Public Policy Agenda Number 3.

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MEETING DATE:  April 6, 2017

AGENDA ITEM:  Update on Federal Issues that Could Affect CAP and Possible
Consideration of a Recommendation that the Board take Action on
Federal Legislation and Policy Issues that Could Impact CAP,
including but not limited to S.140.

RECOMMENDATION:  See attached document and proposed staff recommendations.

FINANCIAL IMPLICATIONS:  None.

LINKAGE TO STRATEGIC PLAN, POLICY, STATUTE OR GUIDING PRINCIPLE:
CAWCD 2016 Board of Directors Strategic Plan
  • Leadership & Public Trust: Relationships – Improve relationships with customers
    and stakeholders
  • Leadership & Public Trust: CAP Board Leadership – Equip Board members to
effectively represent CAP and its positions
  • Water Supply: Optimize reliability and sustainability of CAP water supply

PREVIOUS BOARD ACTION/ACTIVITY:
November 3, 2016:  Public Policy Committee previewed and discussed the draft
proposed 2017 Federal Legislative Agenda.

December 1, 2016:  Board adopted 2017 Federal Legislative Agenda.

ISSUE SUMMARY/DESCRIPTION:
This report describes CAP’s federal legislative agenda and provides an update on those
issues. In addition, this update reports on and requests guidance on bills being
considered by the U.S. Congress.

See attached documents and issue descriptions.
SUGGESTED MOTION:
I move that the Public Policy Committee recommend that the Board adopt a position on the following pending federal legislation of interest to CAP: (staff recommendation in parentheses)
S.140 Amendment to the White Mountain Apache Tribe Water Rights Quantification Act of 2010 (SUPPORT)

Attachments.
Federal Legislative Issues Update

March 29, 2017

**Federal Update**

Congress will begin a two-week work period on April 10, returning the week of April 24.

**Agency Confirmations:** Most of President Trump’s cabinet officials have been confirmed by the Senate, including Interior Secretary Ryan Zinke, Department of Energy Secretary Rick Perry, and EPA Administrator Scott Pruitt. Former Georgia Governor Sonny Perdue, who is President Trump’s nominee for Secretary of the U.S. Department of Agriculture, and Alexander Acosta, the nominee for Secretary of Labor, received confirmation hearings the week of March 22.

At the time of this report, no announcements have been made by the Trump Administration for Interior Deputy Secretary, Bureau of Reclamation Commissioner, or Reclamation Deputy Commissioner. These positions, once announced, will also require Senate confirmation.

**FY 2017 Budget:** House and Senate appropriators continue to meet to complete a FY 2017 funding plan. The government is operating under a continuing resolution (CR) until April 28, and barring progress on an omnibus spending bill, Congress may opt to pass another CR through the end of the fiscal year, which is September 30.

On March 28, the Trump Administration released recommended cuts to the remaining FY 2017 budget in order to accommodate higher defense and homeland security spending. The document includes a $100-million reduction to the Bureau of Reclamation’s Western Water program, citing “improving drought conditions” as the reason for funding elimination. House and Senate Appropriators expressed a reluctance to include the cuts to FY 2017 spending recommended by the Administration, citing steady work on an “omnibus” spending bill to complete the funding for this year.

**FY 2018 Budget:** The Trump Administration released its FY 2018 topline budget proposal on March 16. Office of Management and Budget Director Mick Mulvaney described the $1.15 trillion budget as a way to “reorder government spending to prioritize defense, homeland security and justice” programs. The Administration calls for a 10-percent increase ($54 billion) to the Defense Department, including elimination of sequestration for defense programs. Conversely, the budget makes up for the increase in defense through cuts to other federal agencies, the largest of which is the Environmental Protection Agency (EPA) at a 31-percent reduction.

It is important to note that President Trump’s March 16 budget proposal provides only an outline and guiding principles for the budget. Further details will be released in May.
Federal Legislative Issues Update

The following Legislative Issues Update outlines the status of the Board-approved 2017 Legislative Agenda as well as other relevant federal issues. The Public Affairs group comes before the Public Policy Committee on a regular basis to seek guidance and direction on these and other proposed rules and legislation that may arise during the coming year.

Colorado River Sustainability Legislation

Continue to engage in legislative and funding solutions to promote Colorado River sustainability, including efforts to address the structural deficit and prolonged drought conditions such as the Lower Colorado River Basin Drought Contingency Plan (DCP), in cooperation with the State of Arizona, Arizona stakeholders, Basin States, federal agencies, Tribes, and other Colorado River water users.

Support legislation as needed to implement multistate agreements relating to the Colorado River, including the DCP.

Continue to promote CAP’s Protect Lake Mead campaign to raise awareness and support for cooperative efforts that are aimed at improving water elevations in the reservoir.

President Trump’s FY 2018 Budget: In his FY 2018 budget outline, President Trump proposes to reduce the Department of Interior’s budget by $1.6 billion, or 12 percent (over FY 2017 levels). The budget would eliminate funding for historical sites and heritage areas and reduce funding for federal land acquisition by $120 million.

Included in Interior’s budget is more than $1 billion for investment in “safe, reliable, and efficient management of water resources throughout the western United States.” Although the budget proposal does not provide additional detail about the investment, considering cuts to the agency in other areas, it is doubtful that $1 billion will be a net increase in western water issues.

In past budgets, the Bureau of Reclamation has received as much $100 million in additional funding to address Western water drought priorities.

Pilot System Conservation Program Funding Request: Each year, CAP submits testimony to support adequate funding for Colorado River salinity control measures to the appropriate House and Senate Appropriations subcommittees with jurisdiction. There is opportunity to likewise include in the salinity testimony a request for funding the Pilot System Conservation Program (PSCP) at current levels. In May, CAP will include the PSCP funding request to the appropriate
subcommittees, which are the respective House and Senate Energy and Water Development, and Related Agencies Subcommittees.

**Navajo Generating Station (NGS)**

*Continue efforts to engage elected officials, stakeholders, and governmental agencies regarding federal activities that affect the Navajo Generating Station.*

The Department of the Interior hosted a stakeholder meeting on March 1 to discuss options for keeping NGS open after the lease ends in 2017. The entities agreed to form various task forces in the meantime and will meet again on April 12 to discuss strategies.

**Cybersecurity Threats and Legislation**

*Monitor legislative efforts to address cybersecurity and potential threats to critical infrastructure and vital computer systems.*

President Trump’s FY 2018 budget includes an increase of $1.5 billion in new funding to protect federal networks and critical infrastructure from cybersecurity attacks. The increase is part of the Department of Homeland Security’s overall increase of $2.8 billion, or 7.3 percent.

**Central Arizona Project Water Supply**

*Continue to collaborate with Federal, State, Tribal, and other stakeholders to mitigate potential impacts on the CAP water supply and support efforts to supplement and augment water supplies with desalination, weather modification, innovative conservation programs, and water reuse and recycling programs.*

*Support federal approval and finalization of the CAP System Use Agreement in collaboration with Arizona stakeholders.*

No update to report at this time.

**Energy Legislation**

*Monitor legislative efforts that may impact CAP operations, including CAP’s ability to secure affordable energy and ensure reliable transmission delivery.*
President Trump’s FY 2018 budget proposes a 5.6-percent decrease ($1.7 billion) to the Department of Energy, largely from a $900-million reduction to research programs at the Office of Science. The budget increases funding for nuclear stockpile and waste activities, including $120 million to restart licensing for the Yucca Mountain repository located in Nevada.

**Colorado River Basin Salinity Issues**

*Continue to support the operation of the Yuma Desalting Plant or suitable alternatives to reduce system losses.*

*Support the activities of the Colorado River Basin Salinity Control Forum, including efforts to secure adequate funding and improve water management.*

As in the past, CAP will submit testimony in support of adequate funding for salinity control programs in the FY 2018 budget to various Appropriations subcommittees responsible for that subject matter.

The first deadline of April 5 is for the House subcommittee that has jurisdiction over the USDA’s Environmental Quality Incentives Program, or EQIP. The funding request of $15.9 million is similar to last year and recommended by the Colorado River Basin Salinity Control Forum. The deadlines for testimony submittal for the remaining subcommittees are in May or have not been set yet.

In addition to EQIP, there are two other federal programs that address Colorado River salinity: BLM’s Soil, Water and Air Program and Reclamation’s Basinwide Salinity Control program.

**Indian Water Rights Settlement Legislation**

*Continue to collaborate with Arizona Tribes and other stakeholders on issues related to resolving water rights claims.*

*Continue to support legislation necessary and appropriate to enact the Hualapai Tribe water rights settlement.*

**S.140**, sponsored by Senator Jeff Flake and Senator John McCain, amends the White Mountain Apache Tribe (WMAT) Water Rights Quantification Act of 2010 to clarify the purpose of the WMAT Settlement Fund and allow monies in the Fund to be used to complete the WMAT Rural Water System. The bill passed the Senate Committee on Indian Affairs February 8, but no further action has been taken. Similar legislation was introduced last year (S.2959) that passed the
Senate. A House measure was also introduced by Rep. Ann Kirkpatrick and co-sponsored by Rep. Paul Gosar, but it did not move in the House.

**Background on the White Mountain Apache Tribe Settlement**

The WMAT Water Rights Quantification Act of 2010, sponsored by former Sen. Jon Kyl, settled WMAT’s water rights claims in the Gila River and Little Colorado River General Stream adjudications and authorized funding for the Miner Flat Dam and Reservoir, also known as the WMAT Rural Water System.

CAP is a party to the settlement. Under the terms of the settlement, the WMAT is allocated a total annual water right of 52,000 acre-feet (af) through a combination of surface water and CAP water. Of this 52,000 af/year allocation, 25,000 af is CAP water. The CAP Water consists of 23,782 af of CAP non-Indian agricultural (NIA) water from the pool of 67,300 af of CAP Water set aside by the Arizona Water Settlements Act of 2004 (AWSA) for future Indian water rights settlements and 1,218 af of CAP Indian priority water that was formerly Harquahala Valley ID water and which was acquired by the Secretary of Interior in the Fort McDowell settlement and converted to Indian priority.

**Firming:** 7,500 af of the 23,782 af of CAP NIA water will be firmed to the equivalent of CAP M&I priority until December 31, 2007. Of that amount, the State of Arizona is obligated to firm 3,750 af of WMAT CAP NIA water. These firming obligations were also part of the State’s firming obligations established by the AWSA.

**Leases:** The settlement authorizes the WMAT to lease its CAP water within Maricopa, Pima, Pinal and Yavapai counties for a term not to exceed 100 years with the approval of the Secretary. In the first hundred year period after the settlement becomes enforceable, the settlement agreement requires the WMAT to offer leases to a number of Phoenix-area cities and to CAP for replenishment purposes only.

In addition to the CAP, the other parties to the settlement were the WMAT; the United States; Salt River Project; Roosevelt Water Conservation District; Arizona Water Company; the cities of Phoenix, Mesa, Tempe, Chandler, Glendale, Scottsdale, Avondale, Peoria and Show Low; the Town of Gilbert; Buckeye Irrigation Company; and the Buckeye Water Conservation and Drainage District.

The CAP Board approved the WMAT settlement agreement in 2009.

**CAP Recommended Position:** SUPPORT.
Federal Rulemaking

Continue to monitor federal rulemaking and implementation related to energy, emissions, water quality, and other issues that may affect CAP operations.

On February 28, President Trump signed an executive order on the “Waters of the U.S.” (WOTUS) rule, calling for EPA and the Army Corps of Engineers to conduct a review to propose rescinding or revising the rule. Likewise, on March 28, the President released an executive order on the Clean Power Plan, similarly asking EPA to address the rule. The executive order also includes a repeal of former President Obama’s executive orders on climate change.

President Trump’s executive order does the following:

- Directs the Attorney General to seek appropriate relief from the courts over pending litigation related to the Clean Power Plan;
- Rescinds Executive and Agency actions from the previous administration’s climate change agenda;
- Lifts the ban on federal leasing for coal production;
- Lifts restrictions on the production of oil, natural gas, and shale energy;
- Within 180 days, directs all agencies to conduct a review of existing actions that impact domestic energy production and suspend, revise, or rescind actions that are not mandated by law; and,
- Directs agencies to use the best available science and economics in regulatory analysis.

These actions are consistent with the President’s proposed budget, where funding for the Clean Power Plan and climate change research and participation in international activities is eliminated. Under the President’s plan, EPA would experience the largest reduction of 31 percent overall and approximately 20 percent of its workforce.

Finally, Congress continues to use the Congressional Review Act (CRA) procedure to halt implementation of certain federal regulations that were finalized at the end of the previous administration. The Clean Power Plan and WOTUS rules are not eligible for CRA legislation as both are currently being litigated in the courts.

Water Quality

Monitor water quality issues impacting the Colorado River that may affect CAP operations.
Federal Legislative Issues Update

No update to report at this time.

OTHER BILLS/LEGISLATIVE ISSUES OF INTEREST

Bureau of Reclamation Transparency Act

Congressman Paul Gosar (R-AZ) has reintroduced the Bureau of Reclamation Transparency Act (H.R. 660), which aims to better assess and prioritize the aging infrastructure needs of Reclamation facilities and "transferred works," which would include the CAP canal and associated infrastructure. CAP, along with our federal lobbyists, worked with Rep. Gosar in 2015 to draft a clarifying amendment that limits the bill’s reporting requirements to "major repair and rehabilitation needs," as defined by the bill. CAP’s clarifying language that was adopted in 2015 is included in this year’s House bill and the identical Senate bill, S.216, sponsored by Sen. John Barrasso (R-WY). Both measures have been assigned to committee, but no further action has been taken.

Trump Administration’s Infrastructure Package

President Trump has consistently called for $1 trillion to be spent over 10 years on an infrastructure package, but an actual proposal has not yet been released. In the meantime, Congressional leaders in the House and Senate are holding a series of oversight hearings to outline the infrastructure needs in anticipation of a legislative package being developed by the Trump Administration. President Trump has also assembled a task force to work on the framework of a proposal.

To date, a broad list of possible infrastructure issue areas is being discussed that includes transportation, water, dams, aquifers, small hydropower, cybersecurity, energy, and electric grid stability. Eligible projects are envisioned as those that replace existing infrastructure, can receive expedited local permitting and can be “ready-to-go” to construction in 90 days or less. The financing mechanisms may include providing a corporate repatriation tax holiday, fostering public-private partnerships and raising gas tax revenues.

The timing of consideration of an infrastructure package was originally considered to be in the Fall, but may be accelerated and rolled into tax reform discussions starting this Spring and Summer. CAP staff meanwhile is working to identify any possible short and long-term infrastructure needs that may fit into an infrastructure proposal.

If you have any questions or would like more information regarding any of the issues contained in this report, please contact CAP Public Affairs department, 623-869-2150.
Federal Legislative Update

Public Policy Committee
April 6, 2017

Jeff Gray
Legislative Affairs Manager

Federal Update

Congressional Activities
• Congress focused on health care legislation in March.
• Congress two-week district work period, April 7 – 21.
• Most of President Trump’s cabinet nominees have been confirmed by the Senate, with the exception of Agriculture Secretary (Sonny Perdue) and Labor Secretary (Alexander Acosta), who are expected to receive committee confirmation votes on March 29 and 30, respectively.

Budget
• Remainder of FY 2017 must be addressed by April 28.
• President released his FY 2018 topline budget proposal on March 16.
• 10-percent increase ($54 billion) to the Defense Department, but several reductions to other agencies:
  - EPA, 31%
  - Interior, 12%
• Appropriators continue to work on a FY 2018 budget, set dates for subcommittee hearings.
Colorado River Sustainability Legislation

► Continue to engage in legislative and funding solutions to promote Colorado River sustainability, including efforts to address the structural deficit and prolonged drought conditions such as the Lower Colorado River Basin Drought Contingency Plan (DCP), in cooperation with the State of Arizona, Arizona stakeholders, Basin States, federal agencies, Tribes, and other Colorado River water users.

► Support legislation as needed to implement multistate agreements relating to the Colorado River, including the DCP.

► Continue to promote CAP’s Protect Lake Mead campaign to raise awareness and support for cooperative efforts that are aimed at improving water elevations in the reservoir.

• President’s FY 2018 budget proposes to reduce the Interior’s budget by $1.6 billion, or 12 percent (over FY 2017 levels).

• Includes investment of more than $1 billion for “safe, reliable, and efficient management of water resources throughout the western United States.”

• No additional details provided. Extensive budget to be released in May.

Cybersecurity Threats and Legislation

► Monitor legislative efforts to address cybersecurity and potential threats to critical infrastructure and vital computer systems.

• As part of an overall 7.3% increase to the Department of Homeland Security, the President’s proposed budget includes $1.5 billion in new funding to protect federal networks and critical infrastructure from cybersecurity.
Energy Legislation

► Monitor legislative efforts to address cybersecurity and potential threats to critical infrastructure and vital computer systems.

• The President’s proposes a 5.6% percent reduction to the Department of Energy.
  - $900-million cut to Office of Science research programs.
  - increased funding for maintaining nuclear stockpile and waste.

Colorado River Basin Salinity Issues

► Continue to support the operation of the Yuma Desalting Plant or suitable alternatives to reduce system losses.
► Support the activities of the Colorado River Basin Salinity Control Forum, including efforts to secure adequate funding and improve water management.

• CAP will submit testimony in support of adequate funding for salinity control activities on the Colorado River in FY 2018.

• First deadline is April 5, with others to follow in May.

• Testimony is similar to previous years, providing background on the harmful effects of salinity in the river.

• CAP will also include funding request for the Pilot System Conservation Program at current levels.
Indian Water Rights Settlement Legislation

- Continue to collaborate with Arizona Tribes and other stakeholders on issues related to resolving water rights claims.
- Continue to support legislation necessary and appropriate to enact the Hualapai Tribe water rights settlement.

- S.140, sponsored by Senator Jeff Flake and John McCain, amends the White Mountain Apache Tribe (WMAT) Water Rights Quantification Act of 2010 to clarify that the WMAT Settlement Fund can be used to complete the tribe’s water distribution system.

- Similar legislation was introduced last Congress.

- CAP was party to the WMAT settlement and the CAP Board approved the agreement in 2009.

- **CAP Recommended Position: Support.**

Federal Rulemaking

- Continue to monitor federal rulemaking and implementation related to energy, emissions, water quality, and other issues that may affect CAP operations.

- On March 28, President Trump released an executive order on the Clean Power Plan that also rescinds the previous administration’s orders on climate change.

- The order also:
  - directs the Attorney General to seek relief from the courts over pending litigation.
  - directs agencies to conduct a review of existing actions on energy production and suspend or rescind actions that are not mandated by law.

- The President’s proposed budget calls for a 31% decrease to EPA’s budget, including a 20% reduction in workforce. Funding for Clean Power Plan and climate change programs is eliminated.
Other Bills/Legislative Issues of Interest

Bureau of Reclamation Transparency Act

- Directs Reclamation to assess the maintenance needs of its facilities, including transferred works like CAP, and submit a report every two years.


- CAP sought a clarifying amendment in 2015 to limit reporting requirements to “major repair and rehabilitation needs” that was adopted.

- CAP’s language is included in the current introduced versions.
To amend the White Mountain Apache Tribe Water Rights Quantification Act of 2010 to clarify the use of amounts in the WMAT Settlement Fund.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. USE OF FUNDS IN WMAT SETTLEMENT FUND FOR WMAT RURAL WATER SYSTEM.

(a) Authorization of WMAT Rural Water System.—Section 307(a) of the White Mountain Apache
Tribe Water Rights Quantification Act of 2010 (Public Law 111–291; 124 Stat. 3080) is amended in the matter preceding paragraph (1) by inserting “, (b)(2),” after “subsections (a)”.

(b) FUNDING.—Section 312(b)(2)(C)(i)(III) of the White Mountain Apache Tribe Water Rights Quantification Act of 2010 (Public Law 111–291; 124 Stat. 3093) is amended by striking the period at the end and inserting the following: “, including the planning, design, and construction of the WMAT rural water system, in accordance with section 307(a).”.

VerDate Sep 11 2014 22:02 Mar 21, 2017 Jkt 069200 PO 00000 Frm 00002 Fmt 6652 Sfmt 6201 E:\BILLS\S140.RS S140sradovich on DSK3GMQ082PROD with BILLS
To amend the White Mountain Apache Tribe Water Rights Quantification Act of 2010 to clarify the use of amounts in the WMAT Settlement Fund.
TO: Ted Cooke and CAWCD Board Members
FR: Tracy Tucker, Clara Pratte, Terry Bracy, Jim Brown & Michael Bracy
CC: Bridget Schwartz-Manock, Director of Public Affairs
                Jeff Gray, Legislative Affairs Manager
DA: March 21, 2017
RE: Federal Legislative Monthly Report for April Board Meeting

Fiscal Year 2017 Spending

The House and Senate Appropriations Committee chairs continue to work in earnest on a plan to complete action on the 11 remaining spending bills for FY 2017. The House voted on a Defense spending bill and sent it to the Senate for their consideration. Movement on the defense spending measure is not expected to occur until an action plan for the remaining measures is outlined and can receive support in the Senate. The bills could be wrapped into an omnibus measure, or if agreement is not reached in time, another continuing resolution (CR) will be necessary to extend government spending beyond the April 28 deadline imposed by the CR that was passed in December.

Trump Administration’s Fiscal Year 2018 Top-Line Budget

The Trump Administration released its FY 2018 “skinny” or "top-line" budget proposal on March 16. It provides an outline of the budget for the federal agencies, with comprehensive budget details expected be released in May.

Budget Increases

Office of Management and Budget (OMB) Director Mick Mulvaney described the $1.15 trillion budget as a way to “reorder government spending to prioritize defense, homeland security and justice” programs. Director Mulvaney stated the budget keeps the promises made by President Trump during the campaign cycle.

As such, the Administration calls for a 10% increase ($54 million) to the Defense Department that includes investment in additional F-35 Joint Strike Fighters and elimination of sequestration
for defense programs; a 10% increase in Veterans funding; a 7% increase in Homeland Security funding; a $2.6 billion increase for the border wall; and $1.4 billion increase for School Choice.

Budget Cuts

In order to accommodate the increase in defense funding, the budget proposes reductions for several federal agencies, including:

- 12% cut to the Department of Interior;
- 31% decrease to the Environmental Protection Agency (EPA);
- 28% reduction to the State Department;
- 23% cut to the Department of Health and Human Services;
- 21% cut to the Labor Department; and,
- 13.2% reduction to the Department of Housing and Urban Development (HUD).

The Administration gives the federal agencies the discretion to determine what staffing reductions to make in addition to calling for cuts and eliminations to several programs, including funding for many climate programs through the State Department and EPA.

The budget outline does not provide the level of funding detail for most programs of importance to CAP such as salinity control, but it does include $1 billion to affirm the Administration's investment in “water resources throughout the western United States.”

Trump Administration’s Budget – Energy, Water and Environmental Programs

The Administration’s FY 2018 budget provides for the following with regard to natural resources agencies:

Department of Agriculture - Cuts $4.7 billion, a 21% decrease

- Rural Wastewater Programs: Eliminates the rural water and wastewater loan program ($500 million).

Department of Commerce - Cuts $1.4 billion, a 17% decrease

- National Oceanic and Atmospheric Administration (NOAA): Cuts $250 million in NOAA grants, which include a program to help coastal communities address invasive species and related matters.

Department of Energy - Cuts $1.7 billion, a 5.4% decrease

- Office of Science: Cuts Office of Science research programs by $900 million.
- Advanced Research Project Agency-Energy (ARPA-E) & Green Energy Loan Program - Eliminates funding for the ARPA-E program that was originally funded at $291 million and proposes that the private sector is better positioned to finance energy research.
- **Weatherization Grants**: Eliminates the Weatherization and State Energy programs that assist low-income individuals weatherize their homes to cut energy bills.
- **Title 17 Loan Guarantees**: Eliminates the Title 17 Loan Guarantees for new low-carbon energy projects.
- **Nuclear Stockpile**: Increases funding for maintaining the nuclear stockpile and disposing of nuclear waste.

Department of Homeland Security - *Increases by $2.8 billion, or 7.3%*

- **Cybersecurity**: Includes $1.5 billion to protect Federal networks and critical infrastructure from cybersecurity attacks.
- **National Flood Insurance Program (NFIP)**: Eliminates the discretionary appropriation for the NFIP’s Flood Hazard Mapping Program, a total of $190 million.

Department of the Interior - *Cuts $1.6 billion, a 12.1% decrease*

- **Western Water**: Provides $1 billion to water resources and activities in the West.
- **Payments in Lieu of Taxes (PILT)**: Reduces funding for the PILT program to counties.
- **Land Acquisition**: Decreases funding for federal land acquisition by $120 million.
- **National Historical Sites**: Eliminates 49 National Historic Sites.
- **National Heritage Areas**: Eliminates heritage areas and states they are better funded at the local level.
- **National Park Service, Fish and Wildlife and Bureau of Land Management**: Streamlines operations of the services while investing in efforts to protect and conserve public lands.
- **Historic Preservation, Wildlife Conservation and Recreation grants**: Encourages the programs through leveraging public funds with matching private investments.
- **Wildland Fire Suppression**: Budgets for Wildland Fire Suppression activities over the full 10-year rolling average of suppression activities.

Environmental Protection Agency - *Cuts $2.4 billion, a 29.6% cut*

- **EPA Workforce**: Cuts 3,200 jobs (of 15,000) at the EPA.
- **Water Infrastructure Finance and Innovation Act (WIFIA) Funding**: Proposes $20 million for the WIFIA program.
- **Safe and Clean Water Revolving Loan Funds**: Proposes $2.3 billion, a $4 million increase over FY 2017 annualized levels for the drinking and clean water revolving loan programs.
- **Climate Programs**: Discontinues funding for the Clean Power Plan, international climate change, and climate change research and partnership programs for a $100–million savings.
- **EPA Air Program**: According to the budget document, EPA's Air program will be “reoriented” to protect the air without unduly burdening the American economy.
- **Energy Star Program**: Eliminates the program and 49 similar EPA programs.
• **Great Lakes and Chesapeake Bay Programs**: Eliminates funding for both and other regional water programs. It puts the responsibility of these programs in the hands of the states so EPA can "focus on the highest national priorities."

• **Office of Research and Development**: Reduces EPA's Office of Research and Development by nearly 50 percent.

**Next Steps**

The President’s budget is a recommendation to Congress. Congress retains the “power of the purse” and will make ultimate spending decisions. The Appropriations committees will hold budget hearings, and the House and Senate will draft and pass a budget blueprint and proceed to “markup” the bills based on the spending parameters set by the appropriations subcommittees. We are working with CAP staff to draft testimony to be submitted for the record to support adequate funding for Colorado River salinity control activities.

**Health Care Legislation**

The Trump Administration and many members of the GOP have committed to repealing and replacing the federal health care law (i.e. the Affordable Care Act).

Lawmakers have moved swiftly to make good on campaign promises, but not without controversy. Early drafts were met with skepticism by both sides of the aisle who worried there was not enough detail or clarity to replace key provisions. Over the last week some of those concerns have been addressed through amendments while other provisions are said to be addressed at a later point in time.

The House looks to advance its version HR 1628 in the next week while the Senate has committed to take up the measure if the House moves its legislation. Senate Majority Leader Mitch McConnell insisted that his chamber would aim to pass an amended version with an eye to pass a final package the first week of April.

The ambitious time frame is at odds with the concerns the legislation faces in both the House and the Senate. President Donald Trump made in person visits on March 21 to seek support for the measure.

Among the key concerns are state Medicaid changes, tax credit reductions, rising premium costs for older Americans, and mandates for “essential health benefits.”

**Navajo Generating Station**

On March 1, 2017, key stakeholders met in Washington, DC to discuss plans on addressing the possible closure of the Navajo Generating Station. Central Arizona Project was a participant in those discussions. The entities agreed to form various task forces to address specific issues pertaining to each party, and are set to meet again on April 12 to discuss strategies and ideas for a path forward. In the interim, stakeholders have been engaged in their task force discussions.
Clean Power Plan

President Trump is expected to release an executive order on the Clean Power Plan and climate change soon. The release of the executive order has been delayed to accommodate tweaks and changes the Administration wants to see. Early drafts of the executive order indicate it will include the following provisions, but its scope could change based on final considerations.

- Directs EPA to rewrite the Clean Power Plan and the rule related to setting carbon dioxide emissions limits for new power plants;
- Directs the Attorney General to hold in abeyance or remand pending litigation regarding the rules included in the executive order.
- Repeals other executive orders on climate change issued by President Obama;
- Calls for an interagency working group to reconsider the social cost of carbon; and,
- Possibly addresses the ozone rule setting particulate standards for local jurisdictions.

In addition to the expected executive action on the Clean Power Plan, President Trump’s FY 2018 budget eliminates funding for the Clean Power Plan implementation. The President issued an executive order to roll back the “Waters of the U.S.” (WOTUS) rulemaking on February 28.

Infrastructure Package

Congressional leaders in the House and Senate are holding a series of oversight hearings to outline the infrastructure needs of the country in anticipation of a legislative package being developed by the Trump Administration. President Trump has consistently called for $1 trillion to be spent over 10 years on an infrastructure package that is comprised of a mix of public and private financing.

To pull together the framework of a proposal, President Trump convened a taskforce and agency workgroup to provide recommendations for the package. The taskforce is expected to advise on the scope of the infrastructure proposal, eligibility of projects and the financing structure.

To date, a broad list of possible infrastructure issue areas is being discussed that includes transportation, water, dams, aquifers, small hydropower, cybersecurity, energy, and electric grid stability. Eligible projects are envisioned as those that replace existing infrastructure, can receive expedited local permitting and can be “ready-to-go” to construction in 90 days or less.

The financing mechanisms for an infrastructure package must be worked out and may provide the greatest challenge to gaining support for a proposal. Some of the financing options being considered include providing a corporate repatriation tax holiday, fostering public-private partnerships and raising gas tax revenues.

Corporate repatriation tax holiday – The idea is to let American corporations repatriate their overseas earnings at a discounted rate. Under current law, the profits U.S. corporations make overseas are taxed at 35%. Under the President’s proposal, he would like to institute a one-time
rate of 10% on those overseas profits to encourage companies to bring the funds back into the U.S. It is estimated repatriation could raise between $200 billion to $1 trillion.

Public-Private Partnerships – The administration is encouraging public-private partnerships for the private sector to fund the projects. Public-private partnerships are challenging because they must yield revenue in order for a private partner to participate. Many infrastructure projects, such as those in the water sector, are for the public-good and are not expected to generate revenues needed to sustain the private sector’s involvement.

Gas tax revenues – An increase in gas tax revenues would generate funding needed to assist with transportation projects, but is not expected to gain momentum with President Trump or the Congressional leadership.

The timing of consideration of such a package is not expected in Congress until the Fall, according to OMB Director Mick Mulvaney. The plan is for Congress to consider the package after they complete action on the Affordable Health Care Act and tax reform.

Cabinet Confirmations

Most President Trump’s cabinet officials have been confirmed. Sonny Perdue, nominee for the Secretary of Agriculture, and Alexander Acosta, nominee for Secretary of Labor will receive hearings this week and are expected to have the votes to be confirmed.