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2024 FUNDING BILLS COMPLETE – NOW ON TO FY25

Congress showed once again that it simply cannot pass a budget on time. The last half of the dozen appropriations bills got signed into law almost 5 months late. That's not a record, but it does reflect the fact that in the last 48 years, only three times has Congress been able to get all appropriations bills enacted by the start of the fiscal year. When that happens, Congress has to pass temporary funding measures that generally keep agencies funded at the previous year's levels. This year, Congress came up with a novel way to manage its mismanagement. It broke the 12 separate bills that fund various agencies into two packages and gave them different expiration dates. Ironically, Congress had previously agreed on a top-line spending level for all agencies, which is usually the stumbling block.

Without going back over the messy details of the political infighting that caused the delays, the fact is that government agencies functioned nearly half a fiscal year on the previous year's budget which reflected the prior year's programs and priorities for each agency. By the time they finished with the second batch of bills, the President had already proposed his budget recommendations for the next fiscal year (see the following story), giving the appropriations committees less time than usual to examine his recommendations and decide which ones get plussed-up and which will be reduced.

At any level of government, the failure to come even close to passing an on-time budget makes proper management of government very difficult. As one [source](#) said, "Where funding levels are unstable, waste and abuse are likely to follow." Now the question is, will Congress be able to pass the next budget by the end of this calendar year? Since this Congress ends on January 3, 2025, and a new presidential administration starts January 20th, a repeat of what happened this year is nothing short of a calamity.

FY25 PRESIDENT'S BUDGET PROPOSAL

The next round of budget fury begins, following the release of the President's Budget (PBUD) for FY25, which includes his requests for the United States Corps of Engineers (USACE), the National Oceanic and Atmospheric Administration (NOAA), and the Federal Emergency Management Agency (FEMA), and all other federal agencies.

Shore Protection Funding: The PBUD requests \$7.2 billion for the [Army Corps of Engineers](#) in FY25. That compares to the \$8.6 billion Congress appropriated for the current fiscal year. Historically, the PBUD comes up short regarding proposed spending levels but rest assured that Congress will significantly increase funding. For context, the FY25 PBUD for Shore Protection requested \$32.680 million compared to the \$150.5 million Congress finally appropriated for FY24.

Renewable Energy: President Biden has been steadfast in his resolve to reduce the carbon footprint through renewable energy sources and the administration has touted offshore wind as a benchmark of progress. The Budget proposed provides \$53 million to [expand offshore wind permitting](#) activities at NOAA, a roughly 12% reduction from the FY24 request. President Biden's budget also requests \$4.5 billion for climate research and advancements across multiple agencies including NOAA, NASA and the NSF.

Emergencies & Disasters: The proposed budget also includes \$3.2 billion for the Federal Emergency Management Agency (FEMA). These grants will support prevention, protection, and mitigation efforts in response to natural disasters. Additionally, \$531 million has been slated for flood hazard mapping, including the development of new data to support future flood conditions so that communities and Americans have the most up-to-date information regarding their flood risk — a 6% increase over FY24's budget proposal.

The House and the Senate will have their work cut out for them in the coming months to increase the PBUD to proper levels for FY25. In their rearview mirror, is the painstakingly long and convoluted appropriations process of FY24.

PROPERTY INSURANCE

Home insurance rates are on the rise with an expected 6 percent increase nationwide this year on top of a 20 percent increase over the past 3 years. The bad news comes from a [report](#) by Insurify that also contains a map showing which states have registered the highest increased premiums.

Only half are coastal states since wildfires and riverine floods have increased rates for many non-coastal states. Florida, Louisiana, and Oklahoma registered the highest homeowner rates in the nation, followed by Texas, Mississippi, and Colorado. Many homeowners are experiencing higher flood insurance rates as the NFIP's Risk Rating 2.0 begins to take effect.

The new rates are supposed to accurately reflect each individual property's risk of flooding including the impact of climate change. Ten state attorneys general had sued to stop the new rates from taking effect. Without dismissing the suit, a federal judge urged the parties to try to settle out of court, a prospect that appears dim.

OFFSHORE WIND TAX CREDITS

The US Treasury continues to update its tax credit guidance to accommodate the struggling offshore wind industry, which can't find financial footing amidst macroeconomic headwinds. *Remember*, years ago offshore wind was on its way to being affordable and cost competitive with conventional sources. The Treasury, as well as several pro-wind lawmakers, are doing everything in their power (read: scrambling) to make offshore wind projects happen, no matter what the consequences are for ratepayers.

In November, the Treasury Department expanded eligibility of offshore wind developers to access the Section 48 investment tax credit, which allows developers to receive credit for power conditioning and transfer equipment, such as port infrastructure, power substations, and undersea cables.

In March, the Treasury further refined the implementation of the IRA energy community (EC) tax credit. This adjustment aimed to broaden the scope of onshore locations that developers can designate as their "community," now extending to include ports. Under the new guidance, developers are able to get up to a 10% credit for building land-based power conditioning equipment for offshore wind in "energy communities."

Offshore wind developers have very little, if any, taxable profits. So, to make themselves more profitable, developers must earn these credits and then resell them for profit. Tax credits (your tax dollars) are most often sold to banks or private equity investors (with high taxes) to write down their tax liability. It's a game that only those with billions can play. You and I get to watch on the sidelines and make monthly donations in the form of higher electricity bills.

CA LANDSLIDES

The Pacific Coast has been devastated by landslides this season, brought on by severe weather patterns stemming from El Niño. As a result, California has been affected many times throughout the season. Because of the state's geology, various regions dotting the 840-mile coastline are prone to these powerful and destructive natural disasters. Heavy rains this season have exacerbated erosion plagued regions of the California coastline. San Clemente, in Orange County, has felt the devastating impacts after recent collapses compromised both property and infrastructure. This takes a toll on the community and the resources of these localities – often, they find themselves on the hook financially for repairs.

So, what are our elected leaders doing to address these issues? To start, Senators Murkowski [R-AK] and Cantwell [D-WA] have introduced the [National Landslide Preparedness Act Reauthorization of 2024 \(S.3788\)](#), this legislation reauthorizes the program for an additional 10 years (through 2034). This bill also provides funding for previously [authorized programs](#) including: the United States Geological Survey (USGS) Hazards Reduction Program which includes the creation of a national strategy, a national landslide hazards database, and a debris flow early warning system. The measure also created the Interagency Coordinating Committee on Landslide Hazards, a federal Advisory Committee on Landslides, and two grant programs. So far, the bill hasn't received a committee hearing.

COASTAL BILLS

We're tracking 224 legislative proposals that impact coastal communities. You can see their latest status [here](#). The House is scheduled to take up H.R. [524](#) – a bill to amend the Coastal Barrier Resources Act. Introduced by Representative David Rouzer [NC-07] this legislation amends Section 6 of the Coastal Barrier Resources Act (CBRA) by allowing exemptions within CBRA designated borrowing sites.

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