

To: The Honorable Vince Tutiakoff Sr.  
The Unalaska City Council  
Chris Hladick, Interim City Manager  
Bil Homka, Asst. City Manager

From: Brad Gilman, Rick Marks, & Sebastian O’Kelly

Re: Washington Update

Date: December 27, 2022

### **FY 2023 Federal Budget/Appropriations**

Congress has reached agreement on an FY 2023 Omnibus Appropriations Bill to fund the Federal government for the remainder of this fiscal year. Total appropriations is estimated at \$1.7 trillion. Defense spending is \$858 billion, a 10 percent increase above FY 2022 levels. Non-defense spending will increase just over 8 percent to \$744 billion and includes a 22 percent increase for veterans’ medical care. \$85 billion in emergency funding is provided for natural disasters (including fisheries disasters) and Ukraine assistance.

The Omnibus includes Congressionally Directed Spending (CDS) projects. Included in the bill are \$25.6 million to the Army Corps to dredge the entrance channel to Dutch Harbor and \$2.5 million to the City through the Department of Energy to upgrade its utility grid.

### **118<sup>th</sup> Congress**

The new Congress will begin on January 3<sup>rd</sup>. Republicans picked up enough victories in this year’s election to take control the House with a narrow majority of 222 to 212, with one special election remaining due to the recent passing of Democrat Member from Virginia. The Democrats gained one seat in the Senate and will have a 51-49 majority.

For Alaska, Senator Murkowski was re-elected for another six year term. She will move up one spot in seniority on the Appropriations Committee and will be the third highest ranking Republican on the Committee after Senators Susan Collins (R-ME) and Mitch McConnell (R-KY) (Note as Minority Leader, McConnell is not allowed to hold the top Republican position on a Committee). She will retain her position as the top Republican on the Indian Affairs Committee. She will also serve on the Energy & Natural Resources and Health, Education, Labor & Pensions Committees. Senator Sullivan will retain his seats on the Armed Services Committee; Commerce, Science & Transportation Committee; and Environment & Public Works Committee. Due to retirements of more senior Members, he will gain in seniority on all three Committees. After the summer special election, Rep. Peltola was assigned to the House Natural Resources and Education & Labor Committees. She has now been elected to a full two year term. She is seeking to retain her position on Natural Resources and move to the Transportation & Infrastructure Committee – the same two Committees Rep. Young served on. Decisions on those requests will be made in January.

## **FY 2024 Federal Budget/Appropriations**

With Republican takeover in the House and significant increases in Federal spending over the last few years, House fiscal conservatives will be pressing hard to limit spending growth in the FY 2024 budget process. How that plays out in terms of consideration and enactment of FY 2024 appropriations bills is too early to predict, but both bodies will continue the practice of CDS project funding.

For FY 2024, the Senate Appropriations Committee will include CDS projects in its appropriations bills for the third consecutive year. The House Republican Caucus held an internal vote recently on a proposal to ban CDS projects starting next year. That proposal was soundly defeated. We believe the House Appropriations Committee will include CDS projects in the next Congress although it may adjust the rules and agency accounts in which requests may be considered and what entities may be eligible. Whatever changes are made, we forecast that State, local and tribal governments will remain eligible CDS project recipients.

We expect Senator Murkowski to solicit FY 2024 CDS funding requests in the first quarter of 2023. We will work with you in preparing the requests and will fill out the required online forms. Senator Sullivan did not submit CDS requests in FY 2022 and FY 2023. He will continue to support authorization or other policy requests that benefit Alaska communities. We anticipate Rep. Peltola will submit CDS requests for FY 2024 but she has not yet set up a process for doing so. All three Members have been willing submit project letters of support to Federal agencies where AK communities have pending grant applications.

## **Water Resources Development Act (WRDA) – Harbor Dredging Cost-Share**

Congress has passed WRDA as a title to the annual defense bill. It includes a provision that maintains the City's cost-share at 25 percent for the harbor dredging project. Without this provision, the City's cost-share percentage would have increased as a result of the Corps' determination that the channel must be dredged at a greater depth than originally estimated. Deeper dredging for Corps projects typically requires a higher local cost share than 25 percent.

## **ANSCA Contaminated Lands Clean Up**

The FY 2023 Omnibus Appropriations Bill provides \$20 million to the EPA for the inventory, verification, assessment, and remediation of ANSCA contaminated sites, as well as related community outreach and involvement. Separately, the EPA has finalized approval of the City's \$500,000 Brownfields community-wide assessment grant.

## **Funerary Remains – Unalaska Island**

The Dept of Interior has identified funerary remains of at least three individuals from Unalaska Island along with 27 funerary objects that have or had been in the possession of the University of Alaska Museum of the North for 60 years. BLM-Alaska is responsible for contacting the Qawalangin Tribe with explanation of how the remains may be repatriated.

## **Department of Transportation (DOT) – RAISE Grant Opportunity**

DOT has announced the next opening for RAISE grant application from Bipartisan Infrastructure Law funding. This round will award \$1.5 billion in projects, with half going to rural areas. Applications are due February 28, with NOFO below.

<https://www.transportation.gov/sites/dot.gov/files/2022-12/FY%202023%20RAISE%20NOFO%2012.14.2022.pdf>

In September, the Tribe was awarded \$22.3 million RAISE grant to build a new commercial dock in partnership with CMA-CGM.

## **Denali Commission – Waterfront Infrastructure**

For FY 2023, Senator Murkowski has secured \$20 million in DOT funding for the Denali Commission in the Omnibus Appropriations Bill. This is new funding for a new transportation initiative. The bill does not lay out the criteria or focus for the funding but there has been strong interest in seeing its use include grant assistance to support small waterfront infrastructure projects such as floats, docks, boat ramps, etc that have difficulty competing for RAISE and Port Infrastructure Develop grants.

## **Inflation Reduction Act (IRA) – New Guidebook**

The Biden Administration has issued a new guidebook on all the new green energy, resiliency and climate change-related funding and tax credits contained in the IRA. We recommend skimming through it and letting us know if there are any specific items you would like us to follow up on. We will also track many of these programs separately and alert you to opportunities as they come out (see next item).

<https://www.whitehouse.gov/wp-content/uploads/2022/12/Inflation-Reduction-Act-Guidebook.pdf>

## **Inflation Reduction Act – USDA Rural Energy For America Program (REAP)**

The IRA provided a significant increase in funding for USDA's REAP, totaling \$300 million available in the grant application notice below. The focus will be on smaller rural community projects to award a total of 3,000 projects with a maximum of \$1.5 million for a project. The deadlines vary depending on type of project with energy audit projects (local government buildings qualify) due first on Jan 31. USDA's POC for Alaska projects and questions is below along with application notice.

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<https://www.rd.usda.gov/programs-services/energy-programs/rural-energy-america-program-energy-audit-renewable-energy-development-assistance-grants>

<https://www.rd.usda.gov/programs-services/energy-programs/rural-energy-america-program-renewable-energy-systems-energy-efficiency-improvement-guaranteed-loans>

### **Rep. Don Young Recognition Act**

Congress has passed legislation to honor Don Young and his lifetime of public service through three actions – renaming Mount Cerberus on Semisopchnoi Island in the Aleutian Islands as "Mount Young;" naming the Job Corps Center in Palmer the "Don Young Alaska Job Corps Center;" and naming a Federal office building in Fairbanks the "Don Young Federal Office Building."

### **Department of Transportation (DOT) – Rural Surface Transportation Program Awards**

DOT has announced funding awards for FY 2023 for this new program created by the Bipartisan Infrastructure Law. Twelve projects were selected totaling \$273 million, with one Alaska project chosen submitted by the Native Village of Wales. The Rural Program will spend a total of approximately \$2 billion through 2026 for projects that improve highways, bridges, and tunnels, address highway safety, increase access to agricultural, commercial, energy, or freight facilities that support the economy, and bring flexible transit services to rural and Tribal areas. We will keep you informed regarding the next application window. We also recommend signing up for DOT's ROUTES initiative below to be kept informed on all DOT's rural infrastructure funding opportunities.

<https://www.transportation.gov/rural>

### **Federal Land Revenue Sharing Programs (Payment In Lieu Of Taxes, National Wildlife Refuge Fund, Secure Rural Schools)**

The Omnibus Appropriations Bill fully funds PILT for FY 2023. It also level funds the National Wildlife Refuge Fund. SRS was funded in the Bipartisan Infrastructure Law, with next payments due to go out in early 2023.

### **Fisheries & Oceans**

On national fishery disaster reform efforts - the "Fishery Resources Disaster Improvement Act" (S.2923) was included in the fisheries package of the Omnibus bill. The bill improves the overall national MSA fishery disaster relief processes and specifies several allowable causes of disasters including hurricane, flood, HAB, tsunami, hypoxic zone, drought, El Nino effects on temperature, marine heat wave, and disease. Consideration of direct losses to communities (incl. lost raw fish tax) was included in the bill so communities must ensure the State of AK quantifies

these losses in any fishery disaster spend plan submitted to the Secretary. The bill also includes consideration of Native subsistence & ceremonial losses and the subsistence impacts are not subject to the revenue loss thresholds which is beneficial to tribal interests.

The Omnibus also included \$300M in national fishery disaster relief assistance. This amount is added to the existing amount of \$50M from previously appropriated but unused disaster assistance funding.

Further, on December 16<sup>th</sup> the Secretary of Commerce declared fishery disasters in the following AK & West Coast fisheries.

- 2021/2022 Alaska Bristol Bay Red King Crab and Bering Sea Snow Crab Fisheries
- 2019 Washington Columbia River, Willapa Bay, Puget Sound Salmon Fisheries
- 2020 Washington Ocean Salmon Fisheries
- 2021 Alaska Kuskokwim River Salmon and Norton Sound Chum and Coho Salmon Fisheries
- 2021 Chignik Salmon Fisheries
- 2020 Copper River/Prince William Sound Coho and Pink Salmon Fisheries
- 2020/2021 Alaska Norton Sound Red King Crab Fisheries
- 2022/2023 Alaska Bristol Bay Red King Crab and Bering Sea Snow Crab Fisheries

Note the Secretary determined that there was no commercial fishery failure or catastrophic regional fishery disaster for 2021/2022 Bering Sea tanner crab fishery. The Agency estimated this fishery did not have a revenue loss and therefore did not experience a commercial fishery failure.

NPFMC Halibut sharing provision – the “Driftnet Modernization and Bycatch Recovery Act” (S.273) was also included in the Omnibus package, attached to this legislation is a provision to allow the NPFMC & the Secretary to create a fee collection system for the charter sector to access halibut quota shares in Areas 2c & 3A.

The Omnibus package contained a number of additional provisions relevant to Alaska communities. These include but are not limited to the following.

- Continued level funding for ocean mapping and coastal charting, including the ongoing strategy for mapping the Arctic shoreline and nearshore Alaska
- Funding for sanctuaries and marine protected areas was increased \$7M to support ongoing designation processes
- Fishery surveys were provided funding to ensure no less than 6 AK bottom trawl surveys and cooperative research efforts would continue in FY23
- Sea Grant was provided with \$1M to fund grants to fishermen under the previously passed “Young Fishermen’s Act” to assist fishermen with their business operations.

NOAA's Fisheries Finance Program (FFP) was fully funded at \$100M for Traditional loans and \$24M for IFQ loans; and the agency was encouraged by Congress to facilitate new vessel construction/replacement and upgrades using fuel-efficient technology.

Rep. Don Young's bill the "Alaska Salmon Research Task Force" (S.3429) was also passed as part of the Omnibus package. The bill requires the Secretary and Governor of AK to convene a stakeholder panel of up to 19 members within 90-days of passage to help prioritize AK salmon research needs in the region.

### **What Notable Marine/Natural Resource Legislation did NOT pass the 117<sup>th</sup> Congress?**

Despite widespread support Congress was unable to pass the "Recovering America's Wildlife Act" (RAWA; H.R. 2372) that would have dedicated \$1.4B to States & Tribes for various wildlife programs and conservation efforts. The legislation is expected to reemerge in the 118<sup>th</sup> Congress.

H.R. 4690 – House WOW Subcommittee Chairman Jared Huffman's (D-CA-2<sup>nd</sup>) comprehensive MSA reform bill did not make the cut despite endorsement by AK Rep.-elect Mary Peltola (D-At Large) after the mid-term elections. Note this bill also included the "Forage Fish Conservation Act" (H.R. 5770) which would have likely defined Alaska pollock as a "forage" species and mandated commercial quota reductions to provide adequate forage for marine mammals, birds and other fishes. Despite the House shifting to Republican control these two pieces of legislation are expected to re-emerge in the 118<sup>th</sup> Congress.