



## GOVERNMENT RELATIONS UPDATE

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*PA- Section, American Water Works Association  
National Association of Water Companies  
Water Works Operators' Association of Pennsylvania*

### PA Agriculture Secretary Expresses Concern over Proposed USDA Cuts

*\$4.7 billion in proposed cuts target rural communities, vulnerable citizens, and other vital services*

The Trump administration's proposed 21 percent cut to the U.S. Department of Agriculture could be devastating to Pennsylvania's agriculture industry and rural communities, according to state Agriculture Secretary Russell Redding. The cuts, he said, could affect everything from the safety of community water systems and the prospects for economic growth in rural communities to funding for important agricultural research projects.

"While there is still a great deal of detail that is unknown, what has been reported thus far is alarming," said Secretary Redding. "The programs targeted for cuts or elimination in the President's budget proposal may be considered 'discretionary' in Washington parlance, but the work those programs support on the ground in communities across Pennsylvania and the country are vitally important. This is not the way to put 'America first.' If anything, it puts our rural communities and some

of our most vulnerable neighbors at a tremendous disadvantage and represents a threat to their livelihood."

According to a blueprint document from the federal Office of Management and Budget, USDA is targeted for \$4.7 billion in cuts under President Trump's 2018 funding proposal. The cuts would impact USDA Rural Development; the Special Supplemental Nutrition Program for Women, Infants and Children; the National Forest System; and the Agricultural Research Service, among other programs and agencies.

For example, the president's proposal seeks almost \$500 million in cuts from the Water and Wastewater loan and grant program. The program is the federal government's only dedicated resource for financing water and sewer programs in communities of fewer than 10,000 people. In 2016, the program supported 16 projects across Pennsylvania totaling nearly \$55 million.

"At a time when we're trying to bring new focus to restoring water quality in Pennsylvania, the cuts to the water and sewer grant and loan program undermines the work we've done," said Redding. "For small and poor communities, this program has been invaluable to rebuilding the water infrastructure that families and businesses depend

on. Many of our rural communities could not afford clean water without this program."

The program is administered by USDA Rural Development. The agency's Rural Business and Cooperative Service, which supported 73 projects in Pennsylvania last year to the tune of \$30 million, would be cut by \$95 million under the president's budget.

Funding for WIC, which helps to provide nutrition and health services to low-income women, expecting mothers, and children, is facing a \$200 million cut - roughly equal to what Pennsylvania received through the program in 2016. Based on USDA figures from 2014, there are more than 275,000 infants and children, alone, in Pennsylvania who are eligible for the program.

"USDA has been a vital partner of the commonwealth, but this budget threatens key mission areas of the department, and that could have harmful consequences to us here in Pennsylvania and to our citizens," said Redding. "We intend to work with our congressional delegation and others to underscore the importance of these investments in our state so that we can continue to grow our agricultural economy and our rural communities."

**Source:** PA Department of Agriculture, 3/21/2017

## Senate Approves Senator Laughlin's Lobbyist Disclosure Bill

**O**n March 22, 2017, the Senate approved government reform legislation introduced by Senator Dan Laughlin (R-Erie) that would provide improved transparency regarding lobbyist disclosure reports.

[Senate Bill 169](#) (Laughlin-R) would require lobbyists to register and file reports electronically through a computerized system developed by the Pennsylvania Department of State. Currently, lobbyists may register and file reports on paper forms, which in some cases has delayed the posting of the information on the department's website.

SB 169 requires the department to post on its website all lobbying registration and reporting documents it receives within seven days. The measure also bars lobbyists from charging a contingency fee for grants awarded to their clients.

"This legislation would improve the public disclosure standards in Harrisburg," Senator Laughlin said. "The people have a right to know who is lobbying, what they are spending to impact public policy, and the issues at which those lobbying efforts are being directed. Timely internet publication of all lobbying documents is an important part of improving transparency in state government. This is good policy and a necessary step to maintain the public's confidence in the decisions made by state lawmakers."

SB 169 now goes to the House of Representatives for consideration.

**Source:** Senator Laughlin Press Release, 3/22/2017

## Governor Wolf Releases Report and Plans for Enhancing Petrochemicals, Plastics Manufacturing in Pennsylvania

**O**n March 21, 2017, Governor Tom Wolf and the Team Pennsylvania Foundation released the report from a comprehensive study conducted by [HIS Markit](#). The study, Prospects to Enhance Pennsylvania's Opportunities in Petrochemical Manufacturing, forecasts \$2.7 to 3.7 billion in investments in natural gas liquid (NGL) assets as well as the opportunity to attract additional cracker plants, and petrochemical and plastics manufacturing.

"Pennsylvania has a once-in-a-generation opportunity to develop and implement a strategy that will cultivate a manufacturing renaissance and transform our economy across the Commonwealth," said Governor Wolf. "The foundation for building a diverse and robust petrochemical and plastics industry was initiated with the decision by Shell Chemicals to invest in Pennsylvania - and we must

ensure that we make the most of this chance to create good paying jobs for Pennsylvanians."

According to the study, natural gas from the Marcellus and Utica Shale reserves accounted for a quarter of all natural gas produced in the U.S. in 2015, and is expected to account for more than 40 percent by 2030. Additionally, 40 percent of the natural gas produced is rich in natural gas liquids, or NGLs, more than 70 percent of which is ethane and propane. Ethane and propane are two important and high-value NGLs used in basic petrochemical production and plastics manufacturing.

Pennsylvania has a significant base of existing plastics manufacturers as potential customers which IHS noted will benefit from significant reductions in feedstock costs because of their close proximity to these resources.

"The prospect that the Marcellus and Utica Shale plays can support up to four additional ethane crackers beyond Shell Pennsylvania Chemicals is an exciting opportunity for the commonwealth, as is the IHS forecast that a coordinated strategy has the potential to leverage up to \$3.7 billion in investment into NGL assets alone for gas processing facilities, NGL pipelines and storage facilities," said DCED Secretary Dennis Davin. "The study is a roadmap that will help us jump start our strategy to attract that investment."

Davin noted the following key priorities: proactively engaging stakeholders to bring the right decision-makers and resources to the table; attracting additional infrastructure investments and petrochemical and plastics manufacturers, as well as retaining and growing Pennsylvania's existing industry; developing pad-ready sites throughout the state to encourage investment opportunities; streamlining the development timeline and addressing potential critical infrastructure bottlenecks; and training a workforce with the right skill sets to fill future jobs created by the industry.

"The Team Pennsylvania Foundation and our board sponsored the IHS Markit study in partnership with DCED to help Pennsylvania maximize the in-state economic benefits of our natural gas resources by generating new, high-paying manufacturing jobs; attracting investment;

growing the supply chain and output in the plastics sector; and generating state and local revenue," said Ryan C. Unger, CEO of the Team Pennsylvania Foundation. "We look forward to participating in the strategic planning process as part of a cross-agency and multi-stakeholder effort to ensure that our natural resources are utilized to create jobs right here in Pennsylvania."

In addition to Pennsylvania's abundant supply of low-cost natural gas and NGL resources, the study also cited that Pennsylvania's other competitive advantages - including location and close proximity to customers, existing plastics manufacturing base, robust transportation infrastructure and experience with Shell - position Pennsylvania to successfully advance this economic opportunity.

IHS Markit (Nasdaq: INFO) is a world leader in critical information, analytics and solutions for the major industries and markets that drive economies worldwide. The company delivers next-generation information, analytics and solutions to customers in business, finance and government, improving their operational efficiency and providing deep insights that lead to well-informed, confident decisions. IHS Markit has more than 50,000 key business and government customers, including 85 percent of the Fortune Global 500 and the world's leading financial institutions.

For a copy of the IHS report and executive summary visit the [Team Pennsylvania Foundation](#), and for more information on Pennsylvania's natural gas industry and the [Shell project](#) visit DCED's website at [www.dced.pa.gov](http://www.dced.pa.gov).

Source: Governor Wolf's Press Office, 3/21/2017

## **Chesapeake Bay Senators Urge Appropriators to Reject President Trump's Dangerous Cuts to Bay Funding**

**U**.S. Senators representing the Chesapeake Bay Watershed blasted President Trump's budget released Thursday that would zero

out funding for the Environmental Protection Agency's Chesapeake Bay Program and severely cut funding for other core programs to maintain and restore the health of the Bay, which is an economic lifeline for the region. Led by Senator Ben Cardin (D-Md.), **Bob Casey, Jr. (D-Pa.)**, Senators Tom Carper (D-Del.), Mark Warner (D-Va.), Kirsten Gillibrand (D-N.Y.), Joe Manchin (D-W.V.), Chris Coons (both D-Del.), Tim Kaine (D-Va.) and Chris Van Hollen (D-Md.) joined together as a regional delegation to immediately urge appropriators to reject the shortsighted and dangerous cuts put forward by President Trump. Their letter can be found [here](#) and is in full below.

"At a time when Chesapeake Bay health is finally showing signs of improvement, this Administration ought to be doubling down on efforts to reduce pollution, not drastically cutting back," **said Senator Casey**. "I will continue to fight for additional resources to help Pennsylvania and all Chesapeake Bay states meet their cleanup obligations."

"President Trump's budget cannot be taken seriously. He claims to want to help strengthen our economy and create jobs while simultaneously wanting to eliminate critical federal investments that allow Chesapeake Bay states like Maryland to prosper," said Senator Cardin. "The president needs to understand that a healthy Bay means a healthy economy and this cannot be accomplished without a strong federal partner. Less pollution means more oysters and crabs, healthier farmland, more boats and tourism on the water, and more jobs. As a region, we are urging appropriators to quickly reject the president's budget before the absurdity of his proposed cuts causes ripples of uncertainty and fear across the entire Chesapeake Bay watershed economy."

"Thousands of Delawareans and millions across our region depend on a clean and healthy Chesapeake Bay. Slashing the funding that allows the EPA to maintain this environmental and economic resource is short-sighted and irresponsible," said Senator Carper. "It's critical that we keep fighting to protect the Chesapeake Bay so that our children and grandchildren can enjoy it the same way we have for generations."

"The President's budget proposal to entirely eliminate funding for the Chesapeake Bay cleanup effort is incredibly short-sighted. The Chesapeake Bay is an essential economic engine in this region, supporting thousands of jobs in the fishery and tourism industries and generating millions in revenue each year," Senator Warner said. "Since the implementation of the Chesapeake Bay Program in 1983, we've seen tremendous improvements in the health of the Bay. I strongly urge congressional appropriators to reject the President's request, and look forward to working with the entire regional delegation to Congress to ensure we don't endanger the years of progress that have been made in restoring the health of the Chesapeake Bay."

"Cutting the programs that protect our clean water won't create good-paying jobs, it won't raise wages for workers in the region, and it certainly won't make anyone healthier," said Senator Gillibrand. "Congress should reject President Trump's irresponsible budget proposal and instead fight for funding that protects the health, safety, and economic wellbeing of all Americans."

"As I have said, I haven't met a West Virginian that doesn't want clean air to breathe and clean water to drink," Senator Manchin said. "The Chesapeake Bay is an invaluable body of water that does wonders for our ecosystem. I am proud of the work that has been done through these programs to restore the nation's largest estuary, and I look forward to working with my colleagues to maintain their existence."

"We are blessed in Delaware with lands and waterways that are a source of pride, including the Nanticoke River," said Senator Coons. "The Chesapeake Bay supports the livelihoods of millions across our region, and our state agencies and landowners rely on this funding to ensure that we can continue to be careful stewards of the bay. I will keep fighting to ensure that we can continue to preserve the health of this vital resource."

"Because of bipartisan support for Chesapeake Bay cleanup, pollution is down, oyster and crab populations are up, and more people are able to enjoy the Bay. Saving the Bay is good for the environment and good for the economy," Senator Kaine said. "In his joint address to Congress,

President Trump stated that his Administration will work to ‘promote clean air and clean water.’ But today, just two weeks later, his budget proposes to eliminate the Chesapeake Bay Program. It is clear now what the President’s promises are worth.”

“The budget cuts proposed by President Trump would seriously damage our efforts to clean up the Chesapeake Bay – and threaten the jobs that depend on a healthy Bay ecosystem,” Senator Van Hollen said. “There is absolutely no justification for loosening rules on polluters and dismantling the Bay cleanup effort, which is what the Administration’s proposal would do. We must stand together and fight for the Bay so that the watermen, the tourism and boating industries, and all those who value clean water and clean air are protected from the Trump Administration’s assault on our environment.”

March 17, 2017

Dear Chairmen Shelby, Alexander and Murkowski, and Hoeven, and Ranking Members Shaheen, Feinstein, Udall, and Merkley:

As Senators from the six-state Chesapeake Bay watershed region, we have a strong interest in maintaining and restoring clean water throughout the region. We write you because we are particularly concerned that the President’s Fiscal Year 2018 Budget Blueprint proposes a drastic decrease across federal agency partners’ budgets for programs that benefit the Chesapeake Bay region. Cutting the overall funding to the Bay will reverse the improvements to water quality in our region that our states have worked to attain in a bipartisan, cooperative manner for decades.

We thank the Subcommittee for your continued leadership in providing the support necessary to achieve clean water, both in the Chesapeake Bay itself and its source water. As you develop spending priorities for Fiscal Year 2018, we urge you to continue your strong support for on-going efforts to achieve clean water in our region and our nation.

More than 11 million people in our region obtain their drinking water directly from the rivers and streams that flow through our cities, farms, and towns, and eventually into the Chesapeake Bay. The

Bay watershed states are investing in efforts to restore clean, safe water to the Chesapeake and its tributaries. But their efforts cannot succeed without strong and sustained federal support.

*There are a number of programs administered by the U.S. Environmental Protection Agency that we urge you to continue funding at least at the same level as enacted in Fiscal Year 2016.*

**EPA’s Chesapeake Bay Program.** The Program coordinates Chesapeake Bay watershed restoration and conservation efforts throughout our region. The majority of its funds are passed through to the states and local communities for on-the-ground restoration projects. We urge you to reject the Chesapeake Bay Program elimination in the President’s FY2018 Budget Blueprint. The Program was funded at \$73 million in FY2016;<sup>1</sup> we strongly urge at least continued funding at that level. Additionally, we urge you to continue directing EPA to provide at least \$6 million for the Small Watershed Grants and at least \$6 million for the Nutrient and Sediment Removal Grants, as enacted in FY2016. These two grant programs are critical for local restoration efforts and leverage, on average, three times more non-federal money for each project. As our region’s waters improve, more and not fewer people want to utilize the many ecological, cultural, and historic resources the Chesapeake Bay has to offer.

**State and Tribal Assistance Grants, Clean Water State Revolving Fund.** A key federal program for our region, as well as for the rest of the nation, is the Clean Water State Revolving Fund (CWSRF). This program is critical to the 1,779 local governments throughout the Chesapeake region. Investments in water and wastewater infrastructure provide significant economic benefits to our communities. Each dollar leverages another \$2.62 in economic output in other industries, and each job created in this sector creates 3.68 jobs in the national economy.

**State and Tribal Assistance Grants, Nonpoint Source Implementation Grants (CWA 319).** Our states are implementing agricultural, urban, and residential best management practices with the support of Section 319(h) grants. States also provide

significant project management and technical assistance to local stakeholders to install these practices. The President's FY2018 Budget Blueprint provides EPA Categorical Grants with \$597 million, "a \$482 million reduction below 2017 annualized CR levels"—a 45% reduction—but does not specify which of those grants will be eliminated or substantially reduced. We are concerned that applying an across-the-board 45% cut would reduce State and Tribal Assistance Grants for Nonpoint Source Implementation Grants from a \$231 million FY2016 enacted level to \$126 million in FY2018. We urge you to support at least the same funding level enacted in FY2016.

**Pollution Control Grants (CWA 106).** These grants help states in the Bay watershed manage the federal water pollution permit program, or NPDES. Under the Clean Water Act, it is unlawful to discharge any pollutant into US waters without a NPDES permit. Without sufficient funding, this permit process gets bogged down, resulting in business losses and reduced permit monitoring and enforcement. An effective permit program is the backbone of the Bay watershed cleanup. A potential 45% cut in Categorical Grants would reduce funding for Pollution Control Grants from a \$165 million FY2016 enacted level to \$91 million in FY2018. We urge you to support at least the same funding level enacted in FY2016.

*There are also a number of programs administered by the U.S. Department of the Interior and the U.S. Department of Agriculture that we urge you to continue funding at least at the same level enacted in Fiscal Year 2016.*

**Land and Water Conservation Fund.** The Land and Water Conservation Fund, including the *Rivers of the Chesapeake* initiative, helps protect large-scale landscapes throughout the Bay watershed. By working with willing sellers to acquire or place under easement high priority lands throughout the watershed, agencies can enhance habitat connectivity for the protection of rare and endangered species, preserve the scenic integrity of National Trails, preserve land associated with Civil War battlefields and American Indian heritage, protect forests important for Bay water quality, and enhance public access to waterways. The 12% cut, if applied across-the-board, would reduce funding

for the Land and Water Conservation Fund from a \$450 million FY2016 enacted level—\$126 million in USDA programs and \$324 in DOI programs—to \$396 million in FY2018. We urge you to support at least the same funding level enacted in FY2016.

**Natural Programs.** Each year, more and more people want to utilize the unique resources of the Chesapeake Bay, and the National Park Service Chesapeake Bay Office works to increase public access and the use of ecological, cultural and historic resources of the region. A 12% cut applied across the board would reduce funding for the Chesapeake Bay Gateways and Trails (\$2 million FY2016 enacted level to \$1.76 million in FY2018); Captain John Smith Chesapeake National Historic Trail (\$386,000 FY2016 enacted level to \$339,680 in FY2018); Star Spangled Banner National Historic Trail (\$490,000 FY2016 enacted level to \$431,200 in FY2018); and support for coordinating these programs through the National Park Service Chesapeake Bay Office (\$479,000 FY2016 enacted level to \$421,520 in FY2018). We urge you to support at least the same funding levels enacted in FY2016.

*Finally, the Army Corps of Engineers provides critical support to the Bay cleanup effort. We urge you to support at least the same funding level enacted in Fiscal Year 2016.*

**Environmental Restoration.** The Chesapeake Bay Oyster Recovery Project has helped construct and seed new oyster reefs, which increase the oyster population and improve water clarity as those oysters filter water when they feed. The Army Corps' efforts advance the goal of restoring oyster populations in 20 Bay tributaries by 2025, and play an important role in meeting state water quality goals in the Chesapeake Bay Clean Water Blueprint through strong partnerships with the states. The FY2016 enacted level was \$479 million for the Army Corps' Environmental Restoration account, which provides \$2 million in funding for the Chesapeake Bay Oyster Recovery Project. If the Army Corps' overall budget is cut by \$1 billion—a 16.67% cut—it could reduce the Chesapeake Bay Oyster Recovery Program from \$2 million to \$1.7 million. We urge you to support at least the same funding level enacted in FY2016.

The Chesapeake Bay is the nation's largest estuary. Its watershed encompasses 64,000 square miles and is home to nearly 18 million Americans. Restoration of the Chesapeake ecosystem is a high-priority goal for the people of this region, one that for year after year unites us like no other objective. The federal partnership has been proven to provide the engine to unite efforts across the states to effectively address this long-term challenge. We hold continuing this partnership as the priority for the region. Thank you again for your continuing support for our states' priorities.

Sincerely,

**Source:** U.S. Senate Press Release, 3/23/2017

## **Report: \$61.8M in DEP Budget, \$19.4M in DCNR Budget is State Grants to Others**

**T**he Legislative Budget and Finance Committee issued a report last week on state-funded grant programs which said \$61.8 million of DEP's budget and \$19.4 million in DCNR's budget were grants to others funded by the General Fund or other state sources of revenue.

For DEP, \$61.8 million represents about 12 percent of the funding it receives from all state sources and for DCNR the \$19.4 million represents about 6 percent of its state-funded budget.

At DEP, only about 20 percent of its budget is from the General Fund (after 14 straight years of cuts), 50 percent is from permit fees and any penalties they collect in a given year and 30 percent federal funds.

The largest of the grant programs reported at DEP were: \$18.4 million for Municipal Recycling Performance Grants, \$13 million for Municipal Recycling Grants, \$4.1 million County Conservation District Grants, \$3.4 million for Hazardous Sites Cleanup Grants, \$3.29 million Alternative Fuels Grants, \$3.26 million for Watershed Protection and Restoration, \$1.9 million

for "Education, Research and Technical Assistance, \$1.8 million for West Nile Virus Control, \$1.6 million for Recycling Coordinator Reimbursement, \$1.4 million Chesapeake Bay Agriculture Pollution Source Abatement, \$1.3 million Clean Water Fund Grants and \$1.1 million for Household Hazardous Waste Collection.

The largest of the grant programs reported at DCNR were: \$5.1 million Payments In Lieu Of Taxes, \$3.7 million Grants for Local Recreation, \$3.3 million Grants for Local Land Trusts, \$2.5 million Annual Fixed Charges- Forest Lands, \$1.7 million Heritage Parks Grants and \$1.3 million Community Conservation Grants.

As in all budgets, the size of the state investment indicates the priorities of those making the budgets.

These figures summarized grants from FY 2015-16 appropriations through the end of January 2017 as reported by the agencies to the [PennWATCH website](#).

PennWATCH defines grant payments as "all payments made by the state to political subdivisions, individuals, institutions and organizations for which no direct services are rendered to the state."

A copy of the report is available [online](#).

**Source:** PA Environmental Digest, 3/27/2017

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*This newsletter provides general information, not legal advice as to any specific matter. It should not be used as a substitute for appropriate legal advice.*