

Salton Sea Authority

April 23, 2020

Federal Report

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Federal Update

1. Current legislative measures to address immediate crisis.
2. Potential for future stimulus with infrastructure focus once initial crisis abates.
3. Review of prior infrastructure 2009 stimulus as instructive of likely Congressional approach to new stimulus.
4. Salton Sea priorities that could fit within an infrastructure stimulus.

CARES Act (HR 748)

- CARES Act was enacted March 27, providing two trillion dollars in assistance, and focused mitigating the immediate crisis.
- House in recess until May 4; Senate set to return April 20 — leaders are actively negotiating follow up legislation to HR 748.
- Republicans and administration sought to confine negotiating to providing an additional \$250 billion for the small business Paycheck Protection Program (PPA), which ran out of funding on April 16.
- Democrats seeking to add additional funding for state and local governments, hospitals, food stamps and additional assistance to the unemployed.
- It is likely that the negotiation on this follow-up package will follow these parameters.

One Hundred Sixteenth Congress
of the
United States of America

AT THE SECOND SESSION

*Begun and held at the City of Washington on Friday,
the third day of January, two thousand and twenty*

An Act

To amend the Internal Revenue Code of 1986 to repeal the excise tax on high cost employer-sponsored health coverage.

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

SECTION 1. SHORT TITLE.

This Act may be cited as the “Coronavirus Aid, Relief, and Economic Security Act” or the “CARES Act”.

SEC. 2. TABLE OF CONTENTS.

The table of contents for this Act is as follows:

Sec. 1. Short title.
Sec. 2. Table of contents.
Sec. 3. References.

DIVISION A—KEEPING WORKERS PAID AND EMPLOYED, HEALTH CARE
SYSTEM ENHANCEMENTS, AND ECONOMIC STABILIZATION

TITLE I—KEEPING AMERICAN WORKERS PAID AND EMPLOYED ACT

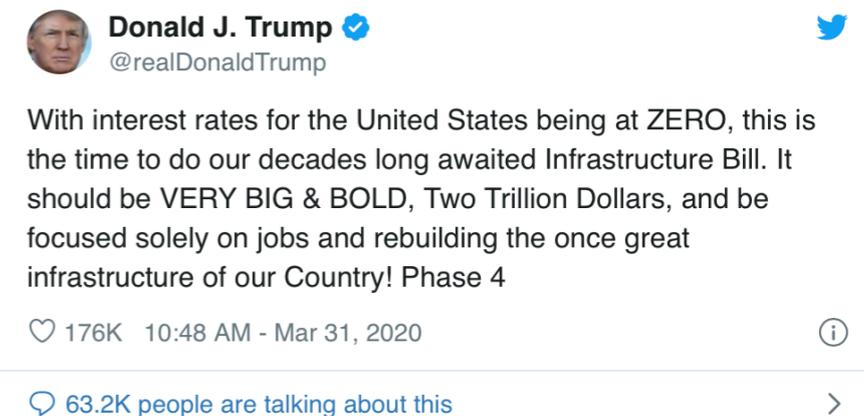
Sec. 1101. Definitions.
Sec. 1102. Paycheck protection program.
Sec. 1103. Entrepreneurial development.
Sec. 1104. State trade expansion program.
Sec. 1105. Waiver of matching funds requirement under the women’s business center program.
Sec. 1106. Loan forgiveness.
Sec. 1107. Direct appropriations.
Sec. 1108. Minority business development agency.
Sec. 1109. United States Treasury Program Management Authority.
Sec. 1110. Emergency EIDL grants.
Sec. 1111. Resources and services in languages other than English.
Sec. 1112. Subsidy for certain loan payments.
Sec. 1113. Bankruptcy.
Sec. 1114. Emergency rulemaking authority.

Potential Post-CARES Stimulus Legislation

- Likely that when immediate crisis abates, Congress will turn to measures to stimulate job growth, including infrastructure.
- House Transportation and Infrastructure Committee staff have asked Members to identify priorities for a possible future package.
- Direct government spending provides stimulus because such spending is not saved.
- Largest categories of direct government spending are: defense, health, infrastructure, public order and safety, and natural resources.

Stimulus/Infrastructure

- In early April, House Speaker Pelosi and President Trump expressed a desire to advance an infrastructure package as a means to provide economic stimulus.
- Pelosi proposed the \$760 billion infrastructure plan released by the House in January as a starting point.
- Focus on infrastructure in part due to great need: relative to GDP, infrastructure spending has declined about 20%, from 3.0% of GDP in 1960 to 2.4% in 2007.



American Recovery and Reinvestment Act of 2009



- ARRA — enacted to provide economic stimulus to address the 2008 financial crisis — provides the most recent guide to how Congress would craft a longer-term stimulus relating to COVID-19 economic impacts.
- ARRA provided \$286 billion in tax cuts and \$787 billion spending, including \$120 billion on infrastructure and science.
- Congress also passed the Troubled Assets Relief Program, a \$700 billion package to directly address the crisis in housing, banking and finance.
- The ARRA legislation moved quickly — initial proposal released on December 15, 2008 — enacted February 17, 2009.

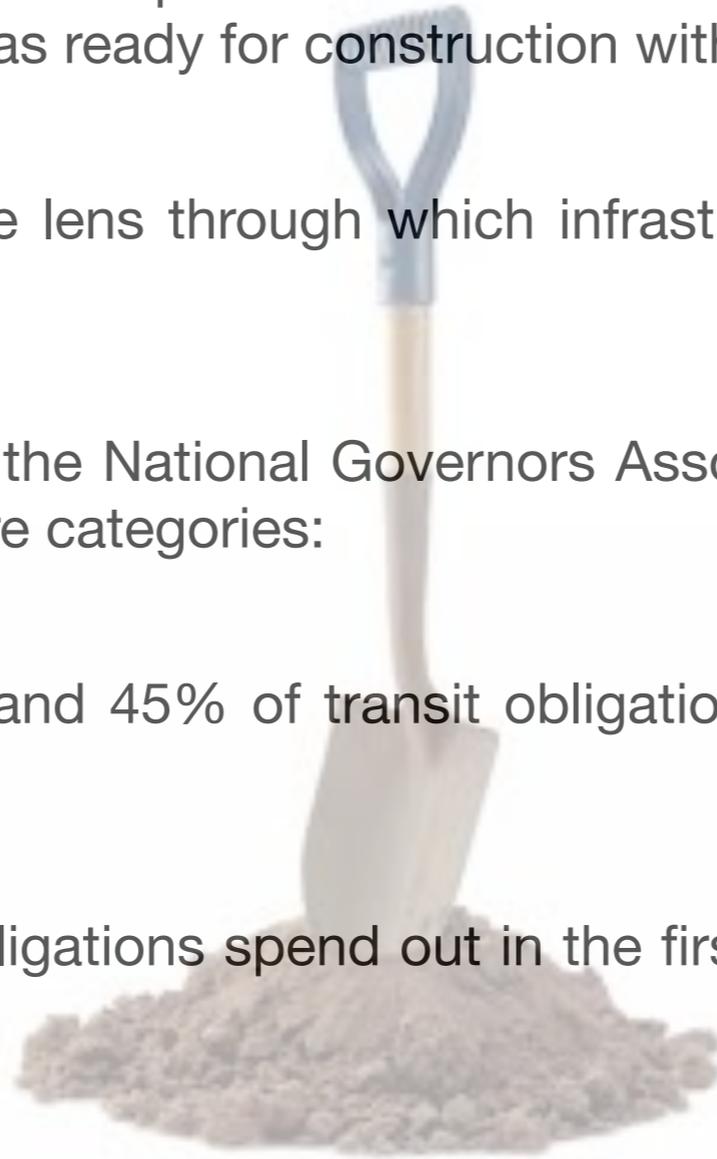
Stimulative Effect of ARRA, GDP and Jobs

- CBO recently estimated the multiplier effect of major provisions of ARRA and concluded that each dollar transferred to state and local governments for infrastructure raised GDP above what it would have been otherwise by a total of \$1 to \$2.50 over several quarters.
- In CBO's analysis, the output multiplier of infrastructure spending was the same as ARRA provisions for purchases of goods and services by the federal government, and both were greater than impacts of other ARRA provisions such as tax cuts for individuals.
- Job creation estimates for infrastructure spending typically reference Federal Highway Administration analyses which estimate that for every \$1 billion invested, 30,000 jobs are created (direct and induced).



“Shovel Ready”

- ARRA provided that stimulus funds be awarded to “shovel ready” or “ready to go” infrastructure projects that could proceed to construction and contribute to economic output quickly — described as ready for construction within 12-24 months.
- This is likely to be the same lens through which infrastructure as part of new stimulus legislation will be viewed.
- Based on CBO information, the National Governors Association has reported spend-out rates for several infrastructure categories:
 - About 68% of highway and 45% of transit obligations spend out over the first two years of a project.
 - About 19% of airport obligations spend out in the first year and another 42% in year two.
 - About 24% of drinking water and wastewater obligations are expended over two years, and 54% over three years.



Salton Sea Authority Platform Priorities

- Several SSA priorities could fit within typical parameters for the infrastructure component of a future stimulus:
 - Species Conservation Habitat — targeted for construction summer 2020
 - North Lake/Perimeter Lake
 - New River wastewater treatment
- Advocate for funding increases and policies that align with these priorities: *e.g.*, USDA Watershed Act (SCH), EPA WIFIA, Corps (North Lake), EPA Border Infrastructure (New River), Bureau of Reclamation (overall; SSMP)