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Federal

Update

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Dear Mayor:

We want to thank the staff at the National League of Cities (NLC) in Washington for their ongoing efforts to keep us informed on important developments in our Nation's Capital. Here is a brief review of some recent developments.

I. NLC President Calls for Increased Transportation Funding for Local Priorities

NLC President Ralph Becker, Mayor of Salt Lake City, Utah, told lawmakers on Capitol Hill that increased investment in local transportation priorities was a critical pathway to economic vitality. In a hearing before the House Transportation and Infrastructure Committee, Becker urged Congress to find a sustainable funding source for a new federal transportation program that would give more control to local and regional authorities.

"By necessity, locals are stretching the value of every dollar to invest in small- and large-scale projects of practical design," said Becker. "We are making existing corridors more efficient and multimodal; and doing so in ways that increase capacity at less cost to the taxpayer. These locally-driven solutions are offering more travel options to the public, helping shippers and businesses keep goods and products moving, and delivering a bigger boost to investors, developers and our economies overall."

However, Becker also highlighted the need for federal partnership in these local transportation solutions. "Every link in the movement of goods - from ports, agricultural centers, and manufacturing plants to their destination - should be strong. But our first and last miles are falling behind. The federal government is devoting significant investment to the modernization of U.S. ports to accommodate super-max containerhips and ensure America's global economic leadership. Investments in the roads between our ports and highways should be made in conjunction with ports modernization, but unfortunately these municipally owned

stretches of road are among our most neglected." To read the full testimony, visit NLC's website.

II. NLC Asks EPA to Delay New Ozone Standards

Earlier this month, NLC submitted comments on the U.S. Environmental Protection Agency's (EPA) proposed rule on the National Ambient Air Quality Standards for Ozone. Under the proposed rule, EPA solicited comments on reducing both the primary and secondary standard to within a range of 65-70 parts per billion (ppb) over an 8-hour average. EPA also took comments on setting the standard at a level as low as 60 ppb. The current standard is 75 ppb, which was set in 2008.

Because of the financial and administrative burden that would come with a more stringent NAAQS for ozone, NLC asked EPA to delay implementation of a new standard until the 2008 standard is fully implemented. The 1997 standard of 80 ppb is still generally used by regions and it will take several additional years to fully implement the more stringent 2008 standard.

A more stringent NAAQS for ozone will dramatically increase the number of regions classified as non-attainment. By EPA's own estimates, under a 70 ppb standard, 358 counties and their cities would be in violation; under a 65 ppb standard, an additional 558 counties and their cities would be in violation. According to EPA, under this proposed rule a 70 ppb standard would cost approximately \$3.9 billion per year; a 65 ppb standard would cost approximately \$15.2 billion annually to implement. (The cost to California is not included in these calculations, since a number of California counties would be given a longer timeframe to meet the standards.)

As required by the Clean Air Act, EPA would make attainment/nonattainment designations for any revised standards by October 2017; those designations likely would be based on 2014-2016 air quality data. States with nonattainment areas would have until 2020 to 2037 to meet the primary standard, with attainment dates varying based on the ozone level in the area.

EPA plans to issue final ozone standards by October 1, 2015.

III. Letter to Protect Muni Bonds: Will Your Representative Sign?

Late last week, over 100 representatives signed on to a bipartisan Dear Colleague letter authored by Reps. Randy Hultgren (R-IL) and C.A. Dutch Ruppersberger (D-MD) urging House leadership to support the preservation of the tax exemption on municipal bond interest.

The traditional tax exempt status of municipal bonds is now regularly under threat whether it be as a part of a deficit reduction plan, a push for comprehensive tax reform or as an offset for new spending. Municipal bonds are the primary way state and local governments finance the public infrastructure yet several federal proposals have emerged over the last few years,

including the President's FY'16 budget proposal, that would modify the tax exemption or eliminate it entirely.

Participation in Dear Colleague letters is an important way for members of Congress to show support for legislative priorities and influence debate. To date, none of New Jersey Congressional Representatives have signed on. Please urge them to protect municipal bonds in future tax reform and budget efforts.

IV. In Case You Missed It: NLC's Wireless Siting Webinar

Two weeks ago, NLC hosted a webinar to help local government officials and staff better understand how they can prepare for the Federal Communications Commission (FCC) Wireless Siting Order. The FCC unanimously adopted the order to promote the deployment of infrastructure that is necessary to provide the public with advanced wireless broadband services, consistent with governing law and the public interest. Earlier this year, these rules were published in the [Federal Register](#) with an effective date of April 8, 2015. Following the announcement of the Order, NLC partnered with other local government associations, as well as wireless industry associations, to develop a [model chapter](#) (ordinance) designed to assist local governments in complying with these rules.

Panelists on this week's webinar discussed the importance of wireless broadband for their communities and how local governments are getting ready to respond to the new FCC rules. You can view [a recording of the webinar online](#).

V. Internet Tax Ban Amendment Thwarted

Last week, Senators Thune and Wyden tried to introduce an amendment to make the ban on taxing Internet access permanent during a vote on the chamber's budget resolution. The Senate did not take a vote on this amendment which would essentially have acted as a test vote on the level of support for their Internet Tax Freedom Forever Act (S. 431.) While this is a win, local governments are not completely out of the woods yet. Both the House and the Senate have introduced permanent versions of an Internet tax ban (H.R. 235 and S. 431) which are currently awaiting action in their respective committees.

The Internet Tax Freedom Forever Act would make the Internet Tax Freedom Act's moratorium on state/local taxation of Internet access service permanent and eliminate the grandfather provision that protects existing taxes in 7 states. NLC opposes any measure to preempt local taxing authority and will continue to advocate on behalf of our members to make any ban on taxing Internet access temporary.

While there is no information on the movement of H.R. 235/S. 431, it is still important to contact your Members of Congress and urge them to vote against any measure to make the ban on taxing Internet access permanent.

We will continue to monitor these and other issues in the weeks and months ahead. If you have any questions, contact Jon Moran at jmoran@njslom.com or 609-695-3481, ext. 121.

Very truly yours,

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NJLM and Mayor
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William G. Dressel, Jr.
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