigation inlet for recreational and other boating.

To address the inlet impact and to maintain its navigational use, Charlotte County implemented a management plan and beach restoration project in 2003 by dredging Stump Pass' navigation channel and ebb shoal and transferring that sand to the downdrift beaches. Directly bypassing the trapped sand offsets erosion losses and protects upland development on the islands while also providing for safer navigation. In 2006 and 2011, the County conducted storm damage recovery and maintenance projects to address severe erosion and navigational

concerns experienced in the wake of the 2004 and 2008 hurricane seasons. Unfortunately, these efforts are not long-term solutions for Stump Pass.

Congress provides the U.S. Army Corps of Engineers with standing authorization, known as the Continuing Authorities Programs (CAP), to respond to a variety of water resource problems without the need to seek specific congressional authorization or funding for each project. Related specifically to Stump Pass, two authorities are likely most relevant. They include CAP Sections 103 (Small Beach Erosion Control Projects) and 107 (Small Navigation Projects).

In 2012, the County engaged the Corps to explore opportunities to work with the Corps on solutions to Stump Pass erosion and shoaling concerns. A Corps team from the Jacksonville District visited the County to meet with staff, gather information, and tour Stump Pass and the downdrift beaches. While the Corps determined that there was little opportunity to get involved given the limitations of their authorities, there may be other federal opportunities in the future.

Meanwhile, Charlotte County and the Florida Department of Environmental Protection (FDEP) have jointly worked together to take a holistic approach to dredging Stump Pass and renourishing critically eroded beaches at Chadwick Park, the County's public beach park, extending southward along Palm/Knight/Bocilla/Don Pedro Islands Gulf frontage to Don Pedro State Park. Included within this project is a proposed beach stabilization structure to be place on Manasota Key north of Stump Pass. The main purpose of this structure is to reduce the rate of sand migrating into the Pass, thereby reducing the frequency of dredging cycles. This overall effort, known as the 10 Year Management Plan, was approved by FDEP for permitting in September 2015.

This project provides for continued monitoring, as required by permitting, to dredge Stump Pass in order to re-establish the 1980 channel alignment and provide for re-nourishment of critically eroded beaches. Maintenance dredging of Stump Pass and beach re-nourishment will be conducted approximately every three years. An engineered structure will be installed at Stump Pass to improve program performance. In the permitting process, an Adaptive Management Plan Strategy will be employed to provide options for modifications to structure(s) placed with initial construction or installation of additional structures in the future in response to beach and inlet management activities and storm erosion impacts.

POSITION: ***Support*** adequate annual funding for the Corps of Engineers Investigations account, including additional funding specifically for "shore protection" studies not identified in the annual Administration budget. ***Support*** initiation of a Corps of Engineers General Reevaluation or other report of the Manasota Key shoreline via the Corps of Engineers disaster supplemental or annual Work Plan, focusing primarily on those areas recommended for a project in 1981 to address sediment management and erosion of beaches, and to provide for safer navigation.

FEDERAL ISSUE: Energy Exploration

BACKGROUND; HOW IT MAY AFFECT CHARLOTTE COUNTY:

Offshore Energy Development
Active energy drilling currently occurs in both the western and central Gulf of Mexico, while nearly the entire eastern Gulf is protected from drilling until 2022 by the Gulf of Mexico Energy Security Act of 2006 (GOMESA). Drilling does not currently occur off of the Atlantic coast of Florida.

For many years, the federal government has developed five-year Outer Continental Shelf (OCS) Oil and Gas Leasing programs to guide energy exploration activities in federal waters. On January 17, 2017, the Secretary of the Interior approved BOEM's finalized OCS Oil and Gas Leasing Program for 2017-2022 and issued a Record of Decision (ROD) for the programmatic Environmental Impact Statement (EIS). In approving the Program, the Secretary chose Alternative C (the Preferred Alternative) from the Final Programmatic EIS. The ROD identifies Alternative D, No Action, as the environmentally preferable alternative. In addition, the ROD outlines programmatic mitigation measures that will apply to all sales that occur during this Program in areas where the mitigation measures are applicable. No lease sales were proposed for the Eastern Gulf and the area is currently under a moratorium through 2022.

Although typically a new five-year plan would not be developed for several years, in April of 2017, President Trump signed the America First Offshore Energy Strategy Executive Order. The Executive Order aims to increase domestic energy production and reduce the use of foreign oil by, in part, expanding offshore drilling. As a part of implementing that order, BOEM is in the process of developing a new 2019-2024 National Outer Continental Shelf Oil and Gas Leasing Program.

In January 2018, BOEM released a draft proposed program (DPP) for the National Outer Continental Shelf Oil and Gas Leasing Program for 2019-2024. The DPP includes 47 potential lease sales in 25 of the 26 planning areas, which is the largest number of lease sales ever proposed for a 5-year lease schedule. The DPP includes two sales in the Eastern Gulf of Mexico after the expiration of the moratorium.

After accepting comments on the DPP, BOEM will then need to draft and release a Proposed Program, which will be made available for an additional public comment period, so there will be several opportunities to weigh in before the program is finalized.

Governor Scott released a statement in reaction to the release stating his opposition to offshore drilling on Florida's coast and has stated that he has requested a meeting with Interior Secretary Zinke to discuss the proposal. Additionally, Senator Nelson, Senator Rubio and other members of the Florida delegation have already released statements criticizing inclusion of the Eastern Gulf in the DPP. Shortly after the release of the DPP, Governor Scott met with Secretary Zinke to discuss the issue. After the meeting, Secretary Zinke stated that Florida was being removed from consideration for any new oil and gas platforms. His announcement did not include detail about what exactly that meant, whether it would apply to seismic testing as well as drilling, or provide a new draft of the DPP. The development of these programs must follow a specific process set out in law which stipulates that the decisions made during the process cannot be "arbitrary and capricious". Several governors of other coastal states, members of Congress, and others have already stated that they believe the Secretary's withdrawal of Florida meets that standard, particularly if the same consideration is not given to other states that express the same opposition to drilling. Recently, Walter Cruickshank, the Acting Director of the

Bureau of Ocean Energy Management was testifying before the House Natural Resources Committee and was asked about the withdrawal of Florida from the DPP. He responded that Florida is still a part of the DPP, and the Secretary's statement is not an official part of the process. The process of developing a final plan will likely take close to a year, and several entities have already stated their intention to file lawsuits due to the Secretary's treatment of Florida.

Meanwhile, Representative Steve Scalise (R-LA), the third-ranking Republican in the House has filed the Strengthening the Economy with Critical Untapped Resources to Expand American Energy Act (SECURE American Energy Act), that reinforces the call for increased offshore energy exploration first proposed in President Trump's Executive Order. If the Florida Atlantic Coast is included in the plan developed by BOEM, this bill would require that the approved lease sales be executed and remove the ability of any Administration to cancel them. Additionally, the bill would require that any future moratoriums on offshore drilling be designated by an act of Congress, and areas could not be withdrawn from exploration by the President alone.

In early January 2017, Senator Bill Nelson re-introduced his Marine Oil Spill Prevention Act (S. 74). The purpose of the bill is to protect Florida from the threat of offshore drilling until at least 2027. The legislation amends the Gulf of Mexico Energy Security Act of 2006 to extend the moratorium on oil and gas leasing in certain areas in the Gulf of Mexico until June 30, 2027. It sets forth provisions concerning Coast Guard responsibilities, including designating areas that are at heightened risk of oil spills and implementing measures to ameliorate that risk. This bill also amends the Oil Pollution Act of 1990 to establish a Gulf Coast Regional Citizens' Advisory Council to advise on facilities and tank vessels, among other things.

Onshore Energy Development (Hydraulic Fracturing)
The rapid expansion of oil and gas extraction using hydraulic fracturing — both in rural and more densely populated areas — has raised concerns about its potential environmental and health impacts. These concerns have focused primarily on impacts to groundwater and surface water quality, public and private water supplies, and air quality.

In Florida, the Burnett Oil Company submitted a proposal to the National Park Service (NPS) to conduct a seismic survey of 110 square miles within Big Cypress Preserve. Senator Nelson sent a letter to the Department of Interior on July 31, 2015, in strong opposition to seismic testing within the Preserve. The NPS completed an Environmental Assessment (EA) for the proposal and the City submitted comments in opposition to the seismic surveys. In May 2016, the NPS issued a finding of no significant impact following their environmental review. The finding of no significant impact is based on information and conclusions outlined in an environmental assessment completed for the proposed survey. Burnett Oil is required to implement a variety of measures to prevent lasting impacts and minimize short-term impacts to the preserve's resources during survey activities. The environmental assessment only covers the seismic survey. Should Burnett Oil wish to pursue production of resources, they must submit a new plan of operations which would undergo additional environmental review and public comment periods. However, in July 2016, six environmental groups filed suit to stop Burnett Oil's seismic survey. The court subsequently ruled that the drilling posed minimal risk to the Everglades and regional water supplies and recommended the Florida Department of Environmental Protection (DEP) issue the permit.

In terms of non-federal land, states broadly regulate oil and gas exploration. In Florida, oil and gas extraction activities are managed by the Department of Environmental Protection. State laws and regulations governing unconventional oil and natural gas development have evolved in response to changes in production practices, largely due to the use of high-volume hydraulic fracturing in combination with directional drilling. However, state regulations vary considerably, leading to calls for more federal regulation of unconventional oil and natural gas extraction activities.

In March 2015, DOI finalized regulations for hydraulic fracturing on public lands, which will allow government workers to inspect and validate the safety and integrity of barriers lining the fracking wells, require companies to publicly disclose the chemicals used in fracturing, and set safety standards for how companies can store and dispose of used fracking chemicals. The rule only applies to federal lands, and states still retain control of hydraulic fracturing on state and private lands. In June of 2016, a federal judge in Wyoming struck down the rule, citing that DOI had overstepped its authority and would need Congressional approval to implement the rule. In December of 2017, the Trump Administration published a final rule repealing the previous regulation. The SECURE American Energy Act would prohibit DOI from enforcing federal regulation regarding hydraulic fracturing on federal lands in states that already have rules in place and would delegate some regulatory responsibilities to states and prohibit DOI from requiring certain permits and environmental reviews on federal lands.

POSITION: ***Oppose*** the potential expansion of energy exploration in Florida.

FEDERAL ISSUE: Infrastructure Investment

BACKGROUND; HOW IT MAY AFFECT CHARLOTTE COUNTY: Traditionally, Congress has invested in infrastructure via a number of methods, primarily through legislation or programs like transportation authorizations, Federal Aviation Administration authorizations, revolving loan funds, through the tax code via bond programs, or earmarks prior to 2009. The last big influx of new investment in infrastructure occurred via the 2009 Stimulus bill, which, among other things provided $105.3 billion for infrastructure, including $48.1 billion for transportation, $18 billion for water, environment, and public lands, and the remainder for government buildings, telecommunications and broadband, and energy infrastructure.

Recently however, federal funding for infrastructure fell to a 30-year low as a share of Gross Domestic Product. The American Society of Civil Engineers said in its latest report that $3.6 trillion was needed to bring all segments of U.S. infrastructure up to a state of good repair.

In response, the Trump Administration has made bold promises to invest $1 trillion in infrastructure over ten years. The President's 2018 budget proposal includes a 10-year distribution of the proposed $200 billion in direct federal spending, but does not specify where that money would be spent or what projects will be eligible for funding. For FY 2018, the budget calls for $5 billion, increasing to $50 billion in FY 2021 and then decreasing through FY 2026 when it is phased out.

The Administration released a set of principles to guide the development of an infrastructure package along with the President's FY 2019 Budget Request this February. In the document, the plan emphasizes a local commitment to creating new taxes or other revenue sources to fund infrastructure improvements. As a result of this focus, little emphasis is placed on leveraging private investment. The key elements of the plan are:

1) Infrastructure Incentives Initiative: 50 percent of overall funding, $100 billion over ten years, nearly any infrastructure project is eligible to compete, based on whether the applicant can demonstrate that they will "secure and commit new [emphasis added], non-federal revenue to create sustainable, long-term funding" (50 percent of overall score) and additional new "revenue for operations, maintenance and rehabilitation" (20 percent of the overall score). Further, grant awards may only account for 20 percent of the overall cost of a project with states not eligible to receive more than 10 percent of overall funding.
2) Transformative Projects Program: 10 percent of overall funding; $20 billion over ten years, will support "exploratory and groundbreaking ideas."
3) Rural Infrastructure Program: 25 percent of overall funding; $50 billion over ten years, most forms of infrastructure are eligible as in the Infrastructure Incentives Initiative, including broadband. 80 percent of the funding in this category will be made available to Governors for further allocation, must be used in areas with a population of less than 50,000.
4) Federal credits program: 7 percent of overall funding, $14 billion over ten years, to be used to expand existing infrastructure loan programs, such as WIFIA.
5) Public Lands Infrastructure Fund: would create a new fund from on- and off-shore mineral and energy development to fund improvements on public lands.

The document also includes other changes to financing mechanisms and tweaks to existing federal programs. It will ultimately be up to Congress to draft an infrastructure bill and allocate funding. A recent two-year budget deal reached by Senate Majority Leader McConnel and Senate Minority Leader Schumer included a commitment to invest $20 billion in infrastructure over two years. These funds should be available for a wide variety of infrastructure projects, but the details of how it will be allocated have yet to be decided by Congress. While it is

unclear how this discussion will progress during the 115th Congress, it is possible that new infrastructure investment opportunities could be created and used to fund projects in Charlotte County.

POSITION: ***Support*** new federal investment in infrastructure. ***Support*** all opportunities to secure funding for Charlotte County's infrastructure priorities.

FEDERAL ISSUE: Federal Aviation Administration Authorization

BACKGROUND; HOW IT MAY AFFECT CHARLOTTE COUNTY: In September 2017, Congress passed a short-term Federal Aviation Administration (FAA) extension through March 2018. The short-term extension did not include any significant policy changes. Both the House and Senate have drafted comprehensive reauthorization bills, however neither has been able to pass their respective bills out of their chamber and there are significant differences between the two.

The House bill, the 21st Century AIRR Act (HR 2997) would increase the authorized funding level for the Airport Improvement Program (AIP) to $3.424 billion in Fiscal Year (FY) 2018, which is $74 million above the currently authorized level. The bill also raises the authorized funding level each fiscal year, up to $3.817 billion in FY 2023, which is $467 million over the currently authorized level. AIP is a federal grant program that provides funds to public airports to improve safety and efficiency. The program is funded through taxes on airplane tickets and aviation fuel. The House legislation does not propose any increase for the Passenger Facility Charge (PFC). The House legislation also contains a controversial provision to privatize Air Traffic Control (ATC).

The Senate bill, the Federal Aviation Administration Reauthorization Act of 2017 (S. 1405) maintains the currently authorized funding level of $3.35 billion for the AIP for FY 2018. The AIP funding level would rise to $3.75 billion for FY 2019-2021, $400 million over the currently authorized level. The Senate bill does not include the ATC privatization language or any change to the PFC.

For FY 2017, Congress provided $3.35 billion for the AIP program. The House has included $3.35 billion for the AIP in their funding bill. Meanwhile, the Senate Transportation Housing and Urban Development (THUD) Appropriations bill addresses both the PFC and AIP funding. The Senate THUD Appropriations bill includes authorization for a $4 increase for the PFC. Secondly, an additional $250 million would be added to AIP funding, bringing the total up to $3.6 billion. In exchange, the large hub airports would give up their remaining AIP entitlement dollars, allowing those funds to cycle back to the Small Airports Fund. Authorized by Congress in 1992, the PFC allows commercial airports controlled by public agencies to charge $3.00 per passenger through airline tickets. The PFC cap was raised in 2001 to $4.50, but has not been increased since. Several airport groups, including the American Association of Airport Executives and the Airports Council International-North America, advocate for local authority to raise the cap per enplanement in order to meet current infrastructure needs and prepare for future demand.

Contract Tower Program

The contract tower program was extended through March 2018 as part of the short-term extension of the authorization for the FAA. However, this is a program that Charlotte County should closely monitor under the Trump Administration and in the context of the next FAA reauthorization bill.

The FAA announced in 2013 that it would phase out federal funding for 149 contract air control towers around the country, including the tower at Punta Gorda Airport. This proposal was met with substantial Congressional and local opposition, and ultimately legislation was passed that provided the Department of Transportation flexibility to keep these towers funded through the remainder of FY 2013. However, that the funding that was provided to keep these towers open was taken from the AIP, which ultimately resulted in reduced availability of funds for the AIP program that year.

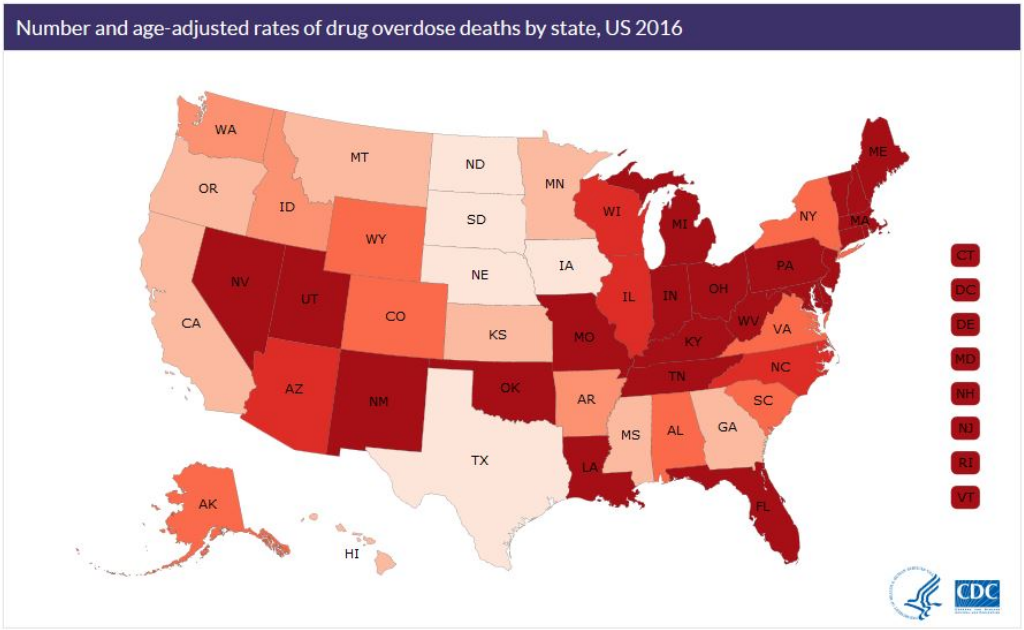
In the FY 2015 omnibus appropriations bill, Congress provided $144.5 million for the FAA Contract Tower Program and added language that guarantees full funding for the entire fiscal year in order to prevent the Administration from making cuts to the program. In FY 2017, the Contract Tower Program was funded at $159 million. For FY 2018, the House and Senate have both proposed increasing funding for the program to $162 million and the Senate has included language stating their support of the program and expectation that all 253 contract towers in the program will continue to operate.

POSITION: ***Support*** $3.35 billion in annual appropriations for the Airport Improvement Program. ***Support*** Charlotte County Airport Authority grant proposals through the FAA Airport Improvement Program. ***Support*** annual full and dedicated funding for the FAA Contract Tower Program.

FEDERAL ISSUE: Opioid Addiction

BACKGROUND; HOW IT MAY AFFECT CHARLOTTE COUNTY: Opioids are a class of drugs made from opium, as well as synthetic or semi-synthetic drugs that resemble these opium-based drugs. Many opioids are available by prescription. Examples include oxycodone, codeine, morphine, and fentanyl. Heroin is an opioid that is illegal. These drugs are often referred to as narcotics.

Over 42,000 people died of opioid overdoses in the United States in 2016. The below map from the Centers for Disease Control shows total opioid death rates by state. The data in the map encompasses everything from heroin to hydrocodone to fentanyl. New Hampshire, Ohio, Kentucky, West Virginia and Pennsylvania have highest death rates in the country. For 2016, Florida has the 16th highest opioid related death rate among states as calculated by the CDC, and the problem has been increasing dramatically. According to a recent report from the Florida Department of Law Enforcement (FDLE), the number of opioid related deaths in the state increased by 35 percent from 2015 to 2016.



Legend

- 6.9 to 11.0
- 11.1 to 13.5
- 13.6 to 16.0
- 16.1 to 18.5
- 18.6 to 21.0
- 21.1 to 52.0

Congress has taken two major steps on opioid addiction. First was the Comprehensive Addiction and Recovery Act (CARA) passed in July 2016. This bill authorized a variety of activities across many federal agencies to combat opioid addiction. This includes pharmaceutical research and development, law enforcement tools,

addiction recovery programs, and the like. However, CARA does not provide any funding for these activities, leaving the funding levels for each of the authorized activities subject to annual appropriations.

The 21st Century Cures Act, passed in December 2016, also addresses opioid abuse. Section 1003 of the bill provides $1 billion to the states to address opioid abuse. The $1 billion is to be provided over a two-year period, and the first $500 million was appropriated in the FY 2017 Continuing Resolution in December 2016. Florida received just over $27.1 million through the first allocation of funding. During a recent Senate Health, Education, Labor and Pensions (HELP) Committee hearing regarding the implementation of the 21st Century Cures Act, the Administration stated that they plan to continue to allocate opioid epidemic funding based on a state's population, rather than considering need. This will provide more funding to Florida as a high-population state.

In October of 2017, President Trump declared the opioid crisis a national public health emergency. Public health emergencies are typically reserved for outbreaks of infectious diseases and provide a narrow focus. The public health emergency declaration falls short of the national emergency declaration recommended by the President's Commission on Combating Drug Addiction and the Opioid Crisis. No additional federal funds are provided through the declaration and it provides few tangible, on the ground benefits. It does allow Health and Human Services (HHS) to redirect some existing resources and to eliminate some paperwork and administrative procedures from certain tasks, such as hiring personnel and expanding access to telemedicine. The declaration lasts for 90 days and can be renewed.

In addition to the public health emergency declaration, the President announced a new anti-drug advertising campaign and emphasized several other ongoing efforts, such as a public-private partnership through the National Institute of Health to develop safer pain treatments. He also stated that the administration would be looking at waiving some inpatient treatment Medicaid restrictions, but did not commit any additional dollars to the effort or outline any details about the waivers.

In his FY 2019 budget request, President Trump proposed adding $13 billion over two years to combat the opioid crisis. The first $3 billion would come in FY 2019, with the remaining $10 billion in FY 2020. The funds would go to HHS to help fund its five-point strategy to combat the opioid crisis. Those five points are:

1. Improve access to prevention, treatment and recovery services
2. Improve availability and distribution of overdoes-reversing drugs
3. Collect better public health data
4. Expand research on pain and addiction
5. Create better practices for pain management

For FY 2018 and FY 2019, Congress has agreed, as part of their bipartisan budget cap deal, to allocate $6 billion in additional funds to combating the opioid crisis. Either through appropriators funding of CARA activities or federal agencies fighting opioid addiction through discretionary programs under the Secretary, there will be opportunities to address opioid addiction 115th Congress.

POSITION: ***Support*** appropriations activities to fund programs in CARA and the 21st Century Cures Act. ***Monitor*** HHS for guidance regarding the allocation of 21st Century Cures state formula funding. ***Support*** attempts by entities within Charlotte County to secure funding to fight opioid addiction.

FEDERAL ISSUE: Healthcare Reform

BACKGROUND; HOW IT MAY AFFECT CHARLOTTE COUNTY: The Patient Protection and Affordable Care Act (PPACA), often referred to simply as the Affordable Care Act (ACA) or "Obamacare," was passed by Congress and signed into law in 2010. The primary goal of the ACA was to increase the quality and affordability of health insurance, as well as lower the uninsured rate by expanding public and private insurance coverage. The law included a number of mechanisms, including individual and employer mandates, insurance exchanges, minimum standards of care, and new taxes/fees to accomplish these goals.

Since its passage in 2010, Republicans have unsuccessfully worked to repeal all, or parts, of the law many times. The 2016 election, which resulted in unified government under Republican control, provided an opportunity to successfully do so, however repeated legislative efforts during the 115th Congress have, thus far, failed. Congress was able to repeal the individual mandate as a part of the recently passed tax reform legislation.

Furthermore, many in Congress, including Speaker Paul Ryan (R-WI), have long supported the idea of privatizing Medicare and, following the election, suggested that any ACA reform should also include Medicare. Specifically, Speaker Ryan supports changing Medicare from a single payer system in which the federal government pays directly for healthcare, to one where beneficiaries would use government benefits (i.e. a voucher) to purchase private insurance. According to Ryan, this would inject competition into the market, thereby reducing prices. However, critics point out this would effectively end the program, and force seniors to navigate the often-confusing private insurance market. There are also concerns that this would, in fact, increase costs, as Medicare tends to be less expensive than private insurance.

With legislative efforts to fully repeal and replace the ACA failing earlier this year, several smaller efforts have now emerged to undermine or modify the ACA. These efforts include the Trump Administration's decision in October to cut off subsidies to insurers selling coverage through the ACA, an earlier decision to reduce the advertising budget for the ACA's open enrollment period by 90 percent, and cutting back on grants to navigators, who assist citizens in enrolling by approximately 40 percent. Additionally, some members of Congress have sought to address other parts the ACA through legislative means. Potential legislative action has ranged from a bipartisan plan in the Senate to restore ACA subsidies for two years in exchange for additional state flexibility.

With respect to Medicaid, if it were changed to a block grant program, federal expenditures would be limited to a set amount given to states, ostensibly with fewer strings attached. This however, could end up forcing states and counties to come up with more money for Medicaid depending on how large of a block grant is provided to Florida and what type of program the state develops.

Meanwhile, House Speaker Paul Ryan (R-WI) has long supported the idea of privatizing Medicare. Following the election, he suggested that any ACA reform should also include Medicare reform. Specifically, Speaker Ryan supports changing Medicare from a single payer system in which the federal government pays directly for healthcare to a system where beneficiaries would use government benefits (i.e. a voucher) to purchase private insurance. According to Ryan, this would inject competition into the market, thereby reducing prices. However, critics point out this would effectively end the program, and force seniors to navigate the private insurance market. There are also concerns that this could actually increase costs, as Medicare tends to be less expensive than private insurance.

Additionally, Centers for Medicare and Medicaid Services (CMS) Administrator Seema Verma has indicated support for changes to the Medicaid program. In late 2017, she indicated that CMS would encourage states "to propose innovative Medicaid reforms, reduce federal regulatory burdens, increase efficiency, and promote transparency and accountability." As an example of the type of changes CMS would be supportive of, Administrator Verma indicated that they would approve waiver requests from states that include a requirement that recipients participate in community engagement activities, such as employment, job training and education. CMS has subsequently approved two waiver requests of this type for the states of Kentucky and Indiana. This is a significant shift for the Medicaid program and could affect the number of participants in the program, impacting the County's cost-share with the state and shifting uninsured health care costs onto local hospitals and communities.

ACA repeal or reform could provide an opportunity to address the issue of the Cadillac tax. Under the ACA, a Cadillac health plan is defined as a plan with annual premiums exceeding $10,200 for individuals or $27,500 for families. Under current law, and beginning in 2022, a 40 percent excise tax will be assessed on any dollar amount paid in premiums exceeding the aforementioned values, which, after 2022, will adjust to inflation annually. However, the rate of growth in healthcare costs often outpaces the rate of inflation, meaning employers are likely to pay significantly more each year. Originally envisioned as a tool to reduce healthcare costs, the tax in practice looks increasingly like an increase in out-of-pocket costs for workers. The tax, which is estimated to generate $87 billion over the next ten years, is an offset to pay for the ACA.

The excise tax was originally slated to begin in 2013. However, due to strong concerns expressed by labor groups and others, the ACA has been amended multiple times by Congress to delay the tax until 2022. Additionally, a House bill to repeal the Cadillac tax completely now has 241 cosponsors, which is over half of the members. The companion legislation in the Senate currently has 22 cosponsors.

POSITION: ***Monitor*** efforts to repeal, replace or amend the Affordable Care Act. ***Monitor*** changes to Medicaid and Medicare. ***Support*** the repeal of the excise tax on high-cost health insurance plans (a.k.a. the Cadillac tax) within the Affordable Care Act.

FEDERAL ISSUE: Medical Marijuana

BACKGROUND; HOW IT MAY AFFECT CHARLOTTE COUNTY: Despite medical cannabis laws in 44 states (and the legalization of recreational marijuana in eight states plus DC), cannabis is still illegal under federal law. The federal government regulates drugs through the Controlled Substances Act (CSA) (21 U.S.C. § 811), which does not recognize the difference between medical and recreational use of cannabis. Under federal law, cannabis is treated like every other controlled substance, such as cocaine and heroin.

In 2016, the voters of Florida passed a state constitutional amendment to allow the use of medical marijuana. Subsequently, the Office of Compassionate Use under the Florida Department of Health has begun implementing a state-managed medical marijuana program. Additionally, the state legislature has passed limitations on the zoning of dispensaries and local governments have taken action to either allow or ban dispensaries within their boundaries. Charlotte County voted to ban dispensaries in the unincorporated area of the County in July of 2017.

In January of 2018, the Department of Justice (DOJ) issued a new memo on federal marijuana enforcement. Essentially, this memo rescinds the so-called "Cole Memo" issued by the Obama Administration in 2013 that provided guidance to prosecutors and law enforcement to direct their focus away from enforcement in states where marijuana had been legalized. The new memo directs all U.S. Attorneys to enforce federal law and follow DOJ's principles in determining which cases to prosecute, rather than taking into account state law. Attorney General Sessions has made it clear that he opposes the legalization of marijuana for both medical and recreational use, and has sent a letter to Congress asking that currently existing federal medical marijuana protections be reversed.

The DOJ is currently prohibited from using resources to interfere with state run medical marijuana programs, such as the one in Florida, as a result of a provision in the Fiscal Year 2017 omnibus appropriations bill (which was also included in the FY 2015 and 2016 bills) that has been extended along with each of the recent continuing resolutions. The provision is included in the Senate Commerce, Justice and Science 2018 appropriations bill. This memo does not impact that prohibition, but may become relevant if the provision is not included in an FY 2018 omnibus bill. This policy change has been criticized by many members of both parties in Congress as an infringement of state's rights.

Several bills have been filed in the 115th Congress to address marijuana policy, however none of them have gained significant tractions to date. A group of bipartisan Senators have introduced the CARERS Act (Compassionate Access, Research Expansion and Respect States Act) that would enable states to set their own medical marijuana policies. The bill is led by Senators Booker (D-NJ) and Gillibrand (D-NY). Co-sponsors include Senators Paul (R-KY), Lee (R-UT), and Murkowski (R-AK). Representatives Cohen (D-TN) and Don Young (R-AK) introduced a House companion bill.

The goal of the bill is to recognize that marijuana has an accepted medical use and that it is the states' responsibility to set medical marijuana policy. The bill would not legalize medical marijuana in all 50 states, but would ensure that people in states where medical marijuana is legal, can use it without violating federal law. Specifically, the bill:

1) Amends the Controlled Substances Act so that states can set their own medical marijuana policies – patients, providers and businesses participating in state medical marijuana programs will no longer be in violation of federal law and vulnerable to prosecution;

2) Amends the Controlled Substances Act to remove specific strains of CBD oil from the federal definition of marijuana to allow youth suffering from epilepsy to gain access to control seizures;
3) Allows VA doctors to recommend medical marijuana to military veterans; and
4) Removes bureaucratic hurdles for researchers to gain government approval to undertake research on marijuana.

Senator Booker (D-NJ) has introduced legislation to remove marijuana from the list of controlled substances, making it legal at the federal level. The bill would also incentivize states through federal funds to change their marijuana laws if those laws were shown to have a disproportionate effect on low-income individuals and/or people of color.

Finally, Senator Orrin Hatch (R-UT) has introduced the Marijuana Effective Drug Study Act (MEDS Act) to improve the process for conducting scientific research on marijuana as a safe and effective medical treatment. Companion legislation has been introduced by Representative Rob Bishop (R-UT) in the House.

POSITION: ***Support*** legislation to prevent federal interference with Florida's medical marijuana program.

FEDERAL ISSUE: Community Services Block Grants & the Low Income Home Energy Program

BACKGROUND; HOW IT MAY AFFECT CHARLOTTE COUNTY: The Community Services Block Grant (CSBG) program allocates federal funding to alleviate the causes and conditions of poverty in communities. The funds provide for a range of services and activities to assist the needs of low-income individuals, including those addressing employment, education, better use of available income, housing, nutrition, emergency services and/or health.

In Charlotte County, the Human Services Department administers CSBG funding, which is the most flexible funding source the County has for addressing self-sufficiency initiatives. The program has income requirements, yet is not an entitlement program, thereby allowing the County to work with clients that are highly motivated to reduce their dependence on public benefits.

The CSBG program has seen strong funding levels over the past few years, receiving $674 million in FY 2014 and FY 2015 and $715 million in FY 2016. For FY 2017, Congress provided level funding of $715 million. In both President Trump's FY 2018 and FY 2019 budgets, he proposed eliminating CSBG, however Congress has not agreed to that request. For FY 2018, the House has recommended $600 million while the Senate has proposed $700 million for CSBG.

Meanwhile, the Low Income Home Energy Program (LIHEAP) provides heating assistance to low-income households. Also administered in Charlotte County, LIHEAP is the only lifeline for some of the most impoverished families and seniors in the community. While LIHEAP is often thought of as a program that benefits northern states, it is equally important in Florida due to the expense of cooling a residence during excessive heat in the summer months.

The LIHEAP program has seen reduced funding over the past few years. Since FY 2010 when LIHEAP was funded at $5.1 billion, Congress has reduced funding to the program. In FY 2017, they provided $3.39 billion, which was level with the FY 2016 funding level. The Trump Administration also proposed eliminating this program in their both their FY 2018 and FY 2019 budgets, however both the House and Senate have proposed level funding for FY 2018.

POSITION: ***Monitor*** funding levels for the Community Services Block Grant and the Low Income Home Energy Program because of their critical role in the County's efforts to support those that are least fortunate. ***Support*** any applicable funding opportunities for the Human Services Department.

FEDERAL ISSUE: Assessment of Fair Housing Rule

BACKGROUND; HOW IT MAY AFFECT CHARLOTTE COUNTY: In 2010, the Government Accountability Office released a finding that the Department of Housing and Urban Development (HUD) had failed to implement federal funding according to the Fair Housing Act (FHA). As a result, HUD began a five-year effort to rewrite FHA regulations governing the mandate of state and local jurisdictions to affirmatively further fair housing.

In 2013, HUD released a proposed rule that was intended to provide clarity to entities regarding their obligations under the FHA, as well as outline a new fair housing assessment process called the Assessment of Fair Housing (AFH), which would replace the current assessment tool, known as Analysis of Impediments. Several national organizations, including the National Association of Counties and the National Association of Local Housing Finance Agencies, submitted comments to HUD expressing their concerns with the proposed rule. Concerns centered around a belief that the proposed rule was attempting to impose additional requirements on grantees that are not required under the FHA and that the proposed rule would make it easier for local governments and housing authorities to be subject to third-party lawsuits.

In September of 2015, HUD released the final rule, which, according to HUD, will be implemented in two phases. The first phase will be for entities who receive at least $500,000 in CDBG funding and will occur over the next five years. Entities who receive less than $500,000 in CDBG funding will not be subject to the new rules for the first five years, but will be after that time when phase two begins. The new assessment tool (AFH) will be more comprehensive than the previous tool (AI), and will encourage a more regional approach. Specifically, the AFH process is as follows:

> *Part One:* HUD provides program participants with data and an AFH assessment tool to use in assessing fair housing issues in the community. In addition, HUD will provide technical assistance to aid program participants in submitting its AFH.
>
> *Part Two:* Using the HUD data, local data and knowledge, the required community participation process, and the assessment tool, each program participant prepares and submits a complete AFH to HUD, including fair housing goals.
>
> *Part Three:* HUD reviews each AFH within 60 days after receipt to determine whether the program participant has met the requirements for providing its analysis, assessment, and goal setting. HUD either accepts the AFH or provides the program participant written notification of why the AFH was not accepted and guidance on how the AFH should be revised in order to be accepted. HUD will not accept an AFH if HUD finds that an AFH or a portion of the AFH is inconsistent with fair housing or civil rights requirements or is substantially incomplete.
>
> *Part Four:* The goals identified in the AFH must inform the strategies and actions of the Consolidated Plan, the Annual Action Plan, the PHA Plan, and the Capital Fund Plan.

The AFH will require state and local government organizations to set their own goals and timelines for achieving fair housing progress. HUD will then use the AFH to gauge progress and could level penalties for those jurisdictions that are deemed to have become non-compliant with their goals and timelines. While HUD has indicated this is not meant to be an enforcement tool, there are financial penalties that may occur, such as the withholding of CDBG funds, if entities do not comply with the rule.

There were some attempts in Congress to include language blocking implementation of the rule in FY 2016 and FY 2017. The Trump Administration published a notice in the Federal Register in January of 2018 suspending the requirements of the rule until 2020. This action does not repeal the 2015 rule, but HUD has indicated they will use the time from the delay to invest in tools to be used by communities to comply with the rule.

POSITION: ***Monitor*** implementation of the Department of Housing and Urban Development's Assessment of Fair Housing Rule.

FEDERAL ISSUE: Economic Development Administration Programs

BACKGROUND; HOW IT MAY AFFECT CHARLOTTE COUNTY: The Economic Development Administration (EDA) is primarily a granting agency that funds economic development projects throughout the country. Successful projects usually leverage roughly 200 new jobs and $24 million in private investment for every $1 million of EDA investment.

Local governments or non-profits, such as Charlotte County, are local sponsors of the projects. For example, infrastructure projects such as those designed to support the construction of a Cheney Brothers distribution center in Charlotte County could be eligible for funding from the EDA. Funding from the EDA could also offer opportunities to help fund projects in Community Redevelopment Areas, including road and water infrastructure improvements that can help reinvigorate the regions and lead to additional reinvestment in homes and businesses. Charlotte County should also consider projects supporting the Western MI Partnership as potential opportunities to secure EDA funding.

The Trump Administration has proposed eliminating the Economic Development Administration (EDA) in both of his budget requests since taking office. Although Congress has not gone along with this proposal so far in the 2018 appropriations process, both the House and Senate have proposed cuts to the EDA's funding. In FY 2017, Congress provided the EDA with $276 million. In their respective FY 2018 appropriations bills, the House has proposed $176 million in funding while the Senate has suggested $254 million for the EDA.

POSITION: ***Support*** Charlotte County EDA grant applications as applicable, including potential applications for improvements to Parkside, Charlotte Harbor, and Murdock Village Community Redevelopment Areas or other infrastructure projects. ***Support*** continued adequate funding of the Economic Development Administration.

FEDERAL ISSUE: Federal Emergency Management Agency Disaster Assistance

BACKGROUND; HOW IT MAY AFFECT CHARLOTTE COUNTY: The Federal Emergency Management Agency (FEMA) assists local governments, through the state, after disasters with funding for recovery projects. This funding follows a specific process where counties seek reimbursement through the State Division of Emergency Management and FEMA for projects. Once a project is completed, a close-out process is requested of FEMA by the county and state and a final payment is made. Currently, a county could have its project audited by the Department of Homeland Security's Inspector General's office for up to three years after the closeout of the entire disaster, rather than the closeout of the project. As a result of these audits, the Department of Homeland Security can determine that monies were spent incorrectly and must now be "de-obligated" or repaid to the state and federal government. In recent years in Florida, most of these audits are from storms during the 2004 and 2005 hurricane season, meaning many of these projects have been completed for over a decade.

In the House, Representative Lois Frankel (D-FL) filed HR 1678, the Robert T. Stafford Disaster Relief and Emergency Assistance Act, along with several other Florida representatives, that would limit the statute of limitations for an audit to three years following the completion of a project, rather than the final expenditure report for the entire disaster. This bill passed the House in May of 2017. Senator Nelson introduced companion legislation in the Senate and Senator Rubio has filed a separate bill that would also limit the time period for review to three years. Neither Senate bill has any cosponsors nor have they been scheduled for any hearings. Nearly all members of the Florida delegation signed a letter to the House and Senate Appropriations committees in the aftermath of Hurricane Irma urging them to include the limit on de-obligations in an upcoming supplemental appropriations bill, however this language was not included in the third supplemental appropriations bill passed by Congress in February of 2018.

Florida local governments must also work through DEM to file any appeals of claims initially denied for funding from FEMA. In the aftermath of Hurricane Matthew in 2016, several counties that had claims denied by FEMA submitted the necessary documentation to file an appeal within 60 days. The state, through DEM, was supposed to officially submit those claims to FEMA, but failed to do so in time. DEM subsequently discovered 26 appeals for 18 applicants dating back to 2004 that they failed to file in a timely manner, costing local governments necessary disaster recovery funding. DEM committed in late 2017 to reviewing each of these appeals and submitting them to FEMA, however FEMA has not offered any assurance that they will consider them.

RECOMMENDED POSITION: ***Support*** legislation to prohibit the Federal Emergency Management Agency from de-obligating previously awarded disaster funds for projects that have been certified as complete by the state for at least three years. ***Support*** changes to the Stafford Act to ensure that counties are not denied for an appeal when the state, acting as the grantee, fails to meet the regulatory timeline through no fault of the county.

FEDERAL ISSUE: Domestic Discretionary Spending Pressure

BACKGROUND; HOW IT MAY AFFECT CHARLOTTE COUNTY: In May 2017, the Trump Administration released their Fiscal Year (FY) 2018 budget proposal. Among those agencies that would fare best include the departments of Defense (10% increase), Homeland Security (6.8% increase), Veterans Affairs (5.9% increase), and the National Nuclear Security Administration (an 11% increase - imbedded in the Energy Department budget, which gets an overall decrease of 5.6%). Meanwhile, those agencies that face the most significant budget reductions include the following: EPA (31.4%), HHS (16.2%), State/U.S. AID (28%), Labor (20+%), Agriculture (21%), Transportation (12%), Commerce (16%), Education (13%), HUD (13.2%), Interior (12%). The budget proposal included cuts to or the elimination of several programs of importance to the County. In February of 2018, the President released his FY 2019 budget, which includes many of the same cuts.

Among other things, following are areas of concern with the President's budget proposals:

- Eliminate/Reduce FEMA state and local grant funding by $667 million including Pre-Disaster Mitigation Grants and the Homeland Security Grant Program, including the Urban Area Security Initiative program (UASI). The budget also calls for a 25% non-Federal match for FEMA preparedness grants that currently do not require any match.
- Eliminate the Community Development Block Grant program (CDBG)
- Eliminate HOME, Choice Neighborhoods and the Self-help Homeownership Opportunity Program
- Eliminate the Community Services Block Grant Program (CSBG)
- Eliminate the Low Income Home Energy Assistance Program
- Eliminate an additional $490 million in Department of Justice programs.
- Eliminate the Economic Development Administration, which provides grants for local economic development projects that create jobs
- Eliminate the EPA's National Estuary program
- Eliminate the SeaGrant Program
- Eliminate the TIGER grant program

After the release of the Administration's FY 2018 budget, the County engaged with members of your delegation to advocate for these programs. Congress ultimately funds the government and can ignore much of what the President has recommended, but the FY 2018 budget proposes so many reductions or whole elimination of programs while significantly boosting spending in other areas (defense, a southern wall, for instance) that many members of Congress support and it will therefore be difficult to restore all funding to domestic agencies or programs of importance. If a piece of the pie gets bigger, the entire pie is not likely to grow – instead other pieces will get smaller.

Another threat to discretionary spending is sequestration. The Budget Control Act (passed in 2011) established budgetary caps in law for discretionary spending – one cap for defense accounts and another for non-defense accounts – through FY 2021. The penalty for spending over the caps is a sequestration of funds through a percentage-based cut to every account, program and project funded by discretionary spending, to ensure spending is in line with the budgetary caps. In February of 2018 Congress passed legislation to raise the budget caps for both defense and non-defense accounts for the next two years, avoiding the threat of sequestration for that time period.

POSITION: ***Monitor*** proposed cuts to non-defense discretionary programs of importance to Charlotte County.

FEDERAL ISSUE: Remote Sales-Tax Legislation

BACKGROUND; HOW IT MAY AFFECT CHARLOTTE COUNTY: With some limited exceptions, retailers are only required to collect sales tax in states where they have brick-and-mortar stores. The burden then falls to consumers to report to state tax departments any sales taxes they owe for online purchases. Often, due to complex reporting requirements, consumers do not report those purchases when completing their tax returns. As a result, local retailers can be at a competitive disadvantage because they must collect sales taxes while out-of-state retailers, including many large online and catalog retailers, often offer their customers a discount by collecting no state or local sales taxes.

Therefore, the current sales tax system is perceived as being unfair to brick-and-mortar retailers that employ local residents, including local stores as well as national chains like Best Buy or Home Depot. The lost revenue is also a drain on local governments. In 2014, uncollected sales tax was estimated to have cost local governments $23 billion nationwide.

To correct this inequity across the country, Congress introduced the Marketplace Fairness Act in both the House and Senate during the 113th Congress. The bill would have created two systems from which states could choose to facilitate the process of collecting these taxes. The first would have been the already established Streamlined Sales and Use Tax Agreement (SSUTA), which would have simplified state and local sales and use tax laws. Twenty-four states have already signed this agreement, which is also supported by the National League of Cities and the U.S. Conference of Mayors. The second alternative would have allowed for states to meet minimum requirements for their state tax laws and administration thereof. To protect small, online retailers, this legislation would have also exempted sellers who make less than $1,000,000 in total remote sales from the requirement to collect taxes.

In 2013, the Senate passed the Marketplace Fairness Act with bipartisan support by a vote of 70-24, with Senator Nelson voting for the measure and Senator Rubio against it. In the House, companion legislation was not considered, although it had 67 cosponsors, including Florida Representatives Deutch, Ross, Wilson, and Diaz-Balart, and former Rep. Crenshaw.

The issue reemerged in the 114th Congress. Most recently, in August 2016, House Judiciary Committee Chairman Bob Goodlatte (R-VA) released a discussion draft known as the Online Sales Simplification Act (OSSA), which would implement a hybrid-approach to taxing purchases made remotely. Under the draft, states would be able to impose sales tax on remote sales if the state first participates in a clearinghouse established under the OSSA. Then, remote sales would be taxable if the origin state collects sales taxes, yet at a rate adopted by the destination state. The sales tax rate would be a single state-wide rate determined by each participating state. This is significant as it would eliminate the option for many communities to add additional sales taxes for various local needs.

The increasing pressure to pass remote sales tax legislation may have something to do with court cases in South Dakota and Alabama that are challenging a 1992 Supreme Court decision holding that states cannot require retailers with no in-state presence to collect sales tax. Both states have recently enacted rules requiring all retailers who sell more than a certain dollar amount of goods annually in the state to collect sales tax, regardless of physical presence. The South Dakota case was heard by the State Supreme Court in September 2017, which affirmed the decision of a lower court that the state does not have the authority to enact the rule. The Supreme

Court has now agreed to hear the case in their upcoming session. Overturning the 1992 decision would require the Supreme Court to take up at least one of the cases (and rule in favor of the state) or an act of Congress.

Given this, and the reluctance of many Republicans to pass such a law, the issue may remain in the courts. Remote sales tax was not addressed in the recently passed tax reform bill.

POSITION: ***Support*** legislation that requires companies making catalog and internet sales to collect and remit the associated taxes. ***Support*** federal tax policies that maintain revenue streams to local governments.

FEDERAL ISSUE: Transient Occupancy Taxes

BACKGROUND; HOW IT MAY AFFECT CHARLOTTE COUNTY: In the 111th and 113th Congresses, attempts were made to insert language into various pieces of legislation that would have exempted Online Travel Companies (OTC's, e.g., Expedia, Travelocity, etc.) from remitting the full bed tax rate collected from consumers to the appropriate local government. For instance, if an online travel broker were to pay $60 for a room in Charlotte County and then sell that room to a consumer for $100, they would be able to, under the proposal, only remit $3 dollars to the local government instead of $5 (using the County's five percent bed tax for illustrative purposes).

In 2009, Charlotte County and 16 other Florida counties filed an action against a number of online travel companies alleging that the companies have failed to collect and/or pay taxes under the respective tourist development tax ordinances. Charlotte County and its partners in the lawsuit agreed to settle with the online travel companies for $6.1 million in 2010. During 2012, there were several Florida State Circuit Court cases that ruled in favor of the OTCs. Two cases, including the 17 county case, cited that Florida law is not clear on the issue, while a Circuit Court Judge ruled more directly that the OTCs only owe local tourist taxes on the discounted rates they paid for the rooms. Then, in June of 2015, the Florida Supreme Court affirmed the lower court rulings, stating that online travel companies are not hotels and, therefore, do not have to pay occupancy fees.

Meanwhile, in 2012, the District of Columbia government won a suit where a judge ruled that online travel firms should repay back taxes on the full retail price of hotel rooms they sold to consumers in the years after the D.C. City Council passed legislation mandating they do so. In 2014, a conditional settlement was reached in this case with six online travel firms. Although they have a right to appeal the D.C Superior Court decision, they agreed to pay $60.9 million in back taxes to the D.C. government. Between 1998 and 2010, the amount owed in the lawsuit was estimated to be over $200 million.

In 2015, local governments reportedly had filed 88 lawsuits against Expedia and others for tax underpayment. The company won dismissal in 23 cases while 35 remain active. The remainder of the cases have been settled, put on hold, referred to administrative proceedings, or are otherwise resolved. A 2011 estimate by the Center for Budget and Policy Priorities suggests that state and local governments lose as much as $396 million a year due to such remittance practices by online hotel purveyors.

These examples demonstrate how courts across the country have ruled differently on this issue over the past few years, which has led online travel purveyors to continue to seek federal legislation that would codify their goal of not remitting taxes on the price of the hotel room paid by the consumer. In 2012, several of these online discount travel brokers (including Expedia, Orbitz, and Priceline) organized and registered to lobby under a new organization called the "Interactive Travel Services Association," whose purpose is to advocate on several issues, including "taxes and fees related to travel."

In May 2013, Expedia and other online hotel room purveyors attempted to amend the Marketplace Fairness Act to achieve their transient occupancy tax objectives. Ultimately, this effort was unsuccessful and the bill was passed out of the Senate without this language.

In Fiscal Year 2015, Charlotte County collected nearly $3.8 million in transient occupancy taxes, which is used to support the tourism industry in the region. The County saw a roughly 6 percent increase in tourism tax revenue

from the previous year. This level of funding underscores the importance of this revenue source and the need to ensure it is not constrained by detrimental legislation.

POSITION: ***Oppose*** legislation that would exempt Internet travel brokers from paying taxes on the full room rate paid by the consumer, thereby costing Charlotte County and its political subdivisions the opportunity to collect the appropriate Transient Occupancy Taxes from visitors to the region.

FEDERAL ISSUE: Tax-Exempt Bonds

BACKGROUND; HOW IT MAY AFFECT CHARLOTTE COUNTY: Although municipal bonds have been tax-exempt for almost 100 years, a number of federal proposals have been offered over the past few years that target this exemption, particularly as part of the debate to end the sequester or reduce federal spending. With local governments facing severe budget difficulties, any proposal to limit the tax exemption would put more pressure on local finances by reducing demand for tax-exempt bonds and increase borrowing costs for state and local governments, ultimately leading to higher taxes or reduced services.

The Obama Administration had proposed a 28 percent limit on all itemized deductions for high-income individuals in its Fiscal Year (FY) 2017 budget. If this proposal had been accepted by Congress, it would have applied to all new and outstanding municipal bonds. According to a study conducted by the National Association of Counties, if this 28 percent cap had been in place over the past decade, borrowing costs to state and local governments would have increased by over $173 billion, while a full repeal would have cost nearly $500 billion over the same time period.

The issue of the deductibility of municipal bonds was not included in the comprehensive tax reform legislation signed into law at the end of 2017, however it may continue to be an issue in the future. If this deduction was eliminated in the future, it would mean that bond issuers would have to offer higher rates to attract investors. It is estimated that the difference in the rate of earnings the County and other local governments would need to offer prospective buyers for their taxable bonds would depend on the market, but typically would range from 1.5 to 2 percent more for those offerings. On $1 million borrowed, this would likely cost $20,000 more in interest per year. Taking this further, if the County were to amortize a $100 million loan over 30 years at taxable bond rates two percent higher than if the bonds were tax-exempt, the additional cost to taxpayers over those 30 years could be roughly $30 million.

Advanced Refunding of Bonds

Meanwhile, Representatives Randy Hultgren (R-IL) and C.A. Dutch Ruppersberger (D-MD) recently introduced legislation to restore the tax exemption for advance refunding bonds that was repealed in the Tax Cuts and Jobs Act. While the legislation currently only has three co-sponsors, some believe the provision has a good chance of ultimately becoming law to restore advanced refunding of bonds. The County has advanced refunded bonds in the past to take advantage of lower interest rates and save constituents money.

POSITION: ***Oppose*** legislation that would threaten the tax exemption on state and local bonds. ***Support*** the passage of legislation to again allow for advanced refunding of tax-exempt bonds.