



CITY OF EL PASO 2014 FEDERAL LEGISLATIVE AGENDA

The City of El Paso (City)'s success at the federal level over the past several years has been made possible due to clear and realistic goals and priorities established by the Mayor and Council. The City has successfully leveraged federal programs and partnerships that will improve infrastructure and amenities that will position the City to retain and attract high quality jobs, and the priorities set forth for the 113th Congress, 2nd Session will follow the City's Strategic Plan to build our economic base by growing the tax base. The following is a summary of federal priorities, not listed in priority order.

ECONOMIC DEVELOPMENT

Section 560 Agreement – Public Private Partnership (P3)

Goal: The goal of the P3 Agreement is to reduce border wait times in order to increase the flow of trade into the El Paso community as well as expedite the travel of individuals. The City supports the increase of additional Customs and Border Protection Officers (CBPOs) to help alleviate the amount of overtime funded by increased tolls at the international ports of entry. Additionally, the City requests that administrative costs associated with the program be the responsibility of Customs and Border Protection (CBP) and not the responsibility of the City.

In addition to the P3 program, the City requests that Congress allow CBP more flexibility to redirect existing staff while at the same time work towards allowing bridge traffic segregation.

Tax Reform

Goal: Protect Federal tax exemption for municipal bonds

The President's FY14 budget would impose a 28 percent cap on the value of certain tax benefits, including tax-exempt interest. This would have the effect of partially taxing otherwise tax-exempt municipal bond interest and would apply to taxpayers in the 33 to 39.6 percent tax brackets. As proposed, the cap would apply to both newly issued and outstanding bonds beginning in 2014. Currently, all taxpayers, regardless of income tax bracket, pay \$0 on interest earned from municipal bonds.

A 2013 study prepared for The National League of Cities and the US Conference of Mayors estimated that if the cap had been put in place in 2012, it would have reduced economic activity in the nation's cities by nearly \$25 billion. The same study projects losses of 311,000 jobs and \$24 billion in GDP as a direct result of the cap.

Water Resources Development Act

Goal: Continue to ensure a stable and long term water supply

The current Water Resources Development Act bills (S.601 and H.R.3080) are in conference. The Senate bill has a provision that calls for studies and projects along the Rio Grande in the three states to be developed with the participation of the International and Boundary Commission (IBWC), the Corps and states including local interests. If the authorization is included in the conference bill, \$15 million could be available annually over the ten-year authorization period. The City supports inclusion of the Senate provision, Section 5006 of S.601, in conference.

Marketplace Fairness Act

Goal: Support passage of legislation that levels the playing field between e-commerce and brick and mortar retailers

The Marketplace Fairness Act would allow state and local governments to enforce existing state and local sales and use tax laws on remote retailers so long as they simplify tax administration by adopting Streamlined Sale and Use Tax Agreement, or alternative minimum simplification requirements. It would exempt small (less than \$ 1 million in nationwide sales) remote sellers. According to an NLC report, in 2012 there was \$1.7 billion in uncollected use taxes in the state of Texas.

The legislation would allow states to require online retailers outside their borders to collect their sales taxes. It would also clarify that states could not impose on remote sellers sales tax requirements that are different from those required of in-state retailers. The bill would exempt retailers making \$1 million or less annually in remote sales. A report done by IHS Global Insight for the National Association of County, National League of Cities and U.S. Conference of Mayors indicates that between 2011 and 2013, the City of El Paso lost \$5.4 million in sales tax revenue.

Community Development Block Grant (CDBG)

Goal: Support the highest level of funding for the CDBG program

The CDBG program is the largest and most flexible stream of federal funding to cities and municipalities. The primary objective of the Community Development Block Grant Program is to develop viable urban communities by providing decent housing and a suitable living environment and expanding economic opportunities, principally for persons of low and moderate income. Accordingly, the majority of CDBG projects are designed to contribute to the revitalization of low and moderate-income neighborhoods. In FY13, El Paso received \$7 million in CDBG funding. The President's FY 14 budget proposes a \$280 million cut from the enacted FY13 CDBG funding level of \$3.1 billion (\$2.8 billion).

TRANSPORTATION

Bus Rapid Transit

Goal: Secure FY 14 and FY 15 Federal Funding for Dyer BRT Corridor

The City asks that the Federal Transit Administration include \$20.2 million for the Dyer BRT Corridor. Currently, \$15 million is included in the FY14 request with a commitment to fund the additional dollars in next fiscal year request.

Additional requests will be made in future years to fund the Montana BRT Corridor at \$25.8 million.

Federal Transit Tax Credits

Goal: Extend Alternative Fuels Tax and Commuter Benefits credits through 2014

The American Taxpayer Relief Act of 2012 (Pub. L. 112-240) retroactively extends certain fuel tax credits that expired on Dec. 31, 2011. The retroactively extended fuel tax credits are the biodiesel mixture credit, biodiesel credit, alternative fuel credit and alternative fuel mixture credit. These credits are now scheduled to expire on Dec. 31, 2013. The tax credits provide the City with \$2.5 million in tax credits. Congress has not addressed two very important transportation tax provisions: extension of the Commuter Tax Benefit and Alternative Fuels Tax Credit. Congress is most likely to address extension of these two provisions next year as part of the larger tax reform package. The City's 2014 program should call for extension of the provisions and make them retroactive to January 1, 2014.

The City urges Congress to address the transit commuter benefit and alternative fuel tax credit before the end of the year. Currently, commuters who use public transportation can receive the same tax-free transportation benefit from their employers as commuters who drive private cars and pay for parking—up to \$245 per month. Unless Congress acts before the end of 2013, public transit and vanpool commuters will see their maximum allowable pre-tax and tax-free benefit plunge to \$130 per month while parking will increase to \$250 per month, per the most recent Internal Revenue Service Guidance.

The Alternative Fuels Tax Credit provides public transportation providers with financial assistance in the form of a tax credit, to assist in the conversion of bus fleets from diesel to compressed natural gas. Without the tax credit, transit providers have less incentive to convert their fleets to a cleaner fuel.

Aviation

Goal: Oppose efforts to transfer concourse area security from the Transportation Security Administration (TSA) to the El Paso International Airport (EPIA), as well as oppose any other unfunded security-related mandates, and continue to seek highest level of Airport Improvement Program (AIP) funding.

The President's 2014 budget included a proposal to transfer concourse exit area security to airports. Airports consider this a TSA responsibility; however, EPIA currently mans the security exit area of the American concourse. The Southwest concourse exit area is manned by TSA, which would be turned over to EPIA under the Administration's FY 14 proposal.

The Airport Improvement Program (AIP) is funded through the airline ticket tax. EPIA receives entitlement funding based on enplanements (\$4.8 in FY 13). The President's FY 14 budget proposes to reduce funding for the construction-related AIP from the authorized level of \$3.35 billion down to \$2.90 billion by eliminating AIP funding for large Hub airports and allowing those airports to increase their Passenger Facility Charges (PFCs). If Congress approves the increase in PFCs, the fee would be increased from the \$4.50 up to \$8 to fund airport construction.

The Administration's AIP FY14 budget figure is \$2.9 billion. The House and Senate have proposed \$3.5 billion in their proposed FY 14 budget blueprints. AIP received \$3.1 billion in FY13.

The City of El Paso opposes cuts to the operations of air traffic control towers through sequestration. In early 2013, EPIA was faced with possible nighttime closure of the air traffic control tower because of FAA budget reductions resulting from sequestration.

MAP-21 Reauthorization

Goal: Advocate for \$2 billion annually for the New Starts Program as well as the highest funding levels for Surface Transportation Program (STP).

The City urges Congress reauthorize the New Starts Program at a level of \$2 billion per year. Additionally, the City requests the highest funding level for the Surface Transportation Program (STP), which will translate into the highest figure for STP sub allocation to the El Paso MPO for funding projects on the Transportation Improvement Program (TIP). Each state is mandated by MAP-21 to sub allocate 50% of its STP funds to MPOs within each state.

Port Code Modifications

Goal: Expand the current boundaries of the El Paso Port Code

The City requests Customs and Border Protection (CBP) expand the current boundaries of El Paso's port code (2402) to include new Santa Teresa Rail Terminal located in Straus, New Mexico. The proposed boundary change would not result in a change in service that is provided to the public by the port and would not change the workload at the port or require a change in the staffing at the port. The City of El Paso believes this would help CBP continue to utilize its facilities, personnel and resources more efficiently and

also provide better service to importers, exporters, and help the El Paso trade community remains competitive.

TIGER Funding

Goal: Support the inclusion of \$550 million for the Department of Transportation TIGER Program

The City supports funding of the TIGER grant program. Just recently, the City received funding from the TIGER program for the Northgate Transfer Center that will result in upwards of \$100 million in private investment in the Northeast. This investment will reap critical dividends in new jobs and more livable communities.

PUBLIC SAFETY

Community Oriented Policing Services (COPS)

Goal: Secure funding for hiring additional police officers

The City continues to advocate for the highest available funding levels for the COPS grant. The City has been awarded the grant previously to allow for the hiring of additional police officers to continue to keep El Paso as the Safest City in the United States with a population over 500,000.

Assistance to Firefighters Grants (AFG)

Goal: Secure funding for firefighter equipment and training

Over the past two years, the federal governments has appropriated over \$1 billion in federal grant funding to help local fire departments hire firefighters, purchase necessary equipment and provide training. The City has received fire grants in the past and urges Congress to continue the funding levels for the program.

SUSTAINABILITY

Energy Efficiency

Goal: Support passage of "Energy Savings and Industrial Competitiveness Act" (S. 761/H.R. 1616)

The legislation would promote energy savings in residential, commercial and industrial buildings by incentivizing the use of energy efficient technologies and fostering green job creation in America. Among other things, the bill would strengthen building codes to make new homes and buildings more efficient, create a new U.S. Department of Energy program called SupplySTAR to improve the efficiency of companies supply chains and require the federal government to adopt energy conservation strategies. Furthermore, the legislation provides opportunities for local governments to secure funding, technical assistance and training to implement and enforce building codes that improve energy efficiency.

Energy Efficiency and Conservation Block Grant Program

Goal: Support the creation of a \$250 million competitive Energy Efficiency and Conservation Block Grant (EECBG) Program

Congress provided initial funding for the EECBG program, which has been critical for local efforts to deploy green building, energy efficiency, and renewable energy projects and initiatives. This EECBG funding has been transformative in many communities, and has sparked new public-private sector clean energy development. EECBG helped many communities across the country to take their first steps in reducing energy use in homes, commercial buildings and public facilities. Additional federal resources are critical to helping cities and counties reach the next level in the deployment of clean energy strategies and technologies.

Integrated Planning and Investment Grant Program

Goal: Support the inclusion of \$75 million for the Housing and Urban Development Integrated Planning and Investment Grant Program

Funding from the program would allow the City to invest in additional livable communities, energy savings and carbon emission reductions. The City is interested in being able to apply for the grant funding to continue to carry out projects of interest.

ADDITIONAL ITEMS TO SUPPORT

Flood Insurance Rate

Goal: Ensure fair implementation Biggert-Waters Flood Insurance Reform Act

The Biggert-Waters Flood Insurance Reform Act (Act) passed in 2012. The Act extended the National Flood Insurance Program (NFIP) for five years, but it also made significant reforms. Many of the changes are supposed to make the NFIP more financially stable and ensure that flood insurance rates more accurately reflect the real risk of flooding. The changes to all major components of the program, which include flood insurance, flood hazard mapping, grants, and the management of flood plains, will be phased in over time. The changes will mean premium rate increases for some, but not all, policyholders.

A bi-partisan group of House and Senate members have introduced Homeowner Flood Insurance Affordability Act, which is an attempt to protect affected homeowners from increasing flood insurance premium rate hikes. To that end, the legislation would require the Federal Emergency Management Agency (FEMA) to complete a study to address affordability issues before any flood insurance premiums are raised. The study is required by the Act, but it has not been completed.

More specifically, the legislation would delay the implementation of rate increases on three types of properties until FEMA: (1) completes the affordability study mandated by the Act and proposes a draft affordability framework for Congressional review; and (2) the FEMA administrator certifies that the agency has implemented a flood mapping approach that utilizes sound scientific and engineering methodologies to determine varying levels of flood risk in all areas participating in the

Zoo

The City authorizes the El Paso Zoo to join forces with the Association of Zoos and Aquariums (AZA) on advocacy efforts that would benefit operations and management of the city-owned facility as well as animals currently or scheduled to be housed within the zoo. The El Paso Zoo is a member of the AZA, which is an organization of accredited zoos and aquariums. At times, the AZA asks its members to support legislative action to protect wild lands, endangered species or support animal welfare laws.

Parks

The City urges Congress to appropriate additional funds for urban parks. Additionally, as a member of the National Recreation and Parks Association (NRPA), the El Paso Parks and Recreation Department has been asked to support efforts to protect the Land and Water Conservation Fund, increase funding for urban parks, support legislation that improves children's health and supports economic growth and maintain funding for programs that support health, wellness and physical activity. The City supports efforts of the NRPA.

ITEMS TO OPPOSE

Unfunded Federal Mandates and Protect Local Authority with the Federal Communications Commission (FCC)

Goal: Protect El Paso's local authority regarding wireless facilities siting

On September 26, the Federal Communications Commission (FCC) released a Notice of Proposed Rulemaking (NPRM) that looks at local government practices regarding wireless facilities siting. As mobile communication needs steadily increase, industry will continue to look to local government for collocation and attachment permits. Comments on the NPRM will be due 60 days after it is published in the Federal Register, and replies due 90 days after publication. The FCC proposing rules to implement legislation (Section 6409 of the Middle Class Tax Relief and Job Creation Act of 2012) passed by Congress last year.

Section 6409 provides that "notwithstanding . . . any other provision of law, a State or local government may not deny, and shall approve, any eligible facilities request for a modification of an existing wireless tower or base station that does not substantially change the physical dimensions of such tower or base station."

Some industry groups have contended - among many other things - the language mandates cities to allow access to city facilities for wireless facility placement. The FCC is seeking comments on a previous order known as the "shot clock" rule. The "shot clock" rule mandates that cities approve an application for a new wireless communication tower within 150 days and a collocation request within 90 days. Specifically, the FCC is seeking comments on:

- whether the FCC should update its definition of collocation to match the standard it develops in the regulation to implement Section 6409;
- prohibiting local governments from using a moratorium on new construction to bypass the shot clock rule;
- applying the shot clock rule to DAS facilities; and

- whether preferences for placing wireless facilities on municipal property are unreasonably discriminatory because they limit the siting flexibility of subsequent wireless entrants.