FLORIDA LEAGUE OF CITIES 2017 Federal Action Agenda

FEMA DEOBLIGATIONS/CLAWBACKS

The **FEMA Public Assistance Program (FEMA PA)**, which provides recovery project funding to local governments for uninsured infrastructure repairs following a presidential disaster declaration, is a critical part of a community's recovery process. However, over the last few years, a number of local governments in Florida have expressed concerns with the FEMA PA process.

In 2011, the Department of Homeland Security's Office of Inspector General (OIG) began auditing previously approved recovery projects in an attempt to recapture funds that the OIG asserts should not have been awarded. Many of these audits are from 2004 and 2005 storms. The monies received have been long spent on recovery projects that, in some instances, were previously identified, developed and determined eligible by FEMA staff.

In a state where the question is not if a natural disaster will occur but rather when, the Florida League of Cities strongly supports the mission and role of FEMA and the assistance it provides to local governments in times of need. These so-called "deobligations" can run into the millions of dollars and have impacted the budgets of local governments across Florida.

U.S. House of Representatives

In May, H.R. 1678, the Robert T. Stafford Disaster Relief and Emergency Assistance Act, sponsored by U.S. Representative Lois Frankel (D-21-FL), unanimously passed the U.S. House of Representatives. A provision in H.R. 1678 amends the Stafford Act to change the three-year statute of limitations by which FEMA can recover payments. Under the provision, the statute of limitations would begin once the Project Worksheet is transmitted, rather than upon completion of the final expenditure report for the entire disaster. The language has a retroactive date of 2004. This provision was also included in the U.S. House Homeland Security Appropriations bill which was recently approved by the full committee.

U.S. Senate

Earlier this year, U.S. Senator Bill Nelson (D-FL) introduced S. 709, the Disaster Assistance Improvement Act of 2017, which is essentially the same language that passed the U.S. House of Representatives. U.S. Senator Marco Rubio (R-FL) has also introduced legislation, S. 1641, the Post-Disaster Fairness to States Act. Both bills would provide a three-year statute of limitations for FEMA to deobligate funds after the completion of a project.

The Florida League of Cities urges Congress to support efforts to amend the Stafford Act to include the three-year statute of limitations to give local governments a reasonable timeframe to respond to information requests from FEMA.

NATIONAL FLOOD INSURANCE PROGRAM

The National Flood Insurance Program (NFIP) was created in 1968 in response to the lack of available private flood insurance and continued increases in federal disaster assistance due to floods. The NFIP allows property owners in participating communities to buy insurance to protect against flood losses.

Flooding is a serious risk in Florida due to the state's geography and proximity to water, both inland and coastal. Florida has more than 1.7 million active NFIP policies and $422 billion in coverage. Florida property owners have received more than $4.1 billion in claims since 1978. The NFIP is set to expire on December 8, 2017.

As Congress and the Trump administration consider proposals to reauthorize the NFIP, the Florida League of Cities recommends the following policy considerations for a successor program.

As a government program, the NFIP should treat its customers equitably and should adhere to insurance principles that rates must not be excessive, inadequate or unfairly discriminatory. Any necessary increases in premiums should be implemented with regard to customers' ability to absorb those increases. Additionally, properties should be rated based on their ability to withstand risk, not on their use or ownership structure.

NATIONAL FLOOD INSURANCE PROGRAM (Continued)

Nationwide, NFIP flood maps are generally outdated and don't accurately measure a community's flood risk. Efforts should be made to work directly with cities, counties and other stakeholders on the map revision process, ensuring locally generated data and/or models are considered.

According to FEMA, people located outside of mapped high-risk flood areas file more than 20 percent of all flood claims and receive one-third of federal disaster assistance for flooding. Recognizing that nearly all properties have some risk of flooding, incentives should be created to encourage participation in the NFIP for property owners not located in high risk flood zones. This will not only help protect those who are caught off guard by unpredicted flooding, but it will also help the program become more financially stable.

The Florida League of Cities urges Congress to advocate for a package that does not increase costs on vulnerable residents and provides increased funding for accurate flood mapping and mitigation.

TAX REFORM/MUNICIPAL FINANCING

As Congress and the Trump administration discuss tax reform, the Florida League of Cities urges Congress not to consider any proposals that may threaten the tax-exempt status of municipal bonds. Tax-exempt municipal bonds finance nearly two-thirds of the nation's core infrastructure. This financing mechanism is an essential and irreplaceable tool for cities to finance the construction and maintenance of capital improvement projects. Approximately $2 trillion in infrastructure investment over the last decade was financed with tax-exempt municipal bonds.

Since the federal income tax was imposed in 1913, the interest earned on municipal bonds has been exempt from federal taxation. This is not a tax loophole. The tax law was designed this way to encourage investment in public infrastructure.

The projects funded through municipal financing are engines of job creation and economic growth. According to national statistics, state and local governments shoulder more than 75 percent of the costs of financing the nation's public infrastructure. Eliminating or limiting the tax-exempt status on municipal bonds will increase the costs borne by taxpayers.

The Florida League of Cities supports efforts to streamline the tax code, but Congress should not place the burden of tax reform on cities. To date, proposals for tax reform do not include changes to the tax-exempt status of municipal bonds. The League appreciates the efforts of Florida's congressional delegation to protect this important tool for municipal infrastructure.

MAINTAIN FUNDING FOR IMPORTANT FEDERAL PROGRAMS

Community Development Block Grant (CDBG)

CDBG has been a tremendously successful federal program that has helped Florida's cities with housing and community development for the last 43 years. The key to the CDBG's success is the flexibility it provides cities to address their own affordable housing and neighborhood revitalization needs.

As with other federal investments, CDBG funding does not stay in city hall. It goes to support local businesses, builders and contractors, and service providers who transform neighborhoods and make cities a better place for their citizens. Every dollar in CDBG funding a city receives leverages an additional $4.05 in non-CDBG funding.

Transportation Investment Generating Economic Recovery (TIGER)

TIGER is a competitive grant program that has funded countless roads and transportation projects since its inception in 2009. TIGER has proven to be a tremendously successful program for cities to invest in regionally and nationally significant projects in road, rail, transit and ports. The U.S. DOT has indicated that the 2017 FY TIGER program will give special consideration to projects that emphasize improved access to reliable, safe and affordable transportation for communities in rural areas. TIGER grants, on average, achieve $3.60 in co-investment for every TIGER dollar invested.

The Florida League of Cities urges Congress and the Trump administration to maintain funding for the CDBG, TIGER grant and other federal programs that promote long-term investments in our cities.