



To: Members of the RCRC Board of Directors
From: Paul A. Smith, Vice President Governmental Affairs
Sheryl Cohen, Partner, American Continental Group
Max Seltzer, Associate, American Continental Group
Date: January 11, 2020
Re: State & Federal Legislative Update

Summary

This memo provides an update on issues being addressed at the state and federal level.

State Legislative Update

The 2021-22 Legislative Session initially convened on December 7th and subsequently returned on January 11th. As expected, there were a large number of bills that were introduced in the first week of the Session (traditionally, there are approximately a few dozen bills introduced over the inaugural week). California continues to grapple with the spread of coronavirus (COVID-19), and it is expected the Legislature will continue to focus on COVID-19 relief efforts as well as addressing homelessness/housing.

Last year, members were asked to curtail the number of bills that were pursued. It is unclear whether there will be limitations (formally or informally) on the number of bills introduced and/or pursued. Assembly Speaker Anthony Rendon (D-Paramount) has informed his members that it is unlikely that many Assembly Bills will cross into the Senate. The Senate leadership has not opined on the issue of curtailing the number of bills to be considered in 2021.

To date a number of bills have been introduced on a variety of subject matters of impact to RCRC. These include:

- Senate Bill 4 (Gonzalez) which would make significant changes to the way the state funds broadband infrastructure projects.
- Senate Bill 52 (Dodd) which clarifies that de-energization events (also known as PSPS events) qualify for a state of emergency or local emergency under the California Emergency Services Act.

- Senate Bill 55 (Stern) which would prohibit all commercial and residential development in Very High Fire Hazards Severity Zones and State Responsibility Areas. This measure is identical to the unsuccessful SB 474, a last-minute effort by Senator Stern which RCRC strongly opposed in the previous legislative session.

Federal Legislative Update

Another Round of COVID-19 Relief Funding

On December 27th, President Trump signed into law a \$908 billion COVID-19 relief package along with the completion of Fiscal Year 2021 annual spending provisions, avoiding a government shutdown in the closing days of 2020. The President signed the legislation after suggesting that he intended to veto the package unless Congress increased stimulus checks to \$2,000 and “removed unnecessary items from the legislation.” While signing the legislation, President Trump again insisted on an increase in stimulus check payments to Americans as well as the rescinding of Section 230 of the *Communications Decency Act*.

Even though the COVID-19 relief package and the annual spending sections are now law, the prospect of an additional \$2,000 in stimulus checks remains a flashpoint of negotiations in the 117th Congress. Last week, Senate Majority Leader McConnell commented on the House-passed *CASH Act* (\$2,000 checks) that the bill is too generous for higher earners. Senator McConnell also affirmed that he would not split up the *CASH Act* from any legislation rescinding Section 230 of the *Communications Decency Act*. On Wednesday, Senate Minority Leader Chuck Schumer stated that one of his first priorities in the 117th Congress will be to pass legislation that would send \$2,000 stimulus payments to Americans. With Senator Schumer poised to become the Majority Leader for the 117th Congress, this assurance reinvigorates hope that a deal can be reached for additional relief.

Broadly, the COVID-19 stimulus package includes \$284 billion for first and second forgivable Paycheck Protection Program loans; \$32 billion for vaccine procurement and distribution; \$22 billion for states for virus testing and contact tracing; \$45 billion for transportation industries; a second round of direct payments worth up to \$600 per adult and child (much lower than what the President has suggested); an additional \$300 per week for all workers receiving unemployment benefits through March 14, 2021; \$82 billion to make schools and colleges safer for in-person learning; and \$13 billion to increase food and nutrition benefits by 15%. Of note to RCRC and rural counties:

- Broadband COVID-19 Aid - The package includes \$3.2 billion in emergency funds for low-income families to access broadband through a Federal Communications Commission fund as well as a \$300 million grant program to fund broadband in rural areas. The grants would be issued to qualifying partnerships between state and local governments and fixed broadband providers. Priority for grants would be given to networks that would reach the most unserved consumers.

- Agriculture Assistance - The package provides \$11.18 billion for COVID-19-related assistance to support agricultural producers, growers, processors, specialty crops, non-specialty crops, dairy, livestock, poultry, and contract livestock. In particular, the bill provides \$100 million for Specialty Crop Block Grants and provides \$225 million in supplemental payments to producers of specialty crops if they lost their crop in 2019.

It should be highly noted, that the relief package did not contain any further financial assistance to state and local governments. It is expected that resumption of discussions and negotiations on this aspect of a third round of relief aid will occur after President-elect Biden is sworn into office.

The 2021 Fiscal Year Appropriations

As mentioned, the package funds the federal government through October 1, 2021. Provisions of interest for RCRC included in the spending portion of the package include:

- \$732 million for rural broadband - the highest level in history - including \$635 million for the ReConnect broadband pilot for unserved and underserved areas, as well as \$60 million for Distance Learning and Telemedicine grants.
- \$3.9 billion for rural development programs, as well as more than \$38.1 billion in loans for rural housing, rural utilities, and rural businesses, in order to assist in building sustainable rural infrastructure for the modern economy and help create an environment for economic growth and opportunity.
- \$3.3 billion for FEMA grant programs to assist states and localities to prepare for, mitigate, and respond to disasters.
- The allocation of the full \$900 million now permanently available from the Land and Water Conservation Fund as a result of enactment of the Great American Outdoors Act. These allocations include \$405 million for the federal program, \$360 million for the state grants program, and \$135 million for other non-federal grant programs.
- \$5.27 billion for Wildland Fire Management (WFM) which includes \$2.35 billion in cap-adjusted fire suppression funding. Funding includes a shift of \$387 million to Forest Service (non-fire) due to the budget restructure and the creation of the "Forest Service Operations" account. After adjusting for this shift, the bill provides a programmatic increase of \$104 million for WFM.

Finally, the funding package represents a continuation of past cannabis policy and statutes that have been annually renewed through the appropriations process (i.e. the *Rohrbacher Amendment*). Despite a push from the marijuana and financial services industries, the bill does not contain any language to shield banks that service cannabis businesses from being penalized by regulators.

Water Resources Development Act (WRDA) of 2020

As part of the omnibus/relief aid package, the package included the Water Resources Development Act (WRDA) of 2020. This section of the package would approve 46 new flood control, harbor, ecosystem and lock and dam projects on waterways across the

country and would authorize the study of 27 more. For California, the legislation includes projects as part of the WRDA:

- Senator Dianne Feinstein's provision which makes the Federal Emergency Management Agency (FEMA) grant program for non-federal dam safety projects work better for dam owners and state dam safety agencies.
- A provision directing the Army Corps of Engineers to prepare a feasibility study on potential dam safety improvements to Oroville Dam.
- A total of 36 specific studies and project authorizations in California including, among others, a Salton Sea perimeter remediation study.

The 117th Congress

After a hotly contested runoff race in Georgia for two U.S. Senate seats, both Democrat candidates emerged with narrow victories. The Reverend Raphael Warnock defeated Senator Kelly Loeffler, becoming the first Black Democrat elected to the Senate from the South. And Jon Ossoff, the 33-year-old head of a video production company defeated Senator David Perdue. The victories by Democrats mean that the Senate will now hold a 50-50 split between parties, with Vice President-elect Kamala Harris holding the tying vote in favor of Democrats. Democratic majorities in both chambers will enable the party to use budget reconciliation to enact their priorities. That process enables lawmakers to write filibuster-proof legislation as long as it has a budgetary impact and does not increase the deficit beyond the period covered by the annual budget blueprint. The reconciliation process is the Congressional mechanism through which multiple landmark pieces of legislation have been passed such as the Affordable Care Act and the tax cuts enacted under President Trump. It is expected this process will be used at least once, if not twice, in the 117th Congress. Additionally, as the tying vote holder in the Senate, Vice President-elect Harris is expected to garner an enormous amount of influence over what comes to and passes the Senate, making the policy objectives of the Biden Administration ever more imperative. COVID-19 relief, climate-change/energy, infrastructure, tax, social justice, and other prominent reform measures will all be strong candidates for the Biden Administration's policy agenda and are likely to utilize the legislative budget reconciliation process in 2021.

Staff Recommendation

Information only. RCRC staff continues to work on state legislative items that impact California's rural counties. Also, RCRC's federal advocacy team continues to engage on issues of importance at the federal level.

Attachments

- Copy of RCRC's Senate Bill 4 (Gonzalez) Letter
- Copy of RCRC's Senate Bill 52 (Dodd) Letter
- Copy of RCRC's Senate Bill 55 (Stern) Letter