GFOA Federal Update CSMFO Winter 2023

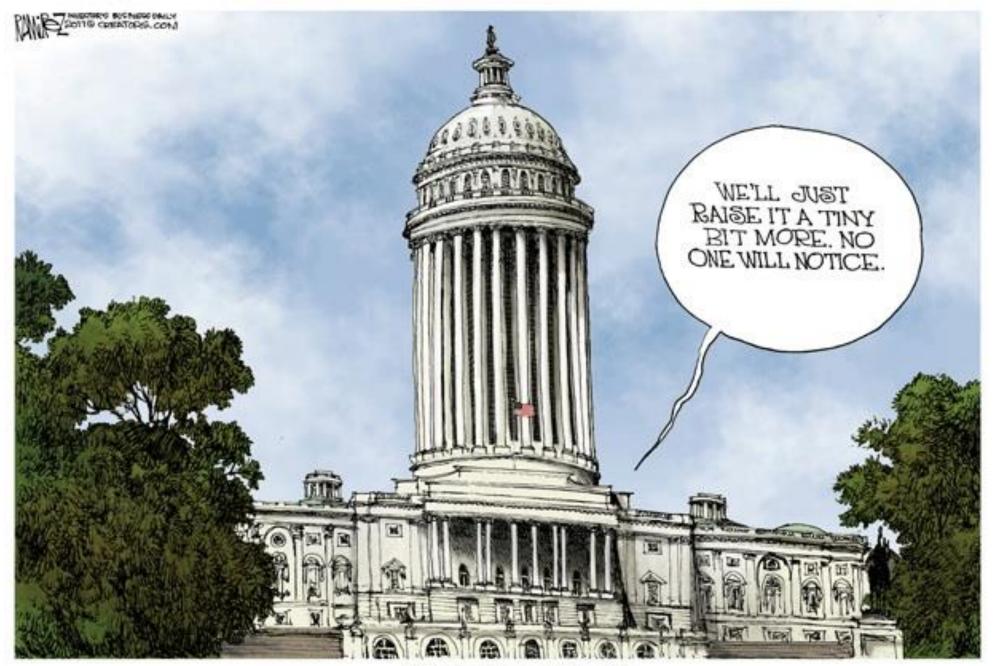


Government Finance Officers Association

Roadmap



- 117th Recap
- Looking ahead at the 118th
- Ongoing Implementation (ARPA, IIJA, IRA)

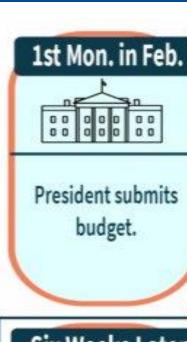


THE DEBT CEILING.



117th Congress Recap

Budget Approps Guessing Game

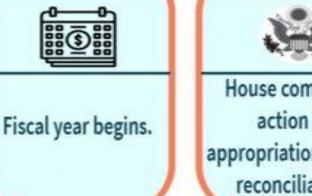




Oct. 1st









How did it all end?

- Omnibus Spending Deal and Public Finance Priorities
 - What made it in
 - What was left out
 - Future implications
- Financial DataTransparency Act
 - Timeline



S. 3011 SLFRF Flexibility















November 8, 2021

The Honorable Nancy Pelosi Speaker United States House of Representatives (CA) (Sent Via Email) The Honorable Kevin McCarthy Republican Leader United States House of Representatives (CA) (Sent Via Email)

Dear Speaker Pelosi and Leader McCarthy:

RE: Support for the State, Local, Tribal, and Territorial Fiscal Recovery, Infrastructure, and Disaster Relief Flexibility Act

On behalf of the nation's state and local governments, we strongly endorse the bipartisan *State, Local Tribal, and Territorial Fiscal Recovery, Infrastructure, and Disaster Relief Flexibility Act* (S. 3011) – co-sponsored by Senators Alex Padilla (CA) and John Cornyn (TX) – that would provide additional flexibility under the Coronavirus State and Local Fiscal Recovery Funds (CSLFRF) that was included in the American Rescue Plan Act (ARPA). This bill was approved by unanimous consent in the Senate on October 19, and we strongly urge House passage so that the bill can be sent to President Biden for his signature.

Since the enactment of ARPA, we have been working collaboratively with our respective memberships, the White House and the U.S. Department of the Treasury to implement the \$350 billion provided under the law. We believe that this new legislation would both streamline and strengthen this historic program in three key ways.

First, it would allow state and local governments to allocate up to \$10 million of ARPA funds for the provision of government services without using complicated budgetary analysis to calculate lost revenue, while at the same time retaining the original provision of the law that would allow for a higher amount to be used if justified under Treasury's revenue loss calculator.

Second, it would allow the greater of \$10 million or 30 percent of the total ARPA allocation provided to a state or local government to be used under a new, separate provision that further allows infrastructure-related activities authorized

- Transportation and Transit Projects
- Nonfederal Match for Certain Federal programs
 - CDBG
- Limited to 10% of total SLFRF or \$30M
 - Will very likely be a new EC (expenditure category)

Got BABs??

Government Finance Officers Association
American Public Gas Association
American Public Power Association
American Society of Civil Engineers
Council of Infrastructure Financing Authorities
International City/County Management Association
Large Public Power Council
National Association of Counties
National Association of Counties
National Association of State Treasurers
National Association of State Housing Agencies
National Council of State Housing Agencies
National League of Cities
National School Boards Association
The United States Conference of Mayors

June 21, 2022

John Yarmuth Chairman Committee on the Budget U.S. House of Representatives Washington, D.C. 20515

Jason Smith Ranking Member Committee on the Budget U.S. House of Representatives Washington, D.C. 20515 Bernie Sanders Chairman

Committee on the Budget U.S. Senate Washington, D.C. 20510

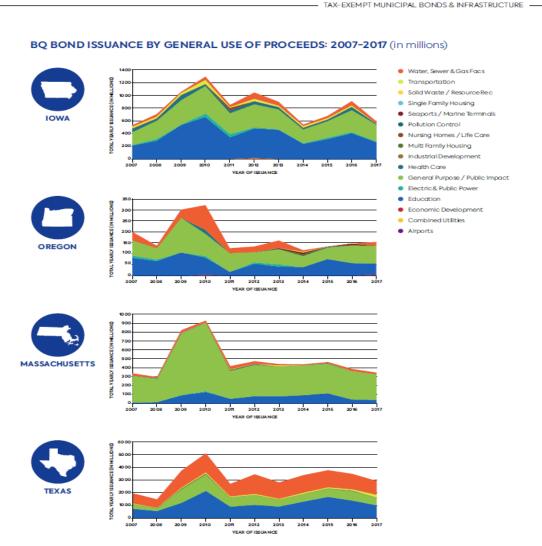
Lindsey Graham Ranking Member Committee on the Budget U.S. Senate Washington, D.C. 20510

Dear Chairmen Yarmuth and Sanders and Ranking Members Smith and Graham:

As we collectively worked to emerge from the Great Recession over a decade ago, state and local governments utilized options made available to stimulate the economy and undertook several hundred billion dollars in critical, long-term infrastructure obligations through the issuance of direct subsidy bonds. At the time, the understanding was that federal payments related to these bonds would not be subject to the appropriation process and would not be subject to sequestration. To our dismay, the federal government appears on the brink of completely reneging on this deal by eliminating \$14\$ billion in payments to state and local entities. Specifically, unless new legislation is enacted that will waive the Pay as You Go Act (PAYGO) as relates to the budgetary effects of the American Rescue Plan, thousands of state and local entities

- Since 2013, sequestration cuts have reduced BABs payments
- Cuts extended by IIJA through 2031
- ARPA could have initiated additional cuts after end of 117th Session – PAYGO waived for now

Refresher - Bank Qualified Debt (aka Small Issuer Exception)



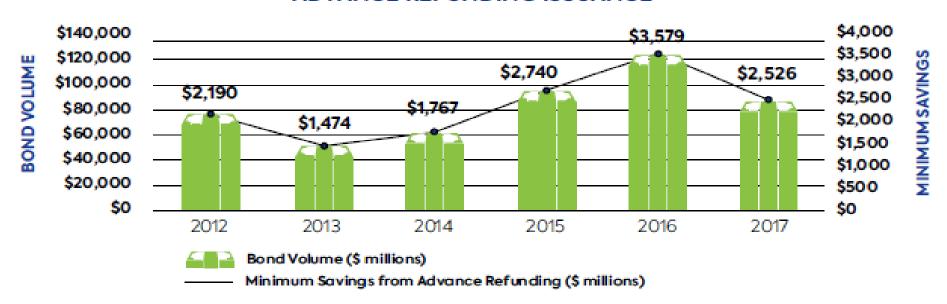
- Small Issuer Exception allows smaller jurisdictions working with community banks to issue TE BQ debt
- Right now the cap is \$10m per issuer, we are asking to raise the cap to \$30m, pegged to inflation and based at the level of the borrower
 - Cost- NOMINAL!
- Reintroduce legislation similar to HR 2634 *LIFT Act* (117th)

Source: GFOA analysis of Thomson Reuters data as of 11/28/18

Refresher – Advance Refunding

- Savings of 3-8% of par foregone
- Reintroduce legislation similar to HR 2634 LIFT Act (AR, BQ, AIB)
- Reintroduce legislation similar to S479 LOCAL Infrastructure Act or HR 2288 Investing in Our Communities Act (bipartisan effort with 31 cosponsors from both parties)

ADVANCE REFUNDING ISSUANCE



MEMBER ALERT

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MEMBER ALERT

FROM GFOA'S FEDERAL LIAISON

New Financial Reporting Requirements for Governments Proposed in U.S. Senate: A Costly and Burdensome Unfunded Mandate

GFOA members should be aware of proposed legislation in the U.S. Senate that would mandate governments to report financial information using uniform reporting categories, or "data standards," which may require costly updates to financial systems or extensive workarounds.

Currently, U.S. Senators are considering including the bill (S. 4295) as part of the federal defense authorization legislation that must be taken up before the end of the year.

GFOA has long advocated for governments to demonstrate transparency and accountability by making financial information readily accessible to the public, but hastily passing this bill may create data standards that opens the door to directing the use of specific technologies for reporting governmental financial information.

This effort to create new universal reporting categories will have minimal value to transparency efforts and would be a significant cost to state and local governments. This unfunded mandate would require extensive staff time along with the need for consulting resources and potentially risky updates to government financial systems.

GFOA urges you to reach out to your Senators and ask them to oppose including S. 4295 in the defense authorization bill.

Why would the mandate pose a challenge?

A mandata for utilizing a analific tachnalogy for governmental and napprofit

O S4295

- Establish (New) Data Standards
- Reporting of Financial Information
- O Why unfunded mandate?
 - Identical taxonomies across all types of public entities
 - Reconfiguration of financial systems
 - Implementation of new software
 - Authorizes "joint rulemaking" of entities with no jurisdiction

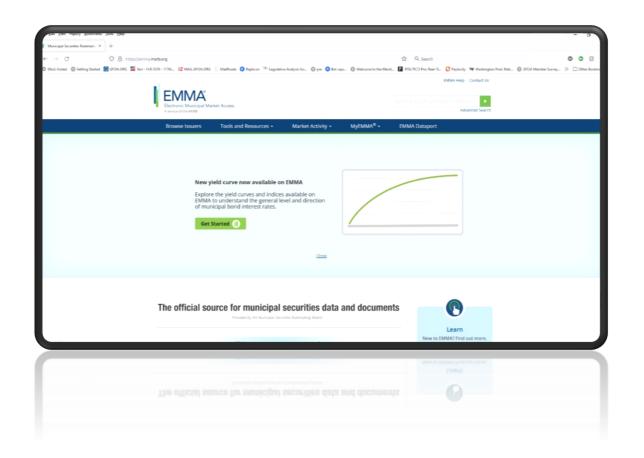
Financial Reporting Shakeup





Who Will This Affect?

- Any municipal entities required to submit financial information to the Municipal Securities Rulemaking Board
 - ➤ All primary issuers Frequent or Infrequent
 - ➤ All component units of primary issuers
 - Roughly 38,000 issuers in Electronic Municipal Market Access (EMMA)



FDTA: When can we expect it to happen?

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18 "(2) Final Rules.—Not later than 2 years
19 after the date of enactment of this section, the heads
20 of the covered agencies shall jointly promulgate final
21 rules that establish the data standards described in
22 paragraph (1).
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(b) Rulemaking.— (1) In general.—Not later than 2 years after the date on which final rules are promulgated under section 124(b)(2) of the Financial Stability Act of 2010, as added by section 5811(a) of this title, the Securities and Exchange Commission shall issue rules to adopt the data standards required under paragraph (8) of section 15B(b) of the Securities Exchange Act of 1934 (15 U.S.C. 780–4(b)), as added by subsection (a) of this section.

Two Years



Looking ahead at the 118th

Midterms - Not What Many Expected



118th Freshmen Class



Change is Coming

- Variety in perspectives and backgrounds
- Turning back the clock
- A lot of "firsts"

New Ways and Means Members

Rep. Mike Carey (OH-15)	Rep. Blake Moore (UT-01)
Rep. Randy Feenstra (IA-04)	Rep. Michelle Steel (CA-45)
Rep. Michelle Fischbach (MN-07)	Rep. Greg Steube (FL-17)
Rep. Brian Fitzpatrick (PA-01)	Rep. Claudia Tenney (NY-24)
Rep. Nicole Malliotakis (NY-11)	Rep. Beth Van Duyne (TX-24)

What's on Tap?

- New Chairman Jason Smith (MO-08)
- IRS Focus
- Child tax credit
- Public finance priorities??

California Delegation

District	Name	Party	Office Room	Phone	HMFC
1st	LaMalfa, Doug	R	408 CHOB	(202) 225-3076	
2nd	Huffman, Jared	D	2445 RHOB	(202) 225-5161	YES
3rd	Kiley, Kevin	R	1032 LHOB	(202) 225-2523	
4th	Thompson, Mike	D	268 CHOB	(202) 225-3311	
5th	McClintock, Tom	R	2256 RHOB	(202) 225-2511	
6th	Bera, Ami	D	172 CHOB	(202) 225-5716	
7th	Matsui, Doris	D	2311 RHOB	(202) 225-7163	YES
8th	Garamendi, John	D	2004 RHOB	(202) 225-1880	
9th	Harder, Josh	D	209 CHOB	(202) 225-4540	
10th	DeSaulnier, Mark	D	503 CHOB	(202) 225-2095	
11th	Pelosi, Nancy	D	1236 LHOB	(202) 225-4965	
12th	Lee, Barbara	D	2470 RHOB	(202) 225-2661	
13th	<u>Duarte, John</u>	R	1535 LHOB	(202) 225-1947	
14th	Swalwell, Eric	D	174 CHOB	(202) 225-5065	
15th	Mullin, Kevin	D	1404 LHOB	(202) 225-3531	
16th	Eshoo, Anna	D	272 CHOB	(202) 225-8104	
17th	Khanna, Ro	D	306 CHOB	(202) 225-2631	
18th	Lofgren, Zoe	D	1401 LHOB	(202) 225-3072	
19th	Panetta, Jimmy	D	304 CHOB	(202) 225-2861	
20th	McCarthy, Kevin	R	2468 RHOB	(202) 225-2915	
21st	Costa, Jim	D	2081 RHOB	(202) 225-3341	
22nd	Valadao, David	R	2465 RHOB	(202) 225-4695	
23rd	Obernolte, Jay	R	1029 LHOB	(202) 225-5861	
24th	Carbajal, Salud	D	2331 RHOB	(202) 225-3601	
25th	Ruiz, Raul	D	2342 RHOB	(202) 225-5330	
26th	Brownley, Julia	D	2262 RHOB	(202) 225-5811	YES

- What is "the ask..."
 - Support the tax exemption
 - ➤ Join the House Municipal Finance Caucus
 - Pay attention to FDTA, it's going to be a wild two years
 - Support Advance Refunding Munis
 - ➤ Support BQ

California Delegation

District	Name	Party	Office Room	Phone	HMFC
27th	Garcia, Mike	R	144 CHOB	(202) 225-1956	
28th	Chu, Judy	D	2423 RHOB	(202) 225-5464	
29th	Cardenas, Tony	D	2181 RHOB	(202) 225-6131	
30th	Schiff, Adam	D	2309 RHOB	(202) 225-4176	
31st	Napolitano, Grace	D	1610 LHOB	(202) 225-5256	YES
32nd	Sherman, Brad	D	2365 RHOB	(202) 225-5911	
33rd	Aguilar, Pete	D	108 CHOB	(202) 225-3201	
34th	Gomez, Jimmy	D	506 CHOB	(202) 225-6235	
35th	Torres, Norma	D	2227 RHOB	(202) 225-6161	
36th	Lieu, Ted	D	2454 RHOB	(202) 225-3976	YES
37th	Kamlager-Dove,	D	1419 LHOB	(202) 225-7084	
38th	Sanchez, Linda	D	2428 RHOB	(202) 225-6676	
39th	Takano, Mark	D	2078 RHOB	(202) 225-2305	YES
40th	Kim, Young	R	1306 LHOB	(202) 225-4111	
41st	Calvert, Ken	R	2205 RHOB	(202) 225-1986	
42nd	Garcia, Robert	D	1305 LHOB	(202) 225-7924	
43rd	Waters, Maxine	D	2221 RHOB	(202) 225-2201	
44th	Barragan, Nanette	D	2312 RHOB	(202) 225-8220	
45th	Steel, Michelle	R	1127 LHOB	(202) 225-2415	
46th	Correa, J.	D	2301 RHOB	(202) 225-2965	
47th	Porter, Katie	D	1233 LHOB	(202) 225-5611	
48th	<u>Issa, Darrell</u>	R	2108 RHOB	(202) 225-5672	
49th	Levin, Mike	D	2352 RHOB	(202) 225-3906	
50th	Peters, Scott	D	1201 LHOB	(202) 225-0508	
51st	Jacobs, Sara	D	1314 LHOB	(202) 225-2040	
52nd	Vargas, Juan	D	2334 RHOB	(202) 225-8045	

- What is "the ask..."
 - Support the tax exemption
 - ➤ Join the House Municipal Finance Caucus
 - Pay attention to FDTA, it's going to be a wild two years
 - Support Advance Refunding Munis
 - ➤ Support BQ



Ongoing Implementation

ARPA Update - Frequent Questions on Implementation

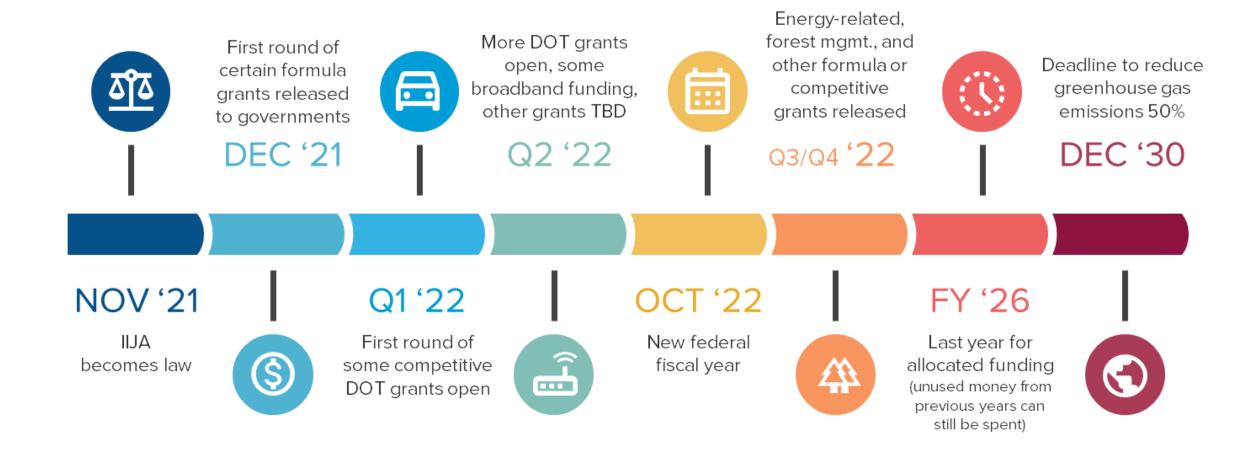
- Second Tranche Process and Timing (and SAM.gov)
- Uniform Guidance and Government Services Spending
- Definition of OBLIGATION for December 31, 2024
- Chance to revise previously submitted reports?
- Housing, Infrastructure and COVID-19 Eligible expenditures
- Single Audit eligibility and Attestation
- Distinction between vendors and subrecipients

ARPA Update: One Thing is for Certain...



IIJA - Where are we now?

IIJA: Overview Timeline



Focus on Sustainability and Partnering

- Sustainability
 - "Build Back Better"
 - Grant programs and audits will include sustainability metrics



Partnering

- With your state
 - Local and regional "significance" in the projects
 - ■Nonfederal match will still be a requirement. 10 on water, 20 on roads
- With private partners
 - □ Documenting P3 successes
 - □VFM Analysis associated with large projects (is privatizing cheaper/faster/better?)

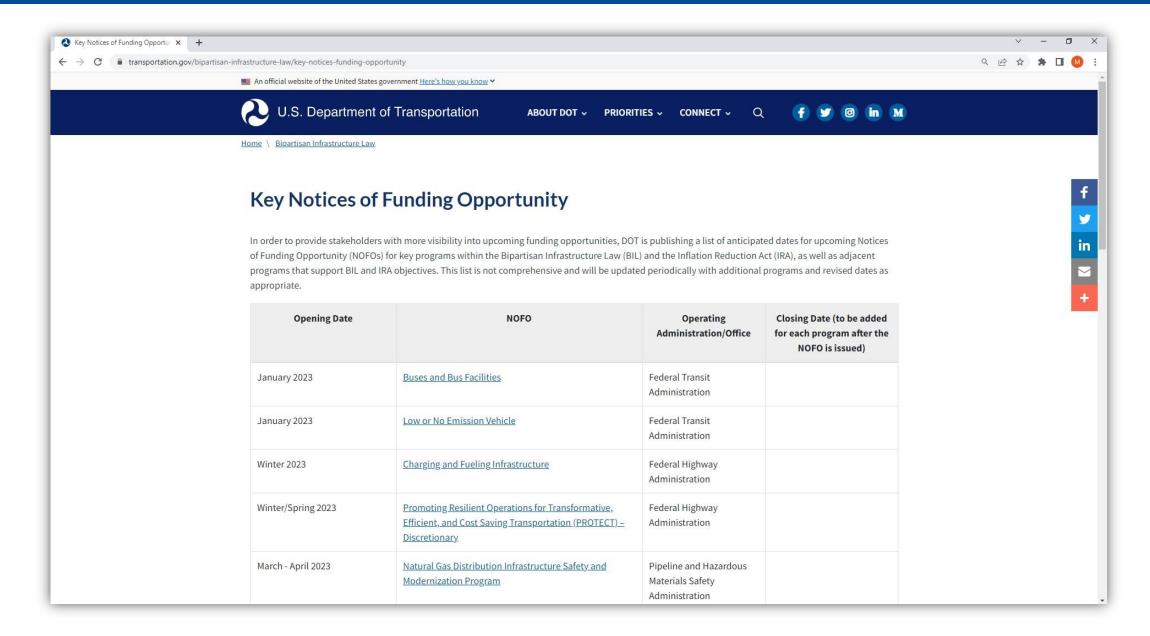
Justice40

O Goal:

- 40% "of the overall benefits of certain Federal investments flow to disadvantaged communities that are marginalized, underserved, and overburdened by pollution"
- Investments within the <u>Justice40 Initiative</u>:
 - Climate change
 - Clean energy and energy efficiency
 - Clean transit
 - Affordable and sustainable housing
 - ...and more...
- Interim Implementation Guidance for Federal agencies
- The Climate and Economic Justice Screening Tool (CEJST):
 - Mapping tool for identifying disadvantaged communities that are marginalized, underserved, and overburdened by pollution

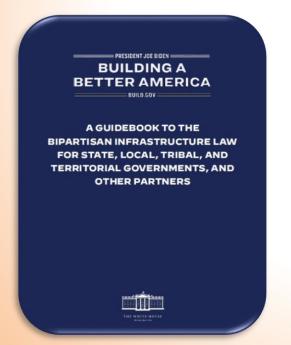


DOT NOFO Update



Further Resources (Link in Images)









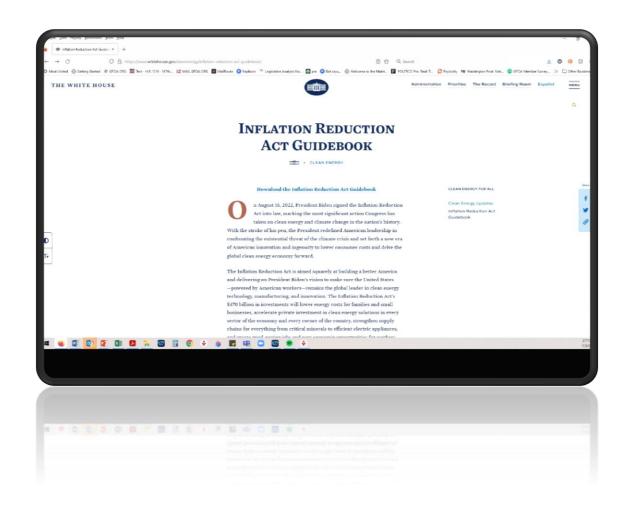
What's in the Inflation Reduction Act?

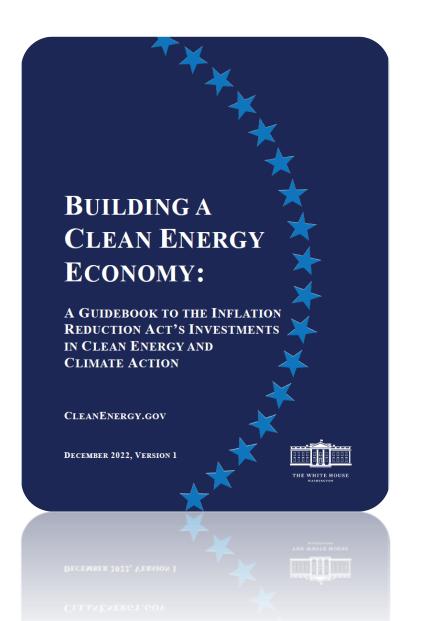
Three Buckets

- Health Care
- Tax
- Energy andClimate

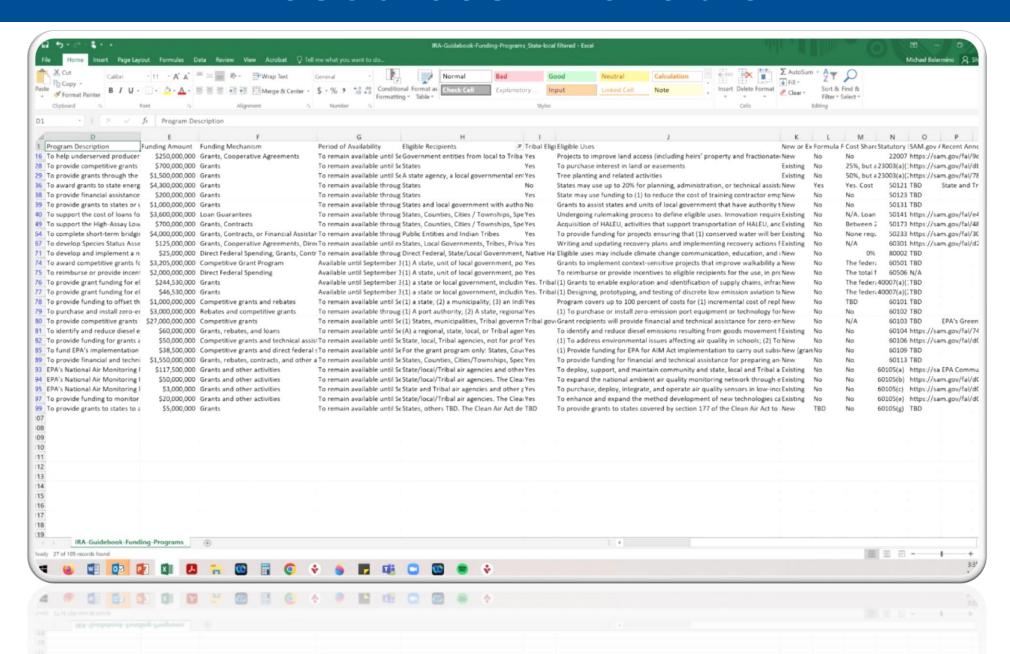
Policy	Cost (-)/Savings (2022-2031)
Energy and Climate	-\$386 billion
Clean Electricity Tax Credits	-\$161 billion
Air Pollution, Hazardous Materials, Transportation and Infrastructure	-\$40 billion
Individual Clean Energy Incentives	-\$37 billion
Clean Manufacturing Tax Credits	-\$37 billion
Clean Fuel and Vehicle Tax Credits	-\$36 billion
Conservation, Rural Development, Forestry	-\$35 billion
Building Efficiency, Electrification, Transmission, Industrial, DOE Grants and Loans	-\$27 billion
Other Energy and Climate Spending	-\$14 billion
Health Care	-\$98 billion
Extension of Expanded ACA Subsidies (three years)	-\$64 billion
Part D Re-Design, LIS Subsidies, Vaccine Coverage	-\$34 billion
Total, Spending and Tax Breaks	-\$485 billion
Health Savings	\$322 billion
Repeal Trump-Era Drug Rebate Rule	\$122 billion
Drug Price Inflation Cap	\$101 billion
Negotiation of Certain Drug Prices	\$99 billion
Rovenue	\$468 billion
15 Percent Corporate Minimum Tax	\$313 billion
IRS Tax Enforcement Funding*	\$124 billion
Closure of Carried Interest Loophole	\$13 billion
Methane Fee, Superfund Fee, Other Revenue	\$18 billion
Total, Savings and Revenue	\$790 billion
Net Deficit Reduction	\$305 billion
Memo: Deficit reduction with permanent ACA subsidy extension	~\$155 billion
*IRS funding provision involves an \$80 billion expenditure over ten years, which CBO estimates will yield \$204 billion in a \$124 billion.	dditional revenue for a net savings o

Resources Available



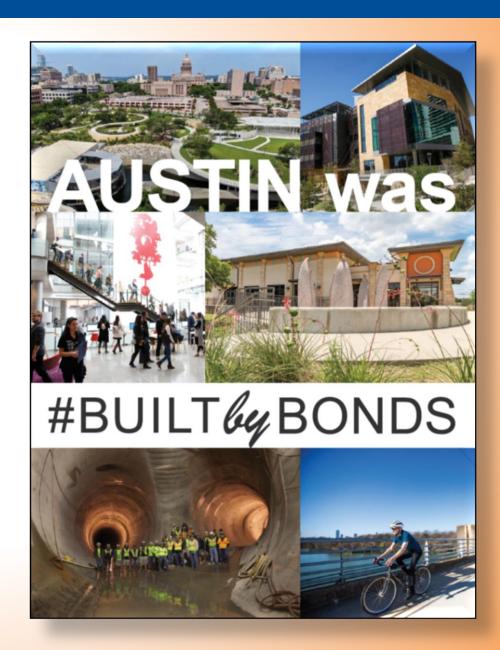


Resources Available



We Are YOUR Advocate In DC





See You in Portland!





THANK YOU!

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