

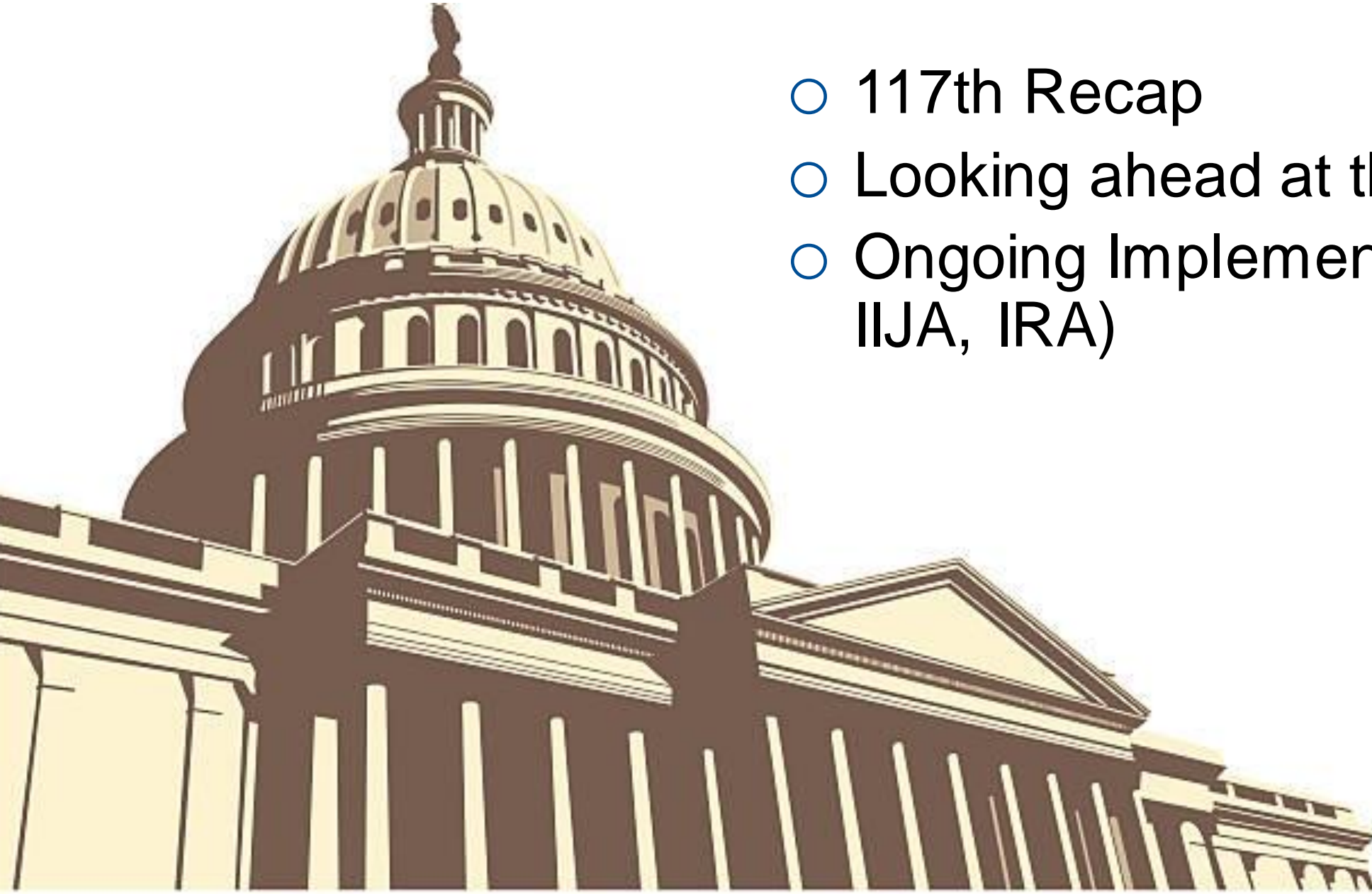
Maryland GFOA Winter 2023 Conference: Federal Update



Government Finance Officers Association

Roadmap

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



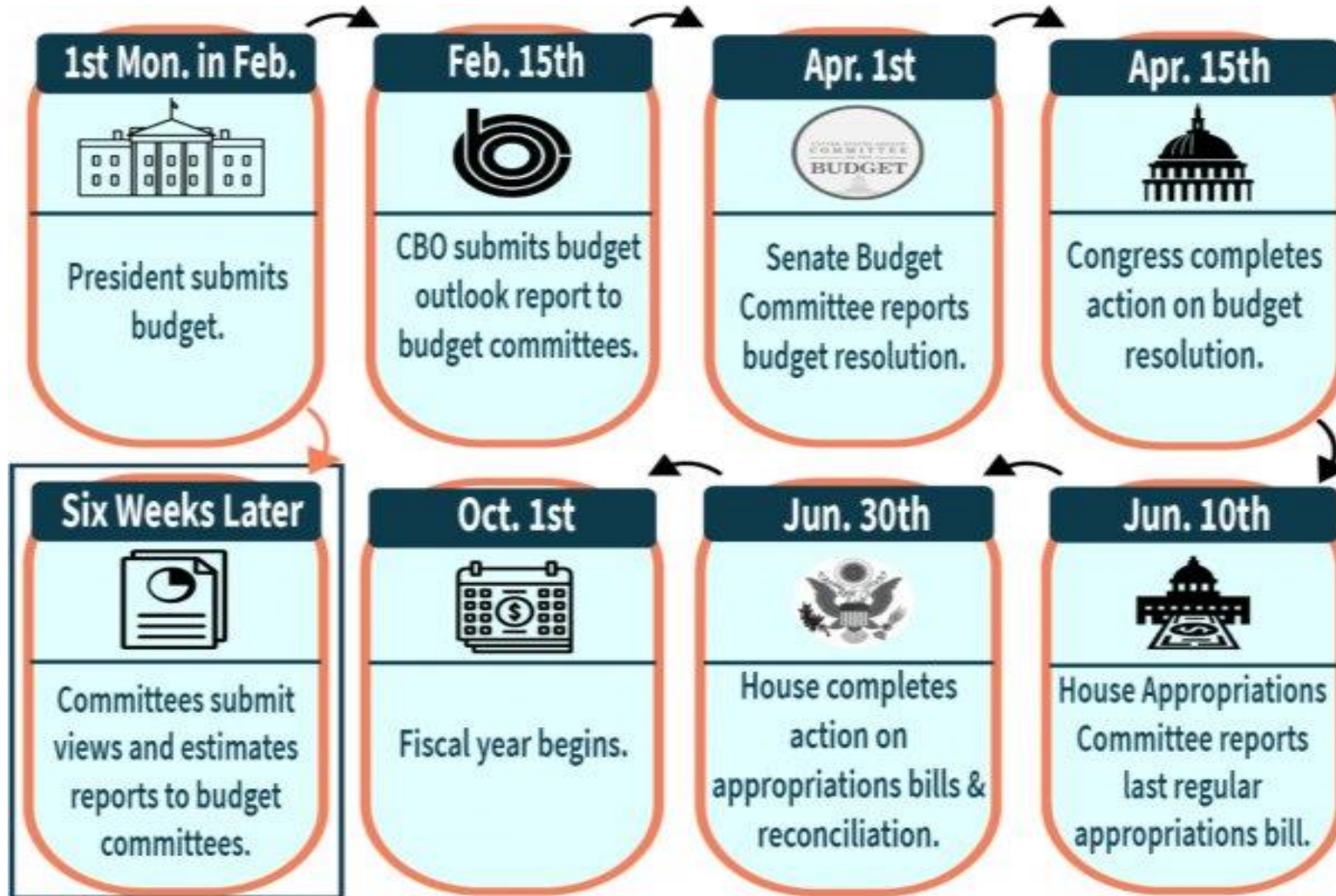


THE DEBT CEILING



117th Congress Recap

Budget Approps Guessing Game



How did it all end?

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



S. 3011 SLFRF Flexibility



THE UNITED STATES
CONFERENCE OF MAYORS



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

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 State Auditors, Comptrollers and Treasurers
National Association of State Treasurers
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:

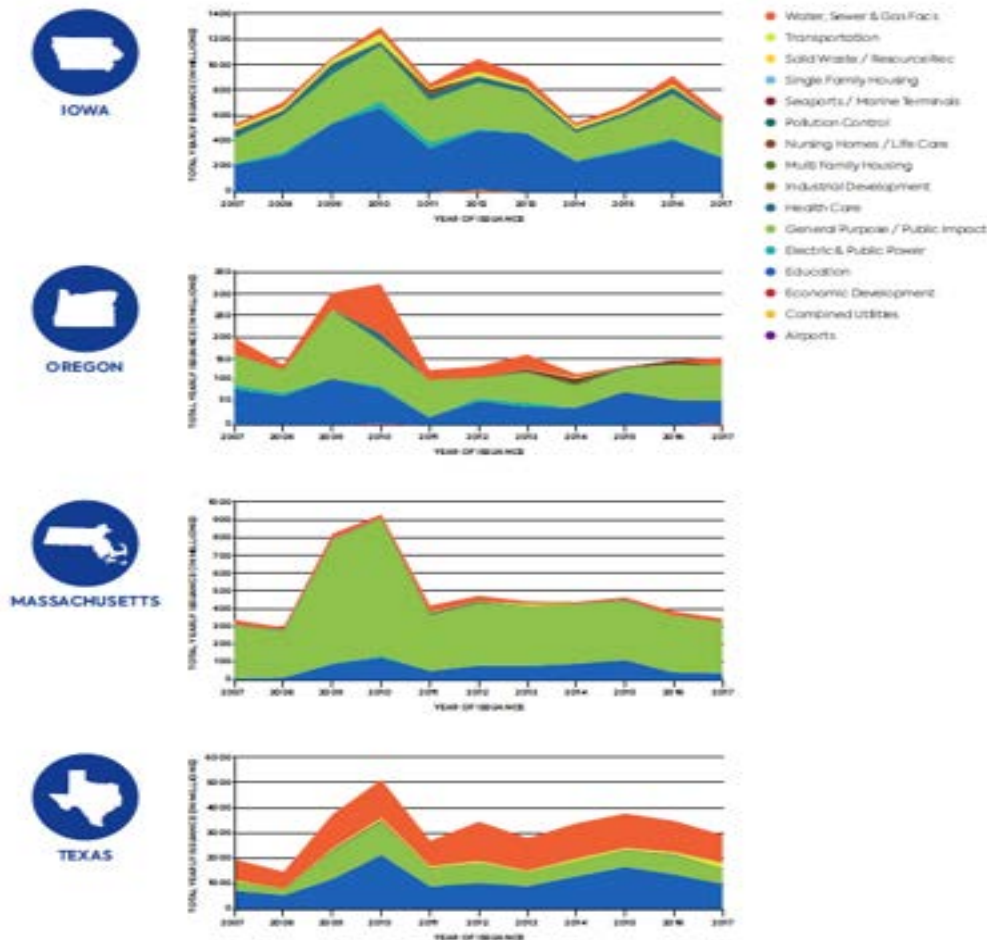
As we collectively worked to emerge from the Great Recession over a decade ago, state and local governments utilized options made available to stimulate the economy and undertook several hundred billion dollars in critical, long-term infrastructure obligations through the issuance of direct subsidy bonds. 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)

TAX-EXEMPT MUNICIPAL BONDS & INFRASTRUCTURE

BQ BOND ISSUANCE BY GENERAL USE OF PROCEEDS: 2007-2017 (in millions)



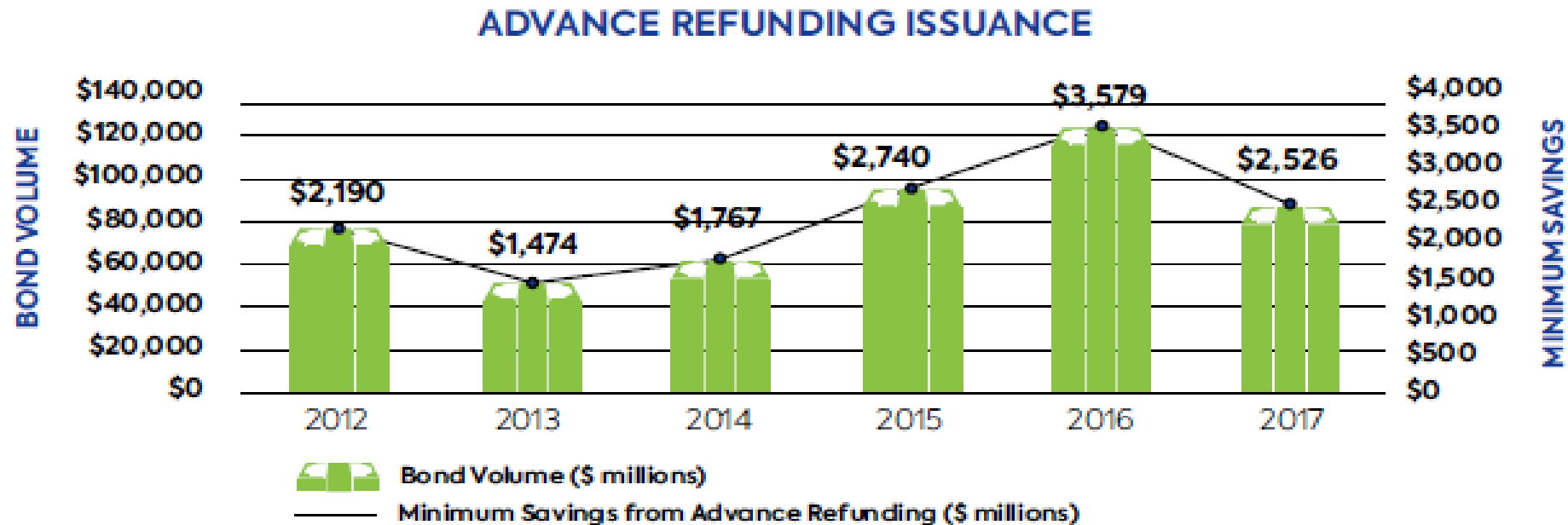
Source: GFOA analysis of Thomson Reuters data as of 11/28/18

JANUARY 2019

- 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)*

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)



A Tale of Two Bills...

H.R. 2989 The Financial Transparency Act

- Sponsored by Maloney (NY)
McHenry (NC)
- Passed under suspension October 2021, added by voice vote as an amendment to the House NDAA
- Previous versions introduced over the last three sessions

S. 4295 The Financial Data Transparency Act

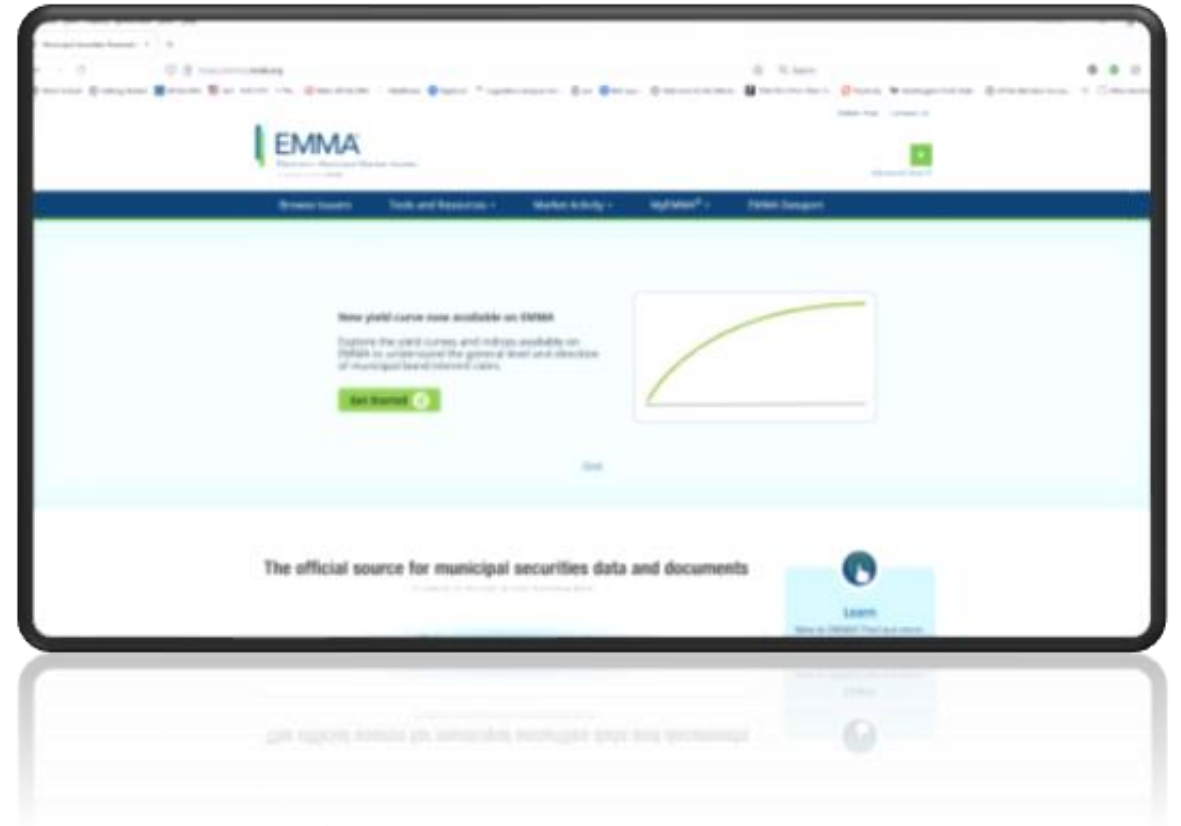
- Sponsored by Warner (VA); Crapo (ID); Grassley (IA); Scott (SC)

H.R. 7776 - Compromise Language Negotiated and
Included in the National Defense Authorization Act
(NDAA)

Signed into law on December 23, 2022

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 in Compromise NDAA

Highlights

- No new issuer disclosure requirements, still impacts the way in which data will be submitted
- SEC is required to consult with issuer community
- SEC and other fed agencies must be cognizant of impact on issuer community
- The work is not over...

G:\CMTE\AS\2\CRCP.XML

2462

1 laws and the Dodd-Frank Wall Street Reform and Con-
2 sumer Protection Act (Public Law 111-203; 124 Stat.
3 1376) shall be—

4 “(1) made available as an open Government
5 data asset (as defined in section 3502 of title 44,
6 United States Code);

7 “(2) freely available for download;

8 “(3) rendered in a human-readable format; and

9 “(4) accessible via application programming
10 interface where appropriate.”

11 SEC. 5823. DATA TRANSPARENCY RELATING TO MUNICIPAL
12 SECURITIES.

13 (a) IN GENERAL.—Section 15B(b) of the Securities
14 Exchange Act of 1934 (15 U.S.C. 78o-4(b)) is amended
15 by adding at the end the following:

16 “(8)(A) The Commission shall adopt data standards
17 for information submitted to the Board.

18 “(B) Any data standards adopted under subpara-
19 graph (A) shall incorporate, and ensure compatibility with
20 (to the extent feasible), all applicable data standards es-
21 tablished in the rules promulgated under section 124 of
22 the Financial Stability Act of 2010, including, to the ex-
23 tent practicable, by having the characteristics described in
24 clauses (i) through (vi) of subsection (c)(1)(B) of such sec-
25 tion 124.

FDTA in Compromise NDAA - Implementation

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).

7 (b) RULEMAKING.—
8 (1) IN GENERAL.—Not later than 2 years after
9 the date on which final rules are promulgated under
10 section 124(b)(2) of the Financial Stability Act of
11 2010, as added by section 5811(a) of this title, the
12 Securities and Exchange Commission shall issue
13 rules to adopt the data standards required under
14 paragraph (8) of section 15B(b) of the Securities
15 Exchange Act of 1934 (15 U.S.C. 78o-4(b)), as
16 added by subsection (a) of this section.

Two Years



Two Years

FDTA in Compromise NDAA - Disclosure

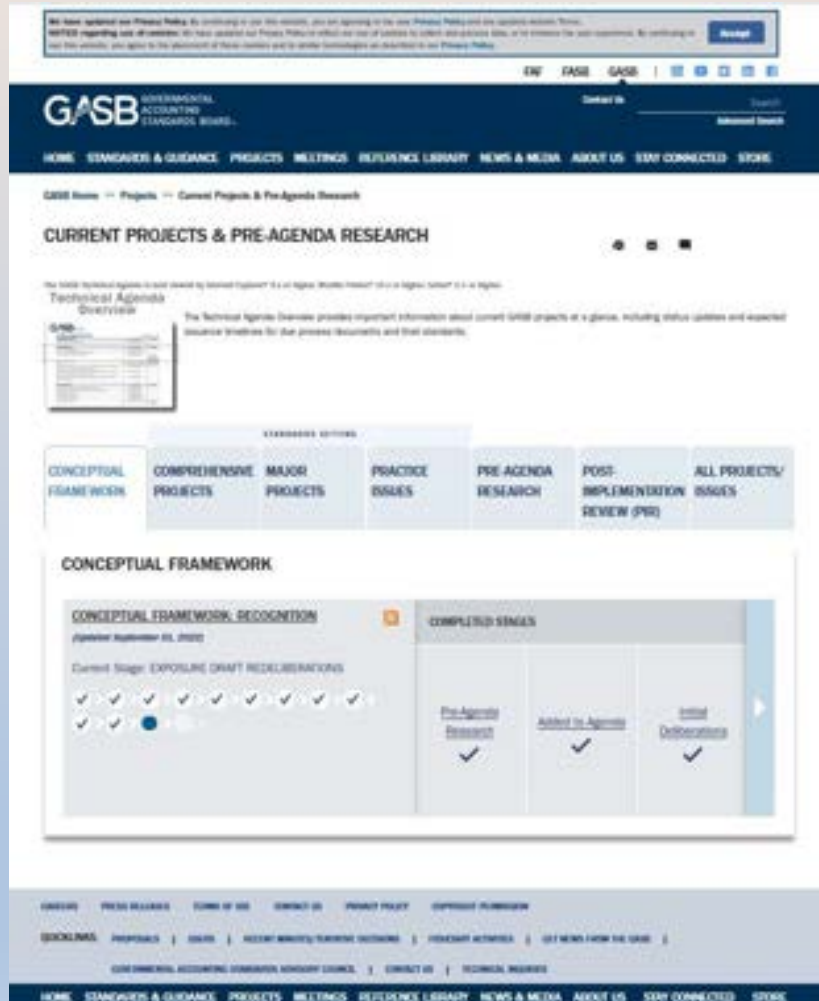
SEC. 5813. No new disclosure requirements.

- Nothing in this subtitle, or the amendments made by this subtitle, shall be construed to require the Secretary of the Treasury to collect or make publicly available additional information under the Financial Stability Act of 2010 (12 U.S.C. 5311 et seq.), beyond information that was collected or made publicly available under that Act, as of the day before the date of enactment of this Act.

Ongoing Concerns – End Goal

- **State and local government groups do not oppose transparency and accessibility of information.**
 - Development of uniform standardized reporting across our market (states, water systems, cities, transportation systems, universities, etc.)
 - Most state and local governments adhere to governmental reporting standards established by GASB (unless other standards are in place under state law).
 - The FDTA could create conflicting standards and requirements with GASB standards

Ongoing Concerns – Implementation Timeframe



- Two years is too short to solicit input and determine new metrics for issuers.
- Case in point: GASB often takes 5-10 years from workplan to implementation



Looking ahead at the 118th

Midterms – Not What Many Expected



118th Freshmen Class

Meet the newcomers in Congress, including 12 elected officials who have no government experience

By Derek Hawkins, Shikha Subramaniam and Garland Potts

9426, 12 2012 2012 2012



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??**



Ongoing Implementation

ARPA Update - Frequent Questions on Implementation

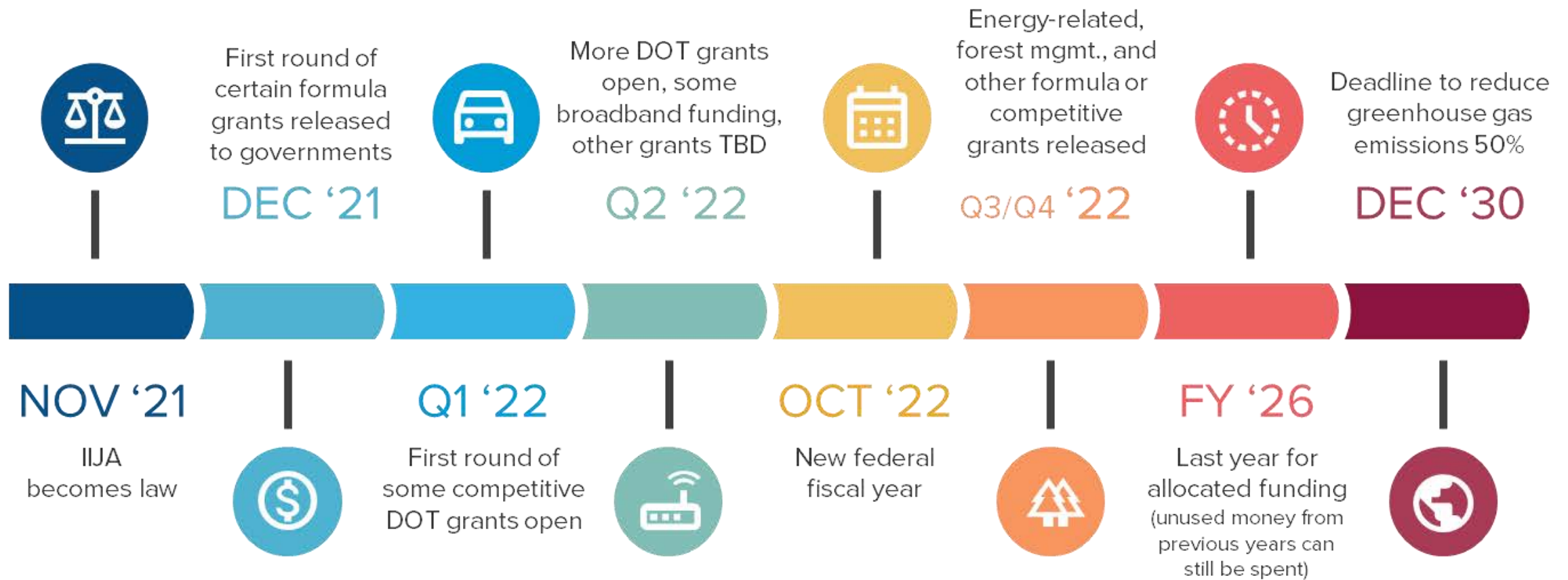
- Second Tranche Process and Timing (and SAM.gov)
- Uniform Guidance and Government Services Spending
- Definition of OBLIGATION for December 31, 2024
- Chance to revise previously submitted reports?
- Housing, Infrastructure and COVID-19 Eligible expenditures
- Single Audit eligibility and Attestation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

ARPA Update: One Thing is for Certain...



IIJA - Where are we now?

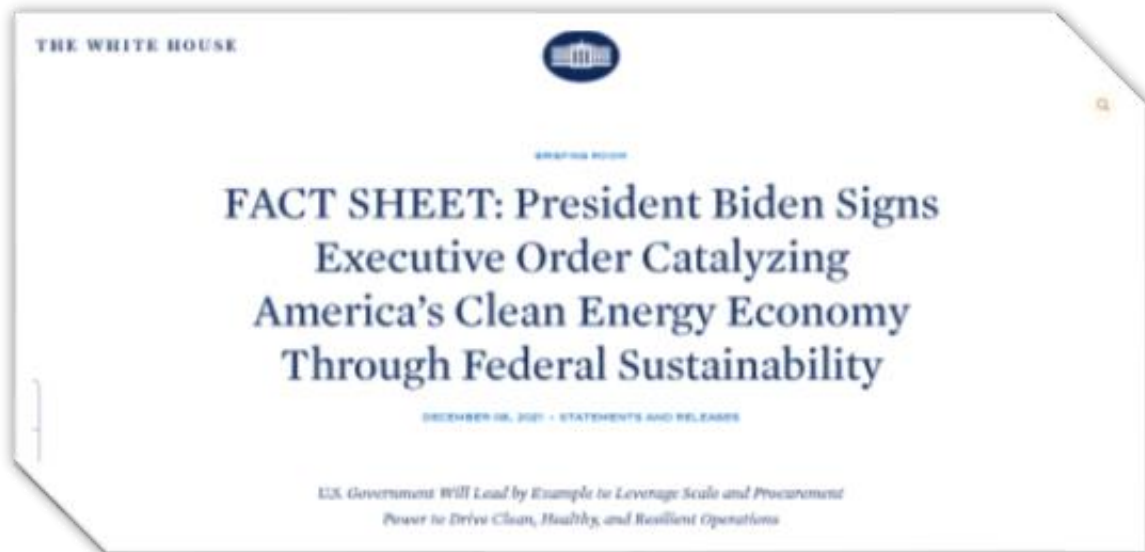
IIJA: Overview Timeline



Focus on Sustainability and Partnering

■ Sustainability

- ❖ “Build Back Better”
- ❖ Grant programs and audits will include sustainability metrics

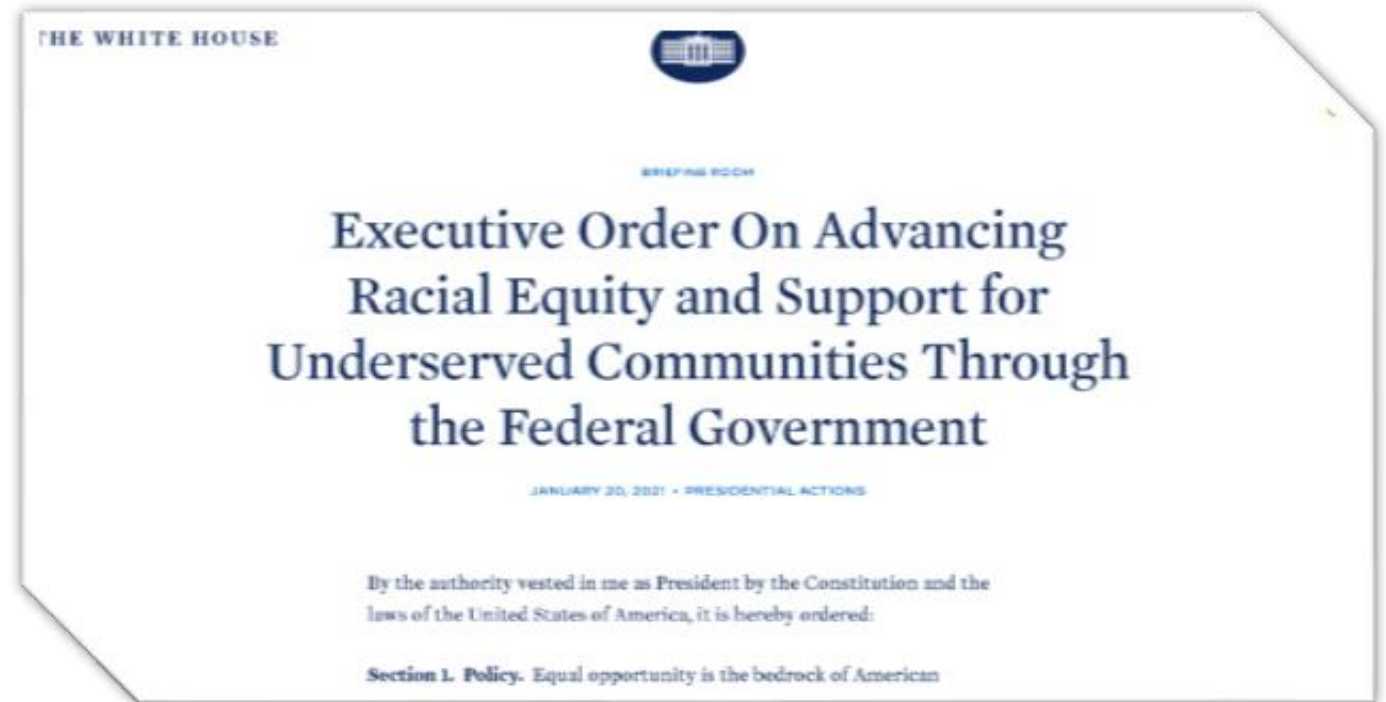


■ Partnering

- ❖ 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?)

Focus on Equity

- Equity
 - ❖ Workforce expansion grants
 - ❖ Supply chain considerations
 - ❖ Bridge building/non-interstate highway considerations (FHA)



Justice40

- **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 Justice40 Initiative:**
 - 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



Build America, Buy America (BABA) Act

- History of domestic preference
- “...iron, steel, manufactured products, and construction materials used...”
- Initial [implementation guidance](#) released in April
- Agencies may grant waivers:
 - Preference would be inconsistent with public interest
 - Types of materials not produced in sufficient, reasonably available quantities
 - Inclusion of such materials will increase project costs more than 25%
- IIJA also codified [Made in America Office](#) (MIAO)



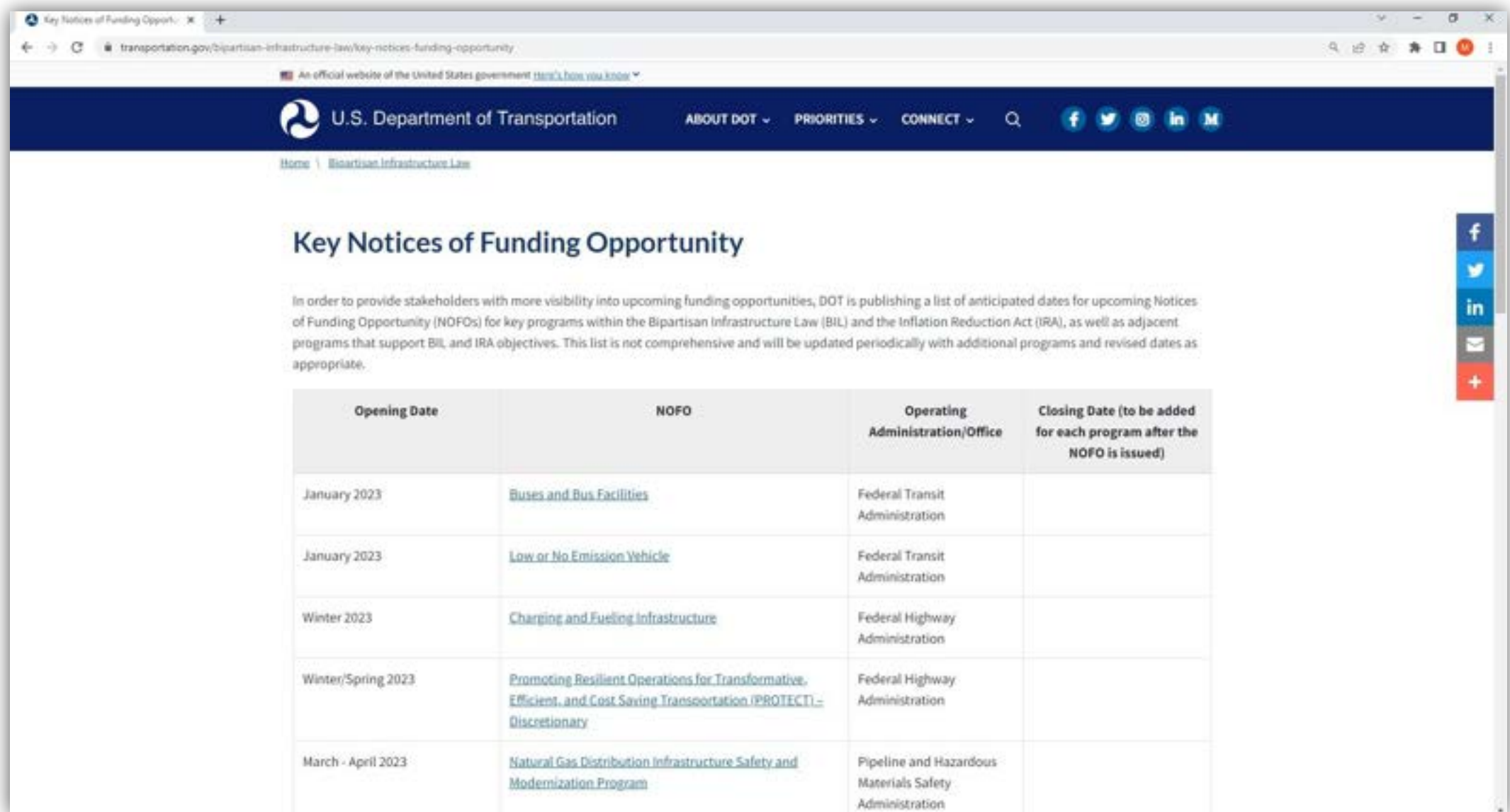
Rebuilding American Infrastructure with Sustainability and Equity

- \$1.5 available for FY23
- Local and Regional Project Assistance
- Competitive grants for variety of surface transportation projects
- State/locals eligible

Applications are due at
11:59 PM Eastern on
February 28, 2023



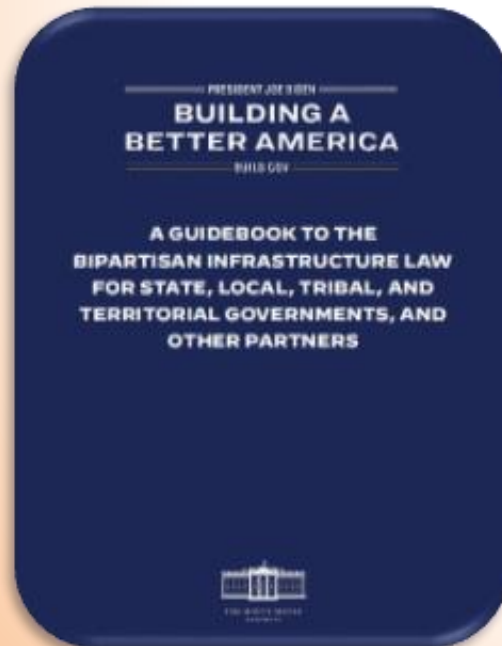
DOT NOFO Update



The screenshot shows a web browser window displaying the U.S. Department of Transportation website. The page title is "Key Notices of Funding Opportunity". The header includes the DOT logo, the text "U.S. Department of Transportation", and navigation links for "ABOUT DOT", "PRIORITIES", and "CONNECT". There are also social media icons for Facebook, Twitter, Instagram, LinkedIn, and YouTube. The main content area features the heading "Key Notices of Funding Opportunity" and a paragraph explaining that DOT is publishing a list of anticipated dates for upcoming Notices of Funding Opportunity (NOFOs) for key programs within the Bipartisan Infrastructure Law (BIL) and the Inflation Reduction Act (IRA), as well as adjacent programs that support BIL and IRA objectives. This list is not comprehensive and will be updated periodically with additional programs and revised dates as appropriate.

| Opening Date | NOFO | Operating Administration/Office | Closing Date (to be added for each program after the NOFO is issued) |
|--------------------|--|--|--|
| January 2023 | Buses and Bus Facilities | Federal Transit Administration | |
| January 2023 | Low or No Emission Vehicle | Federal Transit Administration | |
| Winter 2023 | Charging and Fueling Infrastructure | Federal Highway Administration | |
| Winter/Spring 2023 | Promoting Resilient Operations for Transformative, Efficient, and Cost Saving Transportation (PROTECT) – Discretionary | Federal Highway Administration | |
| March - April 2023 | Natural Gas Distribution Infrastructure Safety and Modernization Program | Pipeline and Hazardous Materials Safety Administration | |

Further Resources (Link in Images)



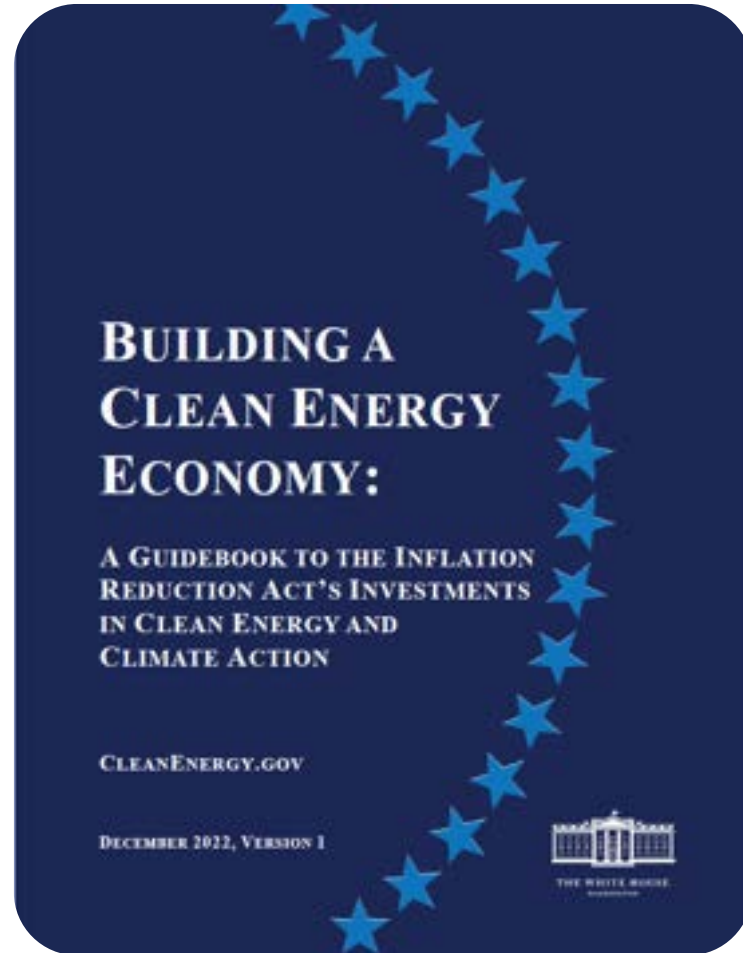
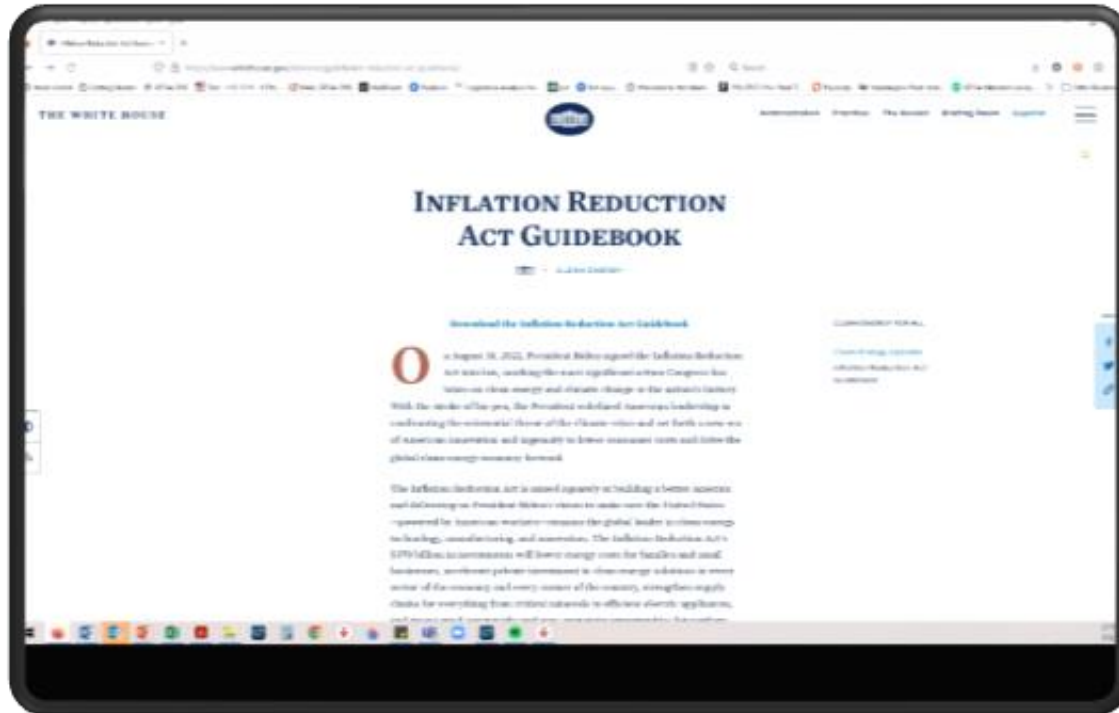
What's in the Inflation Reduction Act?

Three Buckets

- Health Care
- Tax
- Energy and Climate

| Policy | Cost (-)/Savings (2022-2031) |
|---|---------------------------------|
| Energy and Climate | -\$386 billion |
| Clean Electricity Tax Credits | -\$101 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 |
| Revenue | \$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 |
| Memorandum: Deficit reduction with permanent ACA subsidy extension | -\$155 billion |
| <small>*IRS funding provision involves an \$80 billion expenditure over ten years, which CBO estimates will yield \$104 billion in additional revenue for a net savings of \$24 billion. Figures are rounded, based on available information as of 8/15/2022, and subject to change. Figures may not sum due to rounding.</small> | |

Resources Available



Resources Available

| Program Description | Funding Amount | Funding Mechanism | Period of Availability | Eligible Recipients | # Tribal Eligible Uses | New or Ex Formula |
|--------------------------------------|------------------|--|--|--|------------------------|-------------------|
| To help underserved producers | \$250,000,000 | Grants, Cooperative Agreements | To remain available until September 30, 2025 | Government entities from local to Tribal | Yes | New |
| To provide competitive grants | \$700,000,000 | Grants | To remain available until September 30, 2025 | States | Yes | Existing |
| To provide grants through the | \$1,500,000,000 | Grants | To remain available until September 30, 2025 | State agency, a local governmental entity | Yes | Existing |
| To award grants to state energy | \$4,900,000,000 | Grants | To remain available through States | No | No | Yes, Cost |
| To provide financial assistance | \$200,000,000 | Grants | To remain available through States | Yes | Yes | No |
| To provide grants to states or local | \$1,000,000,000 | Grants | To remain available through States and local government with public | No | No | No |
| To support the cost of loans to | \$1,600,000,000 | Loan Guarantees | To remain available through States, Counties, Cities / Townships, Type | Yes | Existing | No |
| To support the High Asset line | \$700,000,000 | Grants, Contracts | To remain available through States, Counties, Cities / Townships, Type | Yes | Existing | No |
| To complete short-term bridge | \$4,000,000,000 | Grants, Contracts, or Financial Assistance | To remain available through Public Entities and Indian Tribes | Yes | Existing | No |
| To develop Species Status Assess | \$125,000,000 | Grants, Cooperative Agreements, Direct | To remain available until September 30, 2025 | States, Local Governments, Tribes, Private | Yes | Existing |
| To develop and implement a n | \$25,000,000 | Direct Federal Spending, Grants, Contr | To remain available through Direct Federal, State/Local Government, Native | Yes | Existing | No |
| To award competitive grants to | \$1,205,000,000 | Competitive Grant Program | Available until September 30, 2025 (1) A state, unit of local government, po | Yes | Existing | No |
| To reimburse or provide incen | \$2,000,000,000 | Direct Federal Spending | Available until September 30, 2025 (1) A state, unit of local government, po | Yes | Existing | No |
| To provide grant funding for el | \$244,330,000 | Grants | Available until September 30, 2025 (1) a state or local government, includin | Yes, Tribal | Existing | No |
| To provide grant funding for el | \$48,330,000 | Grants | Available until September 30, 2025 (1) a state or local government, includin | Yes, Tribal | Existing | No |
| To provide funding to offset th | \$1,000,000,000 | Competitive grants and rebates | To remain available until September 30, 2025 (1) a state, (2) a municipality, (3) an Indi | Yes | Existing | No |
| To purchase and install zero-em | \$1,000,000,000 | Rebates and competitive grants | To remain available through (1) A port authority, (2) A state, regional | Yes | Existing | No |
| To provide competitive grants | \$27,000,000,000 | Competitive grants | To remain available until September 30, 2025 (1) States, municipalities, Tribal govern | Yes, Tribal | Existing | No |
| To identify and reduce diesel e | \$60,000,000 | Grants, rebates, and loans | To remain available until September 30, 2025 (1) A regional, state, local, or Tribal agen | Yes | Existing | No |
| To provide funding for grants i | \$50,000,000 | Competitive grants and technical assis | To remain available until September 30, 2025 (1) State, local, Tribal agencies, not for prof | Yes | Existing | No |
| To fund EPA's implementation | \$38,500,000 | Competitive grants and direct federal | To remain available until September 30, 2025 (1) For the grant program only: States, Cou | Yes | Existing | No |
| To provide financial and techn | \$1,550,000,000 | Grants, rebates, contracts, and other a | To remain available until September 30, 2025 (1) States, Counties, Cities/Townships, Spec | Yes | Existing | No |
| EPA's National Air Monitoring i | \$117,500,000 | Grants and other activities | To remain available until September 30, 2025 (1) State/local/Tribal air agencies and other | Yes | Existing | No |
| EPA's National Air Monitoring i | \$50,000,000 | Grants and other activities | To remain available until September 30, 2025 (1) State/local/Tribal air agencies, The Clea | Yes | Existing | No |
| EPA's National Air Monitoring i | \$3,000,000 | Grants and other activities | To remain available until September 30, 2025 (1) State and Tribal air agencies and other | Yes | Existing | No |
| To provide funding to monitor | \$10,000,000 | Grants and other activities | To remain available until September 30, 2025 (1) State/local/Tribal air agencies, The Clea | Yes | Existing | No |
| To provide grants to states or l | \$5,000,000 | Grants | To remain available until September 30, 2025 (1) State, others TBO. The Clean Air Act de | Yes | Existing | No |

We Are YOUR Advocate In DC



GFOA Government Finance Officers Association

GFOA is YOUR Advocate in Washington, D.C.

United States Congress
On Infrastructure—Preserving Access to Flexible and Reliable Financing and Funding

- Keeping the Municipal Bond Market Strong
- Protecting Grant Appropriations

On Tax and Taxation—
Protecting State and Local Constitutional Authority

On Public Pensions and Benefits

- Maintaining Flexibility for State and Local Governments to Provide Benefits to Public Employees

Federal Administration
On Disclosure of Municipal Securities—Ensuring Information is Available to Investors Without Overburdening Governments

Our Relationships with Federal Agencies Include

- The Securities and Exchange Commission
- The United States Treasury/ Internal Revenue Service
- The Federal Reserve
- The Federal Emergency Management Agency
- The United States Census Bureau

Supreme Court
Together with the State and Local Legal Center, the GFOA Files Amicus Curiae Briefs in Support of States and Local Governments in the U.S. Supreme Court

The mission of the Federal Liaison Center is to inform GFOA members about federal legislation, regulations, judicial actions, and policies that affect public finance functions and to represent the interests of GFOA in Washington, D.C.

Who are we?



Emily Swenson Brock
Director



Mike Belarmino
Senior Policy Advisor



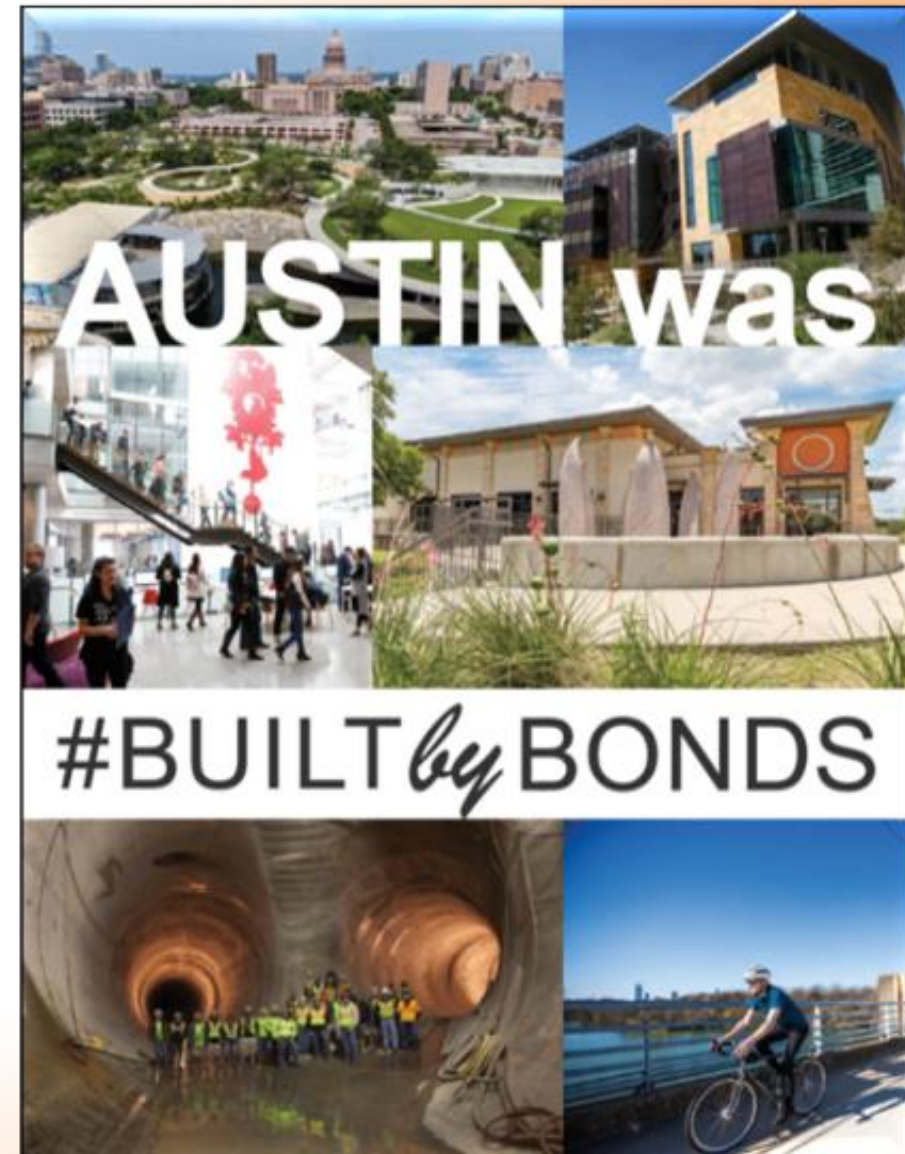
Jarron Brady
Policy Analyst



Galen McDonald
Policy Associate

GFOA Federal Liaison Center | 460 North Capitol Street NW, Suite 410

gfoa.org/fli



AUSTIN was

#BUILT *by* BONDS

The poster features a collage of images related to Austin, Texas, including a city skyline, a modern building, a park with a large red sculpture, a modern building with a large orange circle, a tunnel with workers, and a person riding a bicycle on a bridge.

See You in Portland!



portland GFOA
2023
May 21-24





THANK YOU!

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