



NCSL

Natural Resources and
Infrastructure Committee



NATIONAL CONFERENCE of STATE LEGISLATURES

Fiscal Year 2016 President's Budget Request

Natural Resources and Infrastructure Committee Overview

On Feb. 2, 2015, President Barack Obama unveiled his budget request to fund the federal government for Fiscal Year (FY) 2016, totaling over \$4 trillion. The president's budget release marks the beginning of the FY 2016 budget process. The House and Senate will work to release a budget proposal of their own this spring.

The president's request includes overall increases to the budgets of the U.S. Department of Agriculture (USDA), the U.S. Environmental Protection Agency (EPA), the Department of Energy (DOE), the Department of Interior (DOI) and the Department of Transportation (DOT) from FY 2015. NCSL's NRI committee staff has compiled an overview of key issues that are relevant to the states within each agency's proposed budget.

Agriculture

Overall, the president's FY 2016 budget would provide \$131 million in mandatory spending, along with **\$23.5 billion in discretionary**, a slight drop from the \$23.8 billion enacted for FY 2015. These funds are focused on investments in rural communities: beginning farmers and ranchers, nutrition assistance for vulnerable populations, agricultural research in key areas such as climate resilience and pollinator health and forest health.

New and Beginning Farmers

The budget proposes \$6.4 billion for direct and guaranteed farm ownership and operating loans of which a significant portion would be targeted to new, beginning and socially disadvantaged farmers and ranchers. The budget also includes about \$4 million to support increased outreach for new and beginning farmers and ranchers.

Pollinator Health

The budget proposes \$79 million in funding to help further understand and address the decline in honeybee health. These funds would be aimed at increasing pollinators' access to healthy lands through the Environmental Quality Incentives Program as well as increasing the acreage enrolled in Conservation Reserve Program pollinator initiatives, while also implementing pollinator-friendly habitats at USDA facilities.

Climate Resilience

The budget includes \$200 million in funding for the Watershed and Flood Preventions Operations (WFPO) to help communities create more resilient infrastructure and natural watershed systems.

Crop Insurance

It also includes two proposals to reform crop insurance. The first proposal would reduce the subsidy for the premium on harvest price protection revenue insurance and the second would tighten rules on prevented planting crop insurance that are estimated to save \$16 billion over 10 years.

Energy Programs

The budget proposes providing \$6 billion in loans to rural electric cooperatives and utilities aimed at supporting the transition to clean-energy generation and increased energy efficiency. In addition, \$81 million is proposed for the Rural Energy for America Program along with \$50 million in loan guarantees to support the retail sales of biofuels.

Food Safety

The budget proposed merging the USDA's Food Safety and Inspection Service (FSIS) and the Food and Drug Administration (FDA) along with other agencies, to create a single agency within the Health and Human Services Department (HHS). HHS was chosen for the location as FDA is responsible for 80 percent of food products while USDA's responsibility for meat, poultry and egg products amounts to only 20 percent. Additionally, the budget proposed \$4.9 billion in FY 2016 to implement the Food Safety Modernization Act including a new [\\$109 million grant directed at](#) strengthen the role of states in ensuring the safety of the nation's food supply.

Energy

Overall [DOE's budget](#) was increased to \$29.9 billion, \$2.5 billion more than FY 2015. The budget includes \$5.8 billion to invest in nuclear waste cleanup through its Environmental Management program, \$43 million below FY 2015, and \$560 million for Fossil Energy Research and Development to work on carbon capture and storage technologies, on par with last year.

Clean Energy

The president requested \$7.4 billion for "clean energy technology" research and development, which would be dedicated across various federal agencies, not just DOE. This includes renewable energy development and disaster preparedness proposals as well as working with the Department of Defense for various clean energy applications.

DOE's budget included \$5 billion in "all-of-the-above" research and development for energy efficiency, solar, and other renewable energy, grid modernization, nuclear safety, and advanced coal and natural gas technologies.

State Energy Program

DOE requested \$70 million for its [State Energy Program](#), a 40 percent increase from FY 2015. The State Energy Program provides funding and technical assistance to state energy offices for advancements in clean energy economy and to help them contribute to national energy goals.

Low Income Home Energy Assistance Program (LIHEAP)

The president proposed \$3.39 billion for [LIHEAP](#), the same amount as FY 2015. LIHEAP assists low-income families with managing the costs associated with home energy bills and energy related weatherization repairs.

Environment

Overall, the president's budget request for the [Environmental Protection Agency](#) (EPA) rose slightly to \$8.6 billion, a \$452 million increase from FY 2015. A significant portion of the agency's FY 2016 budget request focused on helping states meet requirements for greenhouse gas emission reduction.

Clean Power State Incentive Fund

Within the president's budget was a request for \$4 billion to support a new "Clean Power State Incentive Fund" aimed at encouraging states to decrease their greenhouse gas emissions. Money in the fund would be disbursed to states that achieve early emission reduction targets or exceed their emission goals under the [Clean Power Plan](#). States would be able to use the incentive fund to invest in different activities that "complement and advance the Clean Power Plan" such as supporting private sector energy efficiency measures and controlling pollution in low-income communities. This fund would be administered by EPA but does not come out of EPA's budget and, as proposed, would not be subject to sequestration.

Climate Initiatives

The president's budget also includes \$239 million to support the administration's climate agenda and a separate \$25 million to help states comply with the proposed greenhouse gas emissions rules for power plants. Additionally, the budget requests hiring 25 new employees in EPA's regional offices that will specifically be tasked with clearing the backlog of submitted state plans to meet Clean Air Act standards.

State Revolving Funds

The Clean Water State Revolving Fund, aimed at assisting states and communities with clean water and waste water treatment projects, saw a proposed reduction of 23 percent from FY 2015 to \$1.1 billion from \$1.4 billion. The Drinking Water State Revolving Fund fared slightly better, receiving an increase from FY 2015, to a little over \$1 billion. NCSL has long been a proponent of the federal government providing necessary funding for these programs.

State and Tribal Assistance Grants (STAG)

For FY 2016 the president requested an overall increase of \$108 million for State and Tribal Assistance Categorical Grants (STAG) from FY 2015. The STAG account provides grant funds to assist state and tribal governments with the operation of environmental programs.

Safe Chemicals

In response to recent chemical spills and explosions, the budget proposes \$27.8 million (\$12 million above FY 2015 levels) for the State and Local Prevention and Preparedness program. This program is a partnership with the federal government that works to improve the safety and security of chemical facilities and reduce the risks of hazardous chemicals to workers and communities.

Superfund Cleanup

The president's budget proposed \$539.6 million, an increase of \$34 million from FY 2015, for the Superfund Remedial program, which supports states, tribes and local communities in their efforts to

assess and cleanup superfund sites. Similarly, the Brownfields grant program was increased by \$30 million from FY 2015, to a total of \$189 million.

Interior

Overall, the president requested \$13.2 billion for the [Department of Interior](#), an increase of \$959 million from last year's approved budget. Specifically, this year's budget request focused more on the Department of Interior's renewable energy development and permitting programs.

Climate Resilience

The budget request proposes specific investments in climate resilience and preparedness efforts for national flood, coastal, wildland fire, and drought resilience programs. Additionally, as has been proposed in previous budget requests, the president is calling for a shift in how the federal government funds wildfire management that would provide more stability of funding for wildfire suppression. Specifically, 70 percent of the 10-year suppression average is requested within discretionary budget caps, and the remaining suppression funding is provided in the requested budget cap adjustment that would not increase overall discretionary funding.

Tax Credits

The president proposed a permanent extension for both the wind and solar production tax credits, while reducing and repealing certain tax credits for the fossil fuel industry. Specifically, the proposal would repeal a credit for low-producing marginal wells, and an allowable expense for intangible drilling costs, amongst other credits. The budget projects the total repeals and reductions would raise around \$43 billion from 2016-2025.

Public Land and Recreation

The Land and Water Conservation Fund (LWCF) would receive \$900 million in both discretionary and mandatory funding, with full dedicated funding proposed to begin in 2017. The LWCF provides grants to states for recreation and conservation projects on non-federal lands, as well as conserving federal lands for sportsmen's access and general land conservation programs.

The budget also requests Congress to provide full mandatory funding for the LWCF and a one-year mandatory funding extension for the Payments in Lieu of Taxes (PILT) program.

Fossil Fuel Development and Royalties

The Bureau of Ocean Energy Management (BOEM) would receive \$170.9 million to manage the nation's offshore energy resources. A new [proposal](#) within the budget would seek to reallocate future revenues from offshore drilling royalties from Gulf Coast states to be used for broader national conservation programs. The proposal is estimated by DOI to raise \$3 billion within the next ten years.

The president proposed increased inspections and oversight by the Bureau of Land Management on oil and gas production activities and royalty collections.

POWER + Plan

A new program within the Office of Surface Mining Reclamation and Enforcement (OSM) would provide to states and tribal groups \$1 billion over five years to increase the cleanup of unused mines and boost employment. The funds would come from accelerating payments from unappropriated balances in the Abandoned Mine Land Fund.

The POWER+ Plan would also create \$2 billion in new tax credits for carbon capture and sequestration by providing \$50 per metric ton of CO2 permanently stored and \$10 per metric ton of CO2 that is stored and reused for enhanced oil recovery.

National Parks

To mark the 100 year anniversary of the U.S. National Parks Service, the 2016 budget requests [\\$3 billion for the National Parks](#), an increase of \$433 million. Within the request, the president notes that the centennial celebration is projected to bring many more visitors to the national parks, and the increased funding will go to prepare the parks for such an influx and keep the parks persevered, clean and safe for visitors.

Transportation

The president's FY 2016 budget would provide a total of \$94.7 billion in discretionary and mandatory funding for the [Department of Transportation](#) in 2016. This includes funding for a six-year, \$478 billion surface transportation program reauthorization, which would represent an increase, in annual terms, from \$50 billion to nearly \$80 billion. Full funding for a reauthorization is achieved by combining current funding from the Highway Trust Fund with \$238 billion in additional revenue based on the enactment of a one-time transition charge of 14 percent on untaxed foreign earnings. See further details below:

Highways

The budget proposes \$51.3 billion, an increase of \$10 billion to the [Federal Highway Administration](#) (FHWA), representing an approximate increase of 25 percent from FY 2015. This includes:

- \$22.3 billion for the National Highway Performance Program
- \$10.3 billion for the Surface Transportation Program
- \$2.6 billion for the Highway Safety Improvement Program
- \$2.3 billion for the Congestion Mitigation and Air Quality Improvement Program
- \$847 million for the Transportation Alternatives Program

Transit

The budget provides for an increase of over \$7 billion to \$18 billion, in [transit funding](#) for FY 2016, which over the course of the six-year reauthorization, increases average annual transit spending levels by more than 75 percent over FY 2015. This includes \$500 million for a new Bus Rapid Transit discretionary grant program. For a list of projects that budget would provide funds for click [here](#).

Highway Safety

Grants to States from the [National Highway Traffic Safety Administration](#) (NHTSA) would increase to \$577 million from \$562 million in FY 2015. These grants provide funding for states that address issues such as distracted driving and graduated drivers licenses.

Motor Carrier Safety

[Grants](#) to states would be \$339 million, with \$284 million for the Safety Assistance Program, \$34 million for the Commercial Driver's License Program and \$20 million for a new Innovative Technology Deployment Program.

Transportation Investment Generating Economic Recovery (TIGER)

The budget request permanently authorizes the competitive [TIGER Grant program](#) while providing \$1.25 billion per year as part of the six-year reauthorization. Such a funding level would more than double the current \$500 million provided in FY 2015. The TIGER program funds projects, on a competitive basis, which build and repair critical pieces of freight and passenger transportation networks.

Transportation Infrastructure Finance and Innovation Act (TIFIA)

The budget request maintains current funding for the [TIFIA loan program](#) at \$1 billion per year. TIFIA provides federal credit assistance in the form of direct loans, loan guarantees, and standby lines of credit to finance surface transportation projects of national and regional significance.

Multi-Modal Freight Program (MFIP)

The budget proposes a new six-year \$18 billion, (\$1.0 billion in FY 2016), multimodal freight program that will improve goods movement and advance export and economic development opportunities in the United States. The MFIP includes a discretionary grant program (National Freight Infrastructure Program) and an incentive grant program (Multimodal Freight Incentive Grants) based on distributions to states that account for state freight infrastructure and activity. Funding for the program is \$1 billion beginning in FY 2016, growing at \$1 billion per year before stabilizing at \$4 billion in FY 2018.

Critical Immediate Safety Investments Program (CISIP)

The budget provides \$7.5 billion for the new CISIP that will focus on a number of safety investments including reconstruction, restoration, rehabilitation and preservation of existing highway assets while aiming to reduce the number of structurally deficient highway bridges. Total funding for the program would be \$29.4 billion over six years.

Fixing and Accelerating Surface Transportation (FAST)

The president's budget request creates the FAST program that would provide \$3 billion over six years, \$500 million per year, in competitive grants for state and local governments to improve strategic transportation investment decision-making, further incorporate performance management into project selection, and encourage other reforms to improve strategic transportation outcomes.

Interagency Infrastructure Permitting Improvement Center

DOT's budget provides funding to both speed up the efficiency of federal infrastructure project reviews and make project schedules and other metrics publicly available.

Army Corp of Engineers

The budget proposes [funding the agency](#) with \$4.7 billion, considerably below the \$5.5 billion appropriated for FY 2015. The agency's construction budget is proposed to be \$1.2 billion, 29 percent below FY 2015. Additionally, the Mississippi River and Tributaries system of projects would receive \$225 million, a decrease from the \$302 million provided for FY 2015. The budget proposes only \$915 million in funding from the Harbor Maintenance Trust Fund, well below what Congress authorized last year.

Federal Railroad Administration (FRA)

The president's FY 2016 budget, as it did in FY 2015, proposes that [rail programs](#) be consolidated into a restructured Transportation Trust Fund. Specifically, the proposal would provide \$2.3 billion for the Rail Service Improvement Program, which is aimed at expanding and improving the rail networks throughout the United States. This includes \$825 million for the implementation of Positive Train Control (PTC) on commuter railroads. Grants to the Passenger Rail Service Program, better known as Amtrak, would see a

significant increase to \$2.5 billion. Of this funding, \$550 million would be for Northeast Corridor improvements and \$225 million for state-supported corridor investments. The budget would provide \$475 million for Amtrak rail improvements, debt payments, and the costs of equipping their trains with PTC while \$850 million would be made available for Amtrak long-distance routes.

Federal Aviation Administration (FAA)

The FAA would receive an increase of \$165 million compared to FY 2015. The most important item for states related to the FAA are grants-in-aid for airports, which the budget proposes to reduce to \$2.9 billion from the \$3.4 billion provided in FY 2015. This reduction would then focus these grants to support smaller commercial and general aviation airports that do not have access to additional revenue or other outside sources of capital. However, the budget notes that this reduction is offset in part by proposing to allow all commercial service airports to increase the non-Federal Passenger Facility Charge (PFC) from \$4.50 to \$8.00. NCSL recently approved policy supporting an increase of the PFC.

Improved Financing

The budget proposes the creation of two new types of infrastructure bonds, the America Fast Forward Bond (AFFB) and the Qualified Public Infrastructure Bond (QPIBs). The AFFB would provide a subsidy to the bond holder similar to the Build America Bonds program included in the Recovery Act. The QPIBs would be a tax-exempt bond that would not apply to the alternative minimum tax and would not have a cap limiting issuance. Additionally, the project that is issued would have to be owned by a state or local government and be in the public interest. The budget also proposes to increase the cap on private activity bonds from \$15 billion to \$19 billion.

For any additional questions or concerns please contact NCSL staff [Ben Husch](#) (202-624-7779) or [Melanie Condon](#) (202-624-3597).