



## Government Issues and News of the Week

### Federal

- [Debt Ceiling and Federal Funding Update](#)
- [EPA to Hold Public Listening Sessions on Carbon Pollution Rules](#)
- [White House Cyber Security Executive Order Delayed](#)
- [Senator Markey to Draft Bill on Natural Gas Distribution Losses](#)

### State

- [Governor Cuomo Announces Executive Director for the Cyber Security Advisory Board](#)
- [Governor Cuomo Establishes New Tax Relief Commission](#)
- [State Division of Budget Reports on Anticipated Casino Revenues](#)

### City

- [NYC Build it Back Acquires First Sandy-damaged Property](#)
- [Mayor Bloomberg Signs Assortment of Bills](#)

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### Federal

#### **Debt Ceiling and Federal Funding Update**

Nearly two weeks after congress failed to pass legislation to continue funding federal government operations, there continues to be little outward progress towards a deal that would end the stalemate.

However, at present it looks like a deal on raising the debt limit is possible. A growing number of business groups, the countries of Japan and China, and the International Monetary Fund have weighed in on the importance of raising the debt ceiling.

On Saturday, October 13th, Sen. Reid failed to move the Democrat's preferred option - a debt ceiling increase through Dec. 31, 2014. With 60 needed to cut off debate, the vote was 53-45.

On Friday, October 11th, Rep. Boehner offered President Obama a six-week increase in the debt ceiling and an accompanying request for larger budget discussions. The President indicated that although he was pleased that House leadership was willing to talk, he would not accept the offer. At this point, it appears a deal may be up to Senate Republicans. Senator Collins (R-ME) continues to push for a bi-partisan deal which reopens the government and extends the debt limit in exchange for some modest changes to Obamacare - mainly repeal of the medical device tax and income verification for individuals in the exchange who are eligible for the federal subsidy.

A second, but less likely possibility is a broader deal on or around the 16<sup>th</sup> which combines raising the debt ceiling, a continuing resolution to keep the government funded at current sequesters levels and instructions to

go to conference. These “instructions” could include requiring Congress to act on taxes and entitlement reform by a certain date or to modify Obamacare.

### **EPA to Hold Public Listening Sessions on Carbon Pollution Rules**

In late September, the Environmental Protection Agency (EPA) announced holding 11 public listening sessions across the country to receive input and ideas about approaches to reducing carbon pollution from existing power plants. The EPA has already issued draft emission standards for new plants and is expected to release rules for existing plants by June 2014.

Due to the ongoing federal government shutdown, the EPA has postponed the first two sessions, which were scheduled to be held in Boston and Philadelphia. The session in New York City remains scheduled to take place on Wednesday, October 23<sup>rd</sup>. The meetings will be held from 9 a.m. to noon and 2 p.m. to 5 p.m. at the EPA Region 2 offices (290 Broadway, Room 27A).

For more information on these sessions, click [here](#).

### **White House Cyber Security Executive Order Delayed**

As the White House approaches significant deadlines for its Cyber Security Executive Order (EO), the administration has indicated that some key dates will be missed. Most recently, the National Institute of Standards and Technology (NIST) did not deliver, as scheduled, the Preliminary Cybersecurity Framework on October 10<sup>th</sup>.

A coalition of utility industry groups, including the American Gas Association and the Edison Electric Institute, had submitted [joint comments](#) to help guide the NIST in preparing the preliminary version of the Cybersecurity Framework, which is scheduled to be finalized in February 2014.

Immediately prior to the government shutdown, NIST communicated the following message:

*The work of the Integrated Task Force in support of EO 13636/PPD 21 implementation will be impacted by any change in government operations status, and thus will not be conducted during any hiatus. All working group meetings and other related EO/PPD activities will be canceled while the Government is on hiatus and will be rescheduled at a later time once the Government resumes normal operations.*

The extent of the impact of the government shutdown on the cybersecurity framework development likely depends on how long the closures last. The longer the shutdown, the greater the impact and possibly the shorter the amount of time for industry comment.

### **Senator Markey to Draft Bill on Natural Gas Distribution Losses**

Senator Markey (D-MA) has announced drafting legislation based on his August 1, 2013 report on lost and unaccounted for gas (LUAF) in the natural gas distribution network ([America Pays for Gas Leaks: Natural Gas Pipeline Leaks Cost Consumers Billions](#)). The report argues that through charges for LUAF gas, “American consumers are paying billions of dollars for natural gas that never reaches their homes, but instead leaks from aging distribution pipelines, contributing to climate change” and threatening pipeline safety.

Senator Markey’s bill would have the states consider actions to address the following recommendations outlined in the report: 1) States and non-regulated utilities such as municipal gas companies should adopt a cost

recovery program for accelerated replacement of high-risk, leak-prone pipelines; 2) States and non-regulated utilities should establish timeframes for repairing non-hazardous gas leaks; 3) States and non-regulated utilities should adopt a standard definition and methodology for calculating unaccounted for gas; and 4) States and non-regulated utilities should limit the ability of gas companies to recover costs for unaccounted for gas.

Only 0.3 percent of natural gas is emitted from systems operated by local natural gas utilities according to the Energy Information Agency and the Environmental Protection Agency. Emissions from the natural gas system have also dropped 16 percent since 1990, even as the industry added nearly 300,000 miles of distribution mains to serve 17 million more customers - an increase of 30 percent in both cases. Natural gas emissions from systems operated by local utilities make up only 0.4 percent of U.S. greenhouse gas emissions in 2011 according to the Environmental Protection Agency.

## State

### **Governor Cuomo Announces Executive Director for the Cyber Security Advisory Board**

Governor Cuomo appointed Dr. Peter Bloniarz as Executive Director and Senior Policy Advisor to the Governor's Cyber Security Advisory Board. Dr. Bloniarz currently serves as Dean of the College of Computing and Information at the University at Albany. He has been with the University since 1977.

In May, Governor Cuomo announced the Cyber Advisory Board, which will advise the Governor on developments in cyber security and make recommendations for protecting the state's critical infrastructure and information systems.

The Advisory Board is co-chaired by Deputy Secretary to the Governor for Public Safety Elizabeth Glazer and Superintendent of Financial Services Benjamin M. Lawsky. Other members include Richard Clarke, Chairman and CEO, Good Harbor Consulting, LLC; Shawn Henry, President, CrowdStrike Services; Phil Reitingger, Senior Vice President and Chief Information Security Officer, Sony Corporation; and Howard Schmidt, Former White House Cyber Security Coordinator and Special Assistant to President Obama.

Additional information on Dr. Bloniarz's appointment can be found [here](#) in the Governor's press release.

Additional information on the creation of the Cyber Advisory Board can be found [here](#).

### **Governor Cuomo Establishes New Tax Relief Commission**

Governor Cuomo announced the formation of a new Tax Relief Commission which is charged with submitting recommendations on tax relief. According to Cuomo, this will be a "centerpiece" of his 2014 agenda.

The Tax Relief Commission will focus primarily in the areas of property taxes and taxes which are "unfairly burdensome" to businesses and the middle class. This is intended to compliment the Tax Simplification Commission which has been working to determine revenue-neutral ways to simplify the tax code. The recommendations of both commissions will be submitted to the Governor in December for inclusion in his 2014 State of the State address and Executive Budget Proposal.

The Tax Relief Commission will include members of the existing Tax Fairness Commission, established last December to conduct a comprehensive review of the State's taxation policy, as well as the following:

- Former Governor Pataki who will co-chair with existing member H. Carl McCall

- Heather Briccetti - President, NYS Business Council
- Jack Quinn - Erie County Community College President and former Congressman
- Bill Rudin - Chairman, Association for a Better New York (ABNY)

Existing Tax Fairness Commission members include:

- H. Carl McCall - Chairman of the State University of New York Board of Trustees and former NYS Comptroller
- Peter J. Solomon - Founder and Chairman of investment advisor Peter J. Solomon Company
- J. Pat Barrett- Chairman of the Olympic Regional Development Authority
- Dall W. Forsythe-Former Budget Director for the State of New York
- Thomas H. Mattox- Commissioner of the Department of Taxation and Finance
- James Parrott- Deputy Director and Chief Economist at the Fiscal Policy Institute
- Alan D. Schwartz- Executive Chairman of Guggenheim Partners
- James W. Wetzler- Deloitte Tax LLP, former New York State Tax Commissioner
- Robert G. Wilmers- Chairman and CEO of M&T Bank
- Deborah Wright- Chairman, President and CEO of Carver Bancorp, Inc. and Carver Federal Savings Bank

Additional information can be found [here](#) in the Governor's press release and [here](#) in the Tax Relief Commission's presentation.

### **State Division of Budget Reports on Anticipated Casino Revenues**

The New York State Division of the Budget (DOB) has issued an estimated fiscal impact on the legalization of casino-style gambling. New Yorker's will vote on the constitutional amendment in November which would authorize casino-style gambling for up to seven casinos. The accompanying enabling legislation, passed by the New York State Legislature last session, authorizes up to four destination gaming resorts in Upstate New York and provides additional revenues from existing Native American gaming facilities to local governments. The enabling legislation also authorizes additional Video Lottery Terminals (VLTs) at Off-Track Betting facilities on Long Island.

In total, the State said that it expects \$430 million in annual revenue from new gaming rules. Under the law, 80% of the State's tax revenues will be used statewide for elementary and secondary education or property tax relief, 10% will be split equally between host municipalities and host counties, and the remaining 10% will go to non-host counties to provide tax relief or educational assistance.

Additional information regarding DOB's findings can be found [here](#).

## **City**

### **NYC Build it Back Acquires First Sandy-damaged Property**

Using federal funding, [NYC Build it Back](#) was created to help New Yorkers still recovering from the storm find permanent, sustainable housing. On October 10, Mayor Bloomberg, Deputy Mayor for Operations Cas Holloway, Director of the Mayor's Office of Housing Recovery Operations Brad Gair, and Department of Housing Preservation and Development Commissioner RuthAnne Visnauskas announced the first acquisition of a Hurricane Sandy-damaged home through the program.

The acquired property, located in the Tottenville neighborhood of Staten Island, was owned by Patricia Dresch, whose husband, George, and 13-year-old daughter, Angela, were killed during the storm. Mrs. Dresch will use the funding from the acquisition to purchase a new home in Tottenville. Through the program the city will sell acquired properties for redevelopment and use proceeds to help others impacted by the storm.

The U.S. Department of Housing and Urban Development (HUD) has allocated \$1.77 billion in Community Development Block Grants to New York City to assist with housing repairs and reconstruction, business support, and infrastructure and resiliency projects. NYC Build it Back will use approximately \$648 million of those federal funds to help assist New Yorkers. Six NYC Build it Back centers are located throughout the hardest hit communities of Queens, Brooklyn and Staten Island. To date, more than 23,500 New Yorkers have registered for the program. NYC Build it Back complements the assistance already provided to New Yorkers by the Federal Emergency Management Agency (FEMA), private insurance claims and other sources.

### **Mayor Bloomberg Signs Assortment of Bills**

Mayor Michael Bloomberg recently signed several bills which included the protection of the rights of pregnant women in the workplace, strengthening of building standards in the City and collection of organic waste.

[Int. 974-A](#) is aimed at protecting pregnant women in the workplace. The legislation requires employers to provide reasonable accommodations to the needs of an employee based on her pregnancy, childbirth, or related medical condition that allows the employee to continue to perform their job functions.

[Int. 1086-A](#) is designed to strengthen building standards by requiring that new toilets and faucets in buildings function without an external supply of electrical power.