Congressional Outlook

Week of February 24th

The House and Senate are back in Session this week. House Ways and Means Committee Chairman Dave Camp (R-MI) is expected to release a discussion draft of legislation to overhaul the tax code, although completion is unlikely this election year. Camp's blueprint faces skepticism from fellow House Republicans concerned about political risk and opposition from Democrats who reject his revenue-neutral approach. Majority Leader Eric Cantor said the House next week will take up a series of bills intended to curb executive actions by the Obama administration. One of those measures, H.R. 3865, would delay proposed IRS rules to narrow permissible political activity by tax-exempt 501(c)(4) social welfare groups. Additionally, in a highly anticipated move, the House will consider new flood insurance legislation. The new bill language replaces the text of H.R. 3370. Consideration for the measure is currently set for Wednesday. The Senate plans to devote at least part of the week to a veteran's benefits measure, S. 1982, which would provide advance authorizations for mandatory programs at the Veterans Affairs Department and extend benefits for health care, education and employment benefits for veterans.

The NATaT Board of Directors is in Washington this week for a board meeting and advocacy day on Capitol Hill. The Board will be meeting with Members of Congress that sit on committees with jurisdiction over NATaT’s priority issues. Additionally, the Board will be meeting with policymakers at the Environmental Protection Agency to discuss upcoming stormwater regulations that could have a major impact on towns and townships.

Week in Review

House Flood Insurance Legislation Released, Vote Expected This Week

Late Friday, the House released the new bill text for H.R. 3370, "The Homeowners Flood Insurance Affordability Act" which looks to fix issues associated with high National Flood Insurance Program rate increases authorized
under the Biggert-Waters Flood Insurance Reauthorization Act of 2012. The new language bears little resemblance to the original and differs significantly from the reforms included in the bill (S. 1926) the Senate passed in January.

In general, the new legislation (1) reinstates grandfathering by repealing Section 207 of Biggert-Waters, (2) caps annual rate increase at 15% per year, requiring a 5% minimum annual increase on pre-FIRM primary residence policies that are not at full risk, (3) permanently removes the policy sales trigger, allowing new purchasers to be treated the same as the current property owner, (4) applies annual surcharges of $25 for primary residences and $250 for second homes and businesses until subsided policies reach full risk rates, (5) provides funds to complete the Affordability Study required under Biggert-Waters, mandating its completion in two year, (6) returns the substantial improvement threshold to 50% of a structure's fair market value level, (7) preserves the basement exception, (8) allows monthly payments, and (9) allows policy holders reimbursements for successful map appeals.

Minimum Wage Job-Loss Report Likely Mean Inaction This Year

On Tuesday, the Congressional Budget Office released a report stating that boosting the minimum wage may cost as many as 500,000 people their jobs, supporting Republicans’ opposition to raising the minimum wage from $7.25 to $10.10 an hour. The report also showed that raising the minimum wage may lift about 900,000 Americans out of poverty, supporting Democrats’ arguments in favor of the legislation. The report certainly diminishes chances for an agreement on one of President Obama’s top priorities discussed in his State of the Union address last month.

DOT Secretary Foxx Warns of Highway Funding Crisis

In a speech last week, Transportation Secretary Anthony Foxx warned that the federal Highway Trust Fund may go into the red as soon as this August, likely causing DOT to begin slowing payments to state transportation departments and making it imperative that Congress approves a plan to obtain additional transportation revenue. The 18.4-cents-per-gallon federal fuels excise tax (24.4 cents for diesel), which currently funds the Highway Trust Fund, has been taking in declining amounts of money due to more fuel efficient automobiles and a drop-off in driving, especially by young people. In addition, the across-the-board cuts required by the Budget Control Act of 2011, known as “sequestration,” shaved $700 million off money that would have gone to the Trust Fund. DOT recently issued an alert stating that the surface transportation program continues to spend money at a greater pace than receipts are coming in. As a result, the cash balance of the Highway Account has dropped by nearly $3.7 billion since October 2013 and, as of January 2014, the Highway Account cash balance was down to $8.3 billion and will probably hit a shortfall before the end of the fiscal year (on the other hand, the Mass Transit Account will stay in the black and have $440 million at the end of the fiscal year).

Secretary Foxx favors using corporate tax reform to pay for surface transportation, but, although the House will release a comprehensive tax reform plan this week, prospects for enactment of the legislation are not favorable because of a shortened legislative year and disagreement between the House and Senate as to what should be in the bill. On the brighter side, Secretary Foxx pointed out that Members of Congress had begun serious work on a new highway bill, with House Transportation Chair Bill Shuster (R-PA) setting an August deadline for the reauthorization of the MAP-21 surface transportation law and Senate Environment and Public Works Chair Barbara Boxer (D-CA) setting an April deadline for finishing her committee’s work on the legislation.

Water Resources Bill on Track

Negotiations over the water resources bills that were approved in the Senate and House last year are back on track. Various indicators in the past couple weeks of resumption in the stalled talks have proven true. While the closed negotiations on the many items in disagreement don’t appear to be achieving agreement at a fast clip we are told that definite progress is being made. Some, but not all, of the more significant differences have been tentatively resolved. The caveat is that all is tentative until a final and formal agreement is reached on the full bill
by the principals in the House/Senate conference committee. The kind of differences to be ironed out get into the fine points of legislation writing but before the writing can take place there has been need for agreement over some basic policy differences over which projects are to be authorized for construction by the Corps of Engineers—the Senate bill is more generous as to the projects to be authorized—and two very different approaches as to the process by which Congress in the future will determine what projects will qualify for authorization and funding. The Senate’s provision to create a water infrastructure financing tool (WIFIA) to advance the construction of water supply and wastewater facilities is up against a House bill that is officially silent on the proposal.

Of particular interest to ports, neither bill solves the failure of current law to provide full-funding from the Harbor Maintenance Trust Fund but the bills do have different approaches to encouraging greater funding and making additional uses available for funding from the HMTF. The Senate bill includes a separate title for the implementation of the Administration’s National Ocean Policy, while the House bill has a contrary view. It addresses only the marine spatial planning issue and does so by prohibiting USACE involvement. While there is more to be done in the negotiations the good news is that persons involved in the conference committee say that agreement probably will be reached by mid-April—when the chambers start a two-week recess—if not before.

Congressional Schedule

**Tuesday, February 25th**
- Senate Budget Committee hearing on "The Economic and Budget Outlook for Individuals, Families, and Communities."
- Senate Judiciary Committee's Constitution, Civil Rights and Human Rights Subcommittee hearing on "Reassessing Solitary Confinement II: The Human Rights, Fiscal, and Public Safety Consequences."
- Senate Environment and Public Works Committee's Oversight Subcommittee hearing on "Natural Resource Adaptation: Protecting Ecosystems and Economies."

**Wednesday, February 26th**
- House Transportation and Infrastructure Committee's Railroads, Pipelines and Hazardous Materials Subcommittee hearing on "Oversight of Passenger and Freight Rail Safety."
- Senate Armed Services Committee's Personnel Subcommittee hearing on the relationships between military sexual assault, post traumatic stress disorder and suicide, and on Department of Defense and Department of Veterans Affairs (VA) medical treatment and management of victims of sexual trauma.
- Senate Finance Committee's Social Security, Pensions, and Family Policy Subcommittee hearing on "Retirement Savings for Low-Income Workers."
- Senate Judiciary Committee's Antitrust, Competition Policy and Consumer Rights Subcommittee hearing on "An Examination of Competition in the Wireless Market."

**Thursday, February 27th**
- House Transportation and Infrastructure Committee's Highways and Transit Subcommittee hearing on "Improving the Nation's Highway Freight Network."
- House Veterans' Affairs Committee's Economic Opportunity Subcommittee hearing on "Review of the Effectiveness of VA's Vocational Rehabilitation and Employment Program."
- Senate Energy and Natural Resources Committee's Water and Power Subcommittee hearing on S.1419, to promote research, development, and demonstration of marine and hydrokinetic renewable energy technologies; S.1800, to require the Secretary of the Interior to submit to Congress a report on the efforts of the Bureau of Reclamation to manage its infrastructure assets; S.1946, to amend the Reclamation

- Senate Banking, Housing and Urban Affairs Committee hearing on the "Semiannual Monetary Policy Report to the Congress."
- Senate Health, Education, Labor and Pensions Committee hearing on "Promoting College Access and Success For Students With Disabilities."
- Senate Homeland Security and Governmental Affairs Committee hearing on "Recycling Electronics: A Common Sense Solution for Enhancing Government Efficiency and Protecting Our Environment."
- Senate Judiciary Committee markup of S.1675, the "Recidivism Reduction and Public Safety Act of 2013"; and S.149, the "STOP Identity Theft Act of 2013."