



# Information Alert

*State-Federal Relations Division*

## **Congress Enacts FY 2021 Appropriations Package and COVID Stimulus**

Dec. 23, 2020

Congress passed all 12 appropriations bills for fiscal year (FY) 2021 in a single omnibus measure by a 359-53 vote in the House and 92-6 in the Senate. The \$1.4 trillion package fully funds the federal government through Sept. 30, 2021. Within the omnibus package is funding for six of the major federal agencies covered by NCSL's Natural Resources and Infrastructure (NRI) Committee: the U.S. Department of Agriculture (USDA), the Department of Energy (DOE), the Department of Interior, the Department of Transportation (DOT), the Environmental Protection Agency (EPA) and the Army Corps of Engineers (the Corps). A detailed summary of key funding provisions impacting states is below.

In addition to funding provisions, the package also included COVID-19 relief provisions as well as the Water Resources Development Act (WRDA) of 2020 and the Energy Act of 2020. A summary of the NRI-related COVID provisions is below, and a summary of WRDA and the Energy Act will be available on [NRI's Info Alert Archives](#) page shortly.

For more information on either of these topics, please contact NCSL staff [Kristen Hildreth](#) and [Ben Husch](#).

### **COVID-19 Relief**

#### **Agriculture COVID Relief Provisions**

Overall, the bill [includes](#) \$13 billion for agriculture production in new agricultural aid, including direct payments to farmers and producers, protections for food and agriculture workers, and specific support for smaller producers. Since March 2020, direct payments comprised the bulk of the farm aid, with USDA providing \$23 billion. The \$13 billion included in this bill is broken down by:

- Approximately \$5 billion for supplemental \$20 per acre payments to all row crop producers.
- \$225 million for supplemental payments to producers of specialty crops like fruits, nuts and vegetables.

- Up to \$3 billion for supplemental payments to cattle producers, contract growers of livestock and poultry, dairy farmers, and producers who were forced to euthanize livestock or poultry due to the COVID-19 crisis.
- \$1.5 billion to fund purchases of food, including seafood, for distribution to those in need, and to provide worker protection measures and retooling support for farmers and farmers markets.
- \$400 million for a Dairy Product Donation Program, modeled after the 2018 Farm Bill pilot milk donation program.
- \$60 million in grants to small meat and poultry processors.
- \$100 million for Specialty Crop Block Grants to support specialty crops.
- \$100 million for the Local Agriculture Market Program.
- \$75 million for the Farming Opportunities Training Outreach program.
- \$28 million for state agriculture departments to fund programs aimed at confronting the farmer mental health crisis and stress.

The bill also allows the agriculture secretary to provide aid to biofuel producers who have been impacted by the steep drop in gasoline consumption in 2020.

Separate from USDA provisions but included as part of the Paycheck Protection Program (PPP), the bill establishes a loan calculation for the initial round of the PPP loans for farmers and ranchers. It also allows Farm Credit System Institutions to be eligible to make loans under the Paycheck Protection Program.

### **Transportation COVID Relief Provisions**

Overall, the bill provides \$45 billion to the transportation sector.

Most important for states is the approximately \$9.8 billion directly allocated to state departments of transportation. These funds are apportioned to states based on each state's share of FAST Act obligation limitations and are required to be available to states within 30 days of bill enactment as part of the [Surface Transportation Block Grant Program \(STBGP\)](#), though now with a 100% federal share and are available until Sept. 30, 2024. Beyond STBGP eligibilities, funds are also available for preventive and routine maintenance, operations, personnel, including salaries of employee (including those employees who have been placed on administrative leave) or contractors, debt service payments, availability payments, and coverage for other revenue losses. Approximately 14% of these highway funds are suballocated only to localities with populations over 200,000. State funds can also be transferred to public tolling and ferry agencies.

Additionally, the bill includes \$15 billion in transit aid primarily destined for local governments with about \$13.3 billion for urbanized areas and \$1 billion for rural areas.

Beyond this aid, the bill also includes \$15 billion for airlines to support payrolls and \$1 billion to Amtrak, \$655 million for the Northeast Corridor and \$344 million for the national network. Further, airports will receive \$2 billion while the motorcoach, school bus and ferry industries will split \$2 billion.

## Appropriations

### U.S. Department of Agriculture

Overall, the bill provides \$23.4 billion in discretionary funding to agriculture, rural development, the Food and Drug Administration and related agencies—\$217 million more than FY 2020.

Of these funds, \$3.3 billion, \$125 million above FY 2020, are for agriculture research programs, including the Agricultural Research Service and the National Institute of Food and Agriculture. The funds are meant to help mitigate and stop crop diseases, improve food safety and water quality, increase production, develop environmentally efficient agricultural practices, and combat antimicrobial resistance. This funding also includes research investments in U.S. land-grant colleges and universities.

Additionally, the bill provides a total of almost \$3.9 billion for rural development programs. This includes \$1.45 billion for rural water and waste program loans, and more than \$620 million in water and waste grants for clean and reliable drinking water systems and sanitary waste disposal systems. The legislation provides more than \$730 million to expand broadband service, including \$635 million for the [ReConnect program](#), an increase of \$80 million over FY 2020. In addition, \$1.41 billion is provided for rental assistance for affordable rental housing for low-income families and the elderly in rural communities.

For other key agencies within the department, the Animal and Plant Health Inspection Service will also receive a little over \$1 billion, a slight increase from FY 2020, while the Food Safety and Inspection Service would receive a slight increase to a little over \$1 billion. The bill also allocates \$1.82 billion for agency farm programs, \$20 million above the FY 2020 level, while conversation programs would receive a little over \$1 billion, including \$185 million for watershed and flood protection infrastructure.

Additionally, the bill provides \$3.74 billion for fire suppression, of which \$2.35 billion is provided via the Wildfire Suppression Operations Reserve Fund to be tapped if other appropriations run out. Prior to the creation of the fund, the U.S. Forest Service and Interior Department had to borrow from their non-fire accounts once all regular appropriated funds were spent.

Notably, the bill includes provisions which extends the [hemp pilot program](#) through Jan. 1, 2022, and continues a ban on funding federal inspections of horse slaughter facilities under the Federal Meat Inspection Act.

### Department of Energy

Overall, the bill provides \$39.62 billion for DOE, \$1 billion above FY 2020. Of the funds not dedicated to the National Nuclear Security Agency, \$2.86 billion is allocated for energy efficiency and renewable energy—\$72 million over FY 2020 levels —whereas fossil energy research and development would see flat funding of \$750 million. The Advanced Research Projects Agency – Energy, which is focused on developing innovative energy technologies, would receive \$427 million, a \$2 million increase despite the president’s proposal to eliminate

the program. Additionally, nuclear energy research and development would see \$1.5 billion, a \$14 million boost over the current year. The Office of Electricity would receive \$211.7 million, an increase of \$21.7 million above the FY 2020.

Notably, funding for the [State Energy Program](#) is set at \$62.5 million and \$310 million for the [Weatherization Assistance Program](#), with a provision reauthorizing the program through 2025. DOE's environmental management activities would see \$7.58 billion, \$171 million above the FY 2020, with \$6.42 billion for cleanup associated with past nuclear weapons production and \$319 million dedicated to non-defense environmental cleanup.

In addition to funding for energy programs, the bill also includes a host of provisions extending existing energy related tax credits. Specifically, the bill extends for one year the production tax credit for [wind](#) and other renewables and an [investment tax credit](#) for solar energy projects for two years. The bill also extends tax incentives for fuel cell vehicles, biofuels and carbon sequestration.

### **Department of Interior**

Overall, the bill provides \$13.7 billion in discretionary funding for the Interior Department, \$186 million more than in FY 2020.

The bill funds the [Payment in Lieu of Taxes](#) (PILT) program at the fully authorized level of \$515 million. PILT requires the federal government to pay localities that have public lands within their boundaries to offset financial losses. Additionally, the Bureau of Reclamation is funded at \$1.67 billion, which includes \$559 million for water resources projects, including \$206 million to fund western drought programs under the [Water Infrastructure Improvements for the Nation Act](#).

The measure would provide full funding for the [Land and Water Conservation Fund](#) as required by the [Great American Outdoors Act](#). Within that \$900 million, as required by law, \$405 million is for federal land acquisitions and \$495 million is for financial assistance to states to administer grants for projects that would increase access to outdoor recreation, among other things.

Both the National Park Service (NPS) and the Bureau of Land Management (BLM) faced reductions, with NPS funded at \$3.12 billion, a decrease of \$44 million, and BLM funded at \$1.27 billion, a decrease of \$28 million from FY 2020. Within that is \$74 million for sage grouse conservation, and \$116 million for the [wild horse and burro program](#)—an increase of \$15 million from FY 2020.

The U.S. Fish and Wildlife Service is funded at \$1.58 billion, \$22 million above FY 2020, and program increases include \$72 million for [State and Tribal Wildlife Grants](#), \$4.8 million above FY 2020. Additionally, the Office of Surface Mining Reclamation and Enforcement would see \$222.6 million, including almost \$130 million in abandoned mine reclamation spending.

The bill included several policy riders, including one prohibiting listing the greater sage grouse under the [Endangered Species Act](#) and one limiting oil and gas development near Chaco Culture National Historical Park in New Mexico.

### **Department of Transportation**

Overall, the bill provides \$86.7 billion for DOT—\$553 million above FY 2020.

For highways, the bill provides \$49.1 billion for the Federal Highway Administration, \$166 million below 2020 levels. Most of the funds (\$46.4 billion) are suballocated to state and local governments as part of the federal-aid highway program and are consistent with the one-year extension of the [FAST Act](#) at FY 2020 funding levels. Outside of the federal-aid program, the bill includes \$2 billion for discretionary Highway Infrastructure Programs, \$166 million below the 2020. The bill sends \$13 billion to the Federal Transit Administration (FTA), \$47 million above FY 2020 levels. Of this, \$2 billion is appropriated for FTA's [Capital Investment Grants](#) (CIG) program, \$36 million above 2020 levels, and \$516 million for [Transit Infrastructure Grants programs](#), which received a modest \$6 million increase. Notably, the bill restores the 80% federal share for CIG grants, which the administration had lowered to 51%.

When it comes to rail, the bill includes \$2.8 billion for the Federal Railroad Administration, \$27 million above FY 2020 levels. Within this total, \$375 million is for [Consolidated Rail Infrastructure and Safety Improvements program](#), which is \$50 million above FY 2020 levels, while the [Federal-State Partnership for State of Good Repair](#) is to receive flat funding of \$200 million. Amtrak is flat funded as well, and set to receive \$2 billion, separate from the aid included in the COVID-19 stimulus package. Of that funding, \$700 million is for Northeast Corridor Grants and \$1.3 billion is for National Network Grants,

The bill includes flat funding of \$1 billion for the National Infrastructure Investments discretionary grant program ([TIGER/BUILD](#)), despite the inclusion of newly required parity between urban and rural grants, as well as cost-share waivers for grants in rural and areas with high levels of poverty.

The bill also includes the [REAL ID Modernization Act](#), which updates the 2005 law by allowing states to accept electronic presentation of identity and lawful status information as well as improving the use of electronic tools and capabilities in implementing the act's requirements. NCSL, along with the National Governors Association, [has been working with Congress](#) to enact these changes after significant feedback from states over the past few years on the lack of flexibility included in the original law.

Not directly related to appropriations but still of significant importance for states, the bill also contains a five-year reauthorization of DOT's [Pipeline and Hazardous Materials Safety Administration](#), which had lapsed in 2019. The reauthorization provides year over year increases to the agency and includes requirements for the agency to set new rules requiring pipeline operators to begin installing new technology for methane leak detection and prevention, among other methane-related provisions

### **Environmental Protection Agency**

Overall, the bill provides \$9.2 billion for EPA, \$180 million more than FY 2020.

Breaking down the overall figure, \$4.31 billion was provided for [State and Local Tribal Assistance Grants](#), a \$68 million increase. The Clean Water and Drinking Water State Revolving

Funds are funded at \$2.77 billion, with \$1.64 billion for the [Clean Water State Revolving Fund](#) and \$1.13 billion for the [Drinking State Revolving Fund](#), equal to FY 2020. Additionally, the bill provides \$65 million to fund the [Water Infrastructure Finance Act](#) program—a \$5 million increase from FY 2020, which is anticipated to support the lending of more than \$12.5 billion. Similar to FY 2020, the bill provides \$26.5 million for lead contamination testing at schools and child care centers, and \$26.6 million for lead reduction projects in rural areas—a \$6.6 million increase from FY 2020. The bill also includes \$21.5 million for water projects to bring communities in compliance with the [Safe Drinking Water Act](#). Funding for scientific and regulatory work and cleanup assistance for per- and polyfluoroalkyl substances (PFAS) was increased by \$10 million from FY 2020 to \$53 million.

Various other infrastructure programs also received increases in FY 2020, including an additional \$2 million for [Brownfields](#) projects, to \$91 million, and a \$21 million increase for [Superfund](#), to \$1.21 billion.

The bill also reauthorizes the [Diesel Emissions Reduction Act](#), which offers grants to replace or retool older diesel-powered vehicles and other equipment with cleaner-burning models, and allocates \$90 million, an increase of \$3 million from FY 2020. [Targeted Airshed Grants](#) would receive an increase from \$56.3 million to \$59 million for the same period, while funding for state and local air quality management grants would remain flat at \$229.5 million.

Geographic programs such as the [Great Lakes](#), [Chesapeake Bay](#) and the [Long Island Sound](#) received \$542 million—\$32 million above the FY 2020, and \$211 above the president's request.

Additionally, environmental justice programs—a top priority for the incoming Biden administration—received a \$2.3 million increase to \$12.5 million.

A number of policy riders are included, such as one prohibiting the use of funds to implement provisions that require the mandatory reporting of methane emissions from animal manure and one prohibiting the use of funds to regulate the lead content of ammunition or fishing tackle.

### **Army Corps of Engineers**

The bill funds the Corps with a record level of funding at \$7.8 billion, \$145 million over FY 2020. Of this total, \$2.69 billion is for construction, an increase of \$11.6 million above FY 2020, while operations and maintenance is funded at \$3.85 billion, an increase of \$59.7 million. The [Harbor Maintenance Trust Fund](#) will receive \$1.68 billion, an increase of \$50 million but only 92% of estimated revenues. Also of note, the Water Infrastructure Finance and Innovation Program is funded for the first time for the Corps at \$14.2 million. It is anticipated to guarantee \$1 billion in loans.

### **Other**

The [Low Income Home Energy Assistance Program](#) was funded at \$3.75 billion, \$10 million over FY 2020. The bill also allocated \$638 million to carry out a new Low-Income Household Drinking Water and Wastewater Emergency Assistance Program. The program will make grants to states and tribes, which would then distribute the funds to drinking water and wastewater

utilities. The provision directs the Department of Health and Human Services to target the funding to "low-income households, particularly those with the lowest incomes, that pay a high proportion of household income for drinking water and wastewater services."