

Memorandum



DATE October 9, 2015

CITY OF DALLAS

TO The Honorable Members of the Legislative Ad Hoc Committee: Lee M. Kleinman (Chair), Mayor Pro Tern Erik Wilson (Vice Chair), Tiffinni A. Young, Adam Medrano, Jennifer S. Gates, Scott Griggs and Rickey D. Callahan

SUBJECT **Federal Legislative Update**

On October 13, 2015 the Legislative Ad Hoc Committee will receive a briefing on the federal legislative update. The briefing will be provided via teleconference by Ralph Garboushian, CapitalEdge Strategies.

The briefing materials are attached for your review.

Please let me know if you have any questions or require additional information.

A handwritten signature in blue ink, appearing to read 'Ry - S. Evans'.

Ryan S. Evans
First Assistant City Manager

c: Honorable Mayor and City Council
A.C. Gonzalez, City Manager
Warren M.S. Ernst, City Attorney
Craig D. Kinton, City Auditor
Rosa A. Rios, City Secretary
Daniel F. Solis, Administrative Judge
Eric D. Campbell, Assistant City Manager

Jill A. Jordan, P.E., Assistant City Manager
Mark McDaniel, Assistant City Manager
Joey Zapata, Assistant City Manager
Jeanne Chipperfield, Chief Financial Officer
Sana Syed, Public Information Officer
Elsa Cantu, Assistant to the City Manager – Mayor & Council

Federal Legislative Update October 13, 2015



Major on-going federal issues for the City of Dallas:

- * Funding for core local government programs
- * Reauthorization of highway and transit programs
- * The Internet Tax Freedom Act
- * Sales Tax fairness
- * Protection of municipal bonds
- * Prevention of unfunded mandates and preemption of local authority
- * The Trinity River Corridor Project



Congressional Deadlines

- * FY 2016 began on October 1 and Congress has yet to send President Obama any of the 12 annual appropriations bills (continuing resolution through December 11)
- * The federal government will reach its statutory debt limit sometime in early November
- * Federal highway and transit programs expire October 29 and the Highway Trust Fund that finances them will be close to a zero balance by next spring
- * The Internet Tax Freedom Act expired October 1 (extended through December 11)
- * Federal aviation programs expired September 30 (extended through March 31, 2016)
- * The authorization for the Export-Import Bank expired in June
- * The Administration is moving forward with regulations related to fair housing, clean water, clean air and overtime pay



Budget Overview

FY 2015

- * The Murray-Ryan Budget Agreement gave congressional appropriators a common discretionary spending cap that avoided sequestration and forestalled major spending cuts for two years (FY 2014-FY 2015)

| | City of Dallas Allocation | | | | |
|--------------------------------------|---------------------------|--------------|--------------|--------------|--------------|
| | FY 2011 | FY 2012 | FY 2013 | FY 2014 | FY 2015 |
| Core Local Government Program | | | | | |
| CDBG | \$16,270,526 | \$14,720,740 | \$13,921,262 | \$13,572,496 | \$13,457,745 |
| HOME | \$7,480,380 | \$4,700,686 | \$4,240,210 | \$4,365,818 | \$3,956,627 |
| Urban Areas Security Initiative | \$9,401,362 | \$5,295,442 | \$5,657,371 | \$5,816,375 | \$5,816,375 |
| Byrne Justice Assistance Grant | \$1,063,711 | \$784,388 | \$701,791 | \$713,708 | \$624,061 |



Budget Overview

FY 2016 Appropriations

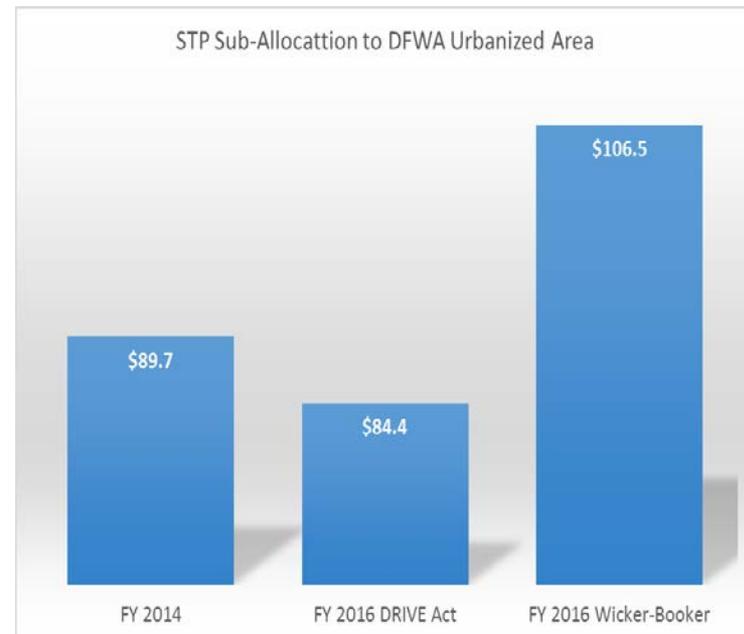
- * The expiration of the Murray-Ryan Budget Agreement means that sequestration is back
 - * The Administration proposed a FY 2016 Budget that assumes the end of sequestration
 - * Congress is crafting FY 2016 appropriations bills using a discretionary spending cap that reflects sequestration
- * The final outcome for FY 2016 appropriations remains unclear, but with the Administration and Congress \$75 billion apart, negotiations will be difficult
 - * Debt limit, efforts to overturn Administration regulatory actions, policy riders and other issues will complicate negotiations

| | Administration | Congress (Sequester) |
|---------------------------|------------------|----------------------|
| FY 2016 | | |
| Defense Discretionary | \$561 billion | \$523 billion |
| Non-Defense Discretionary | \$530 billion | \$493 billion |
| Total Discretionary | \$1.091 trillion | \$1.016 trillion |



Surface Transportation

- * Prior to adjourning for the August recess, Congress enacted a three-month extension of highway and transit programs
- * In addition to the short-term extension, the Senate also passed a six-year reauthorization of highway, transit and intercity passenger rail programs
- * City priorities for reauthorization remain:
 - * Expanded sub-allocation of highway funds to urbanized areas
 - * A strong local role in decision making
 - * A focus on metropolitan mobility, including a strong transit program and expansion of the Transportation Alternatives Program



Surface Transportation (Continued)

- * The six year Senate bill would cut highway funding sub-allocated to urbanized areas
- * Senators Roger Wicker (R-MS) and Cory Booker (D-NJ) introduced an amendment to reverse those cuts and increase sub-allocation to metropolitan areas but the Senate did not take up the amendment
- * The City has taken a lead role with national local government organizations and continues to work with the congressional delegation to ensure that reauthorization reflects the City's priorities
- * In addition, the City has developed a strong working relationship with the Department of Transportation, most notably the Federal Transit Administration, which will be important as DART moves ahead with a second downtown light rail alignment and light rail station platform extension, and the City moves ahead with streetcar expansion



Internet Tax Freedom Act/Sales Tax Fairness/Local Authority

- * The Internet Tax Freedom Act was extended through December 11. In addition, the issue of sales tax fairness, a top City priority, has gained considerable momentum
- * The House passed a permanent extension of the Internet Tax Freedom Act
 - * The House-passed bill would maintain the exemption for Texas access line fees (approximately \$36 million/year for Dallas), a top City priority
 - * However, it would end the grandfather for Texas sales taxes on Internet access costing more than \$25/month (approximately \$500,000/year for Dallas)
- * Senators Michael Enzi (R-WY) and Richard Durbin (D-IL) continue to insist that any extension of the Internet Tax Freedom Act be paired with their sales tax fairness bill, the Marketplace Fairness Act (S 698)
- * In the last Congress, they introduced a bill that pairs the Marketplace Fairness Act (S 698) with a ten-year extension of the Internet Tax Freedom Act, including all exemptions and grandfathers
- * In the House, Representative Jason Chaffetz (R-UT) recently introduced legislation (HR 2775) similar to the Marketplace Fairness Act; it has garnered 46 cosponsors, including Representative Veasey
- * The City continues to successfully oppose efforts to preempt local authority in a number of areas, including:
 - * City management of public rights-of-way and City collection of fees for the use and management of public rights-of-way (\$27.5 million/year for telecom)
 - * City collection of hotel occupancy taxes (\$50.3 million/year).



Trinity River Corridor Project

- * The City continues to work with the Army Corps of Engineers and the Congressional delegation to advance the Dallas Floodway Extension and Dallas Floodway projects. However, the moratorium on earmarks remains an obstacle.

