



Maintain Federal Infrastructure Funding for Communities

Call to Action: The League of Oregon Cities is REQUESTING: Long-Term Congressional Support.

- The LOC and its members thank you for supporting federal infrastructure investments and funding in local communities. Many of these investments have been generational for our communities.
- The LOC is asking for your support to ensure that these critical programs remain in place and that communities receive the full benefit of the federal investments.

Background:

In early 2021, the [American Rescue Plan Act](#) (ARPA) was signed by President Biden. ARPA provided critical funding that allowed states and communities to climb out of the global pandemic. With the passage of the [Infrastructure Investment and Jobs Act](#) (IIJA) in 2021, Oregon and other states saw a significant infusion of additional federal funding to help pull communities out of the pandemic. For Oregon, there is an expected \$5 billion available over the 5-year life of the act. This federal funding has helped generate generational investment in water-related infrastructure projects across Oregon.

Funding available through the [Inflation Reduction Act](#) (IRA), which passed in 2022, added additional investment opportunities for businesses and the manufacturing sector. In addition, the CHIPS Act, which also passed in 2022, provides generational funding to boost the semiconductor sector in the United States. Oregon has already taken advantage of the federal CHIPS Act, announcing plans for major re-investments in the semiconductor industry.

Challenges:

Recent executive orders issued by the Trump Administration have either stalled or eliminated federal matching funds for necessary core infrastructure related to transportation, water, and community broadband and cyber-security.

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Closing the Digital Divide

Call to Action: Unfreeze federal funding for broadband infrastructure projects and allow that funding to be rolled out to the states. Protect local governments' home rule authority to maintain and charge for the use of the public rights-of-way.

Background:

In 2021, Congress passed the bipartisan Infrastructure Investment and Jobs Act (IIJA). Part of that act included a large investment to close the digital divide in America, addressing historically disadvantaged communities through targeted digital investments from the Broadband Equity, Access, and Deployment (BEAD) Program. Congress directed the Federal Communication Commission (FCC) to develop new broadband maps to identify unserved and underserved broadband serviceable locations. Focusing on individual addresses provides a better picture of where gaps exist in service and the speeds offered at locations.

Freezing Federal Resources:

Currently, there is a possible Freeze on federal broadband infrastructure funding from BEAD. Oregon is set to receive up to \$700 billion to close the digital divide in unserved and underserved areas of the state, primarily in rural and frontier Oregon. Current federal actions have put this funding at risk, limiting Oregon's ability to close the digital divide and hampering economic, educational, and healthcare opportunities in areas lacking quality internet service. Areas of the state that are without high-speed internet cannot compete statewide, nationally, and internationally. These funds must be unfrozen and provided to the states on completion and acceptance of each state's final proposal.

Disrupting Local Decision Making:

Current efforts are underway to limit local control through preemptions for local government broadband permitting and applying appropriate fees for using our rights-of-way (ROW). A [2021 report](#) by the [National Association of Telecommunications Officers and Advisors](#) (NATOA), with assistance from Communication Workers of America (CWA), spotlighted the widespread harms of small cell preemptions to cities. The report survey showed that 83% of mid-size localities and 63% of large localities reported increased expenses due to small cell preemption. These preemptions harm cities' finances, create challenges for public safety, and hamper efforts to close the digital divide.

Preemptions for cities to manage their ROW have real harm but especially hurt our smallest communities. Damage to public property during broadband installation leads to increased financial costs for cities, and the cause is often the telecom industry's highly subcontracted workforce. Providers will subtract the work to one firm that can then contract to a second firm and even a third firm. In Oregon, several cities have experienced these disruptions with subcontractors hired by an internet service provider (ISP). Recently, in the city of Banks, Ore., Ziply Fiber's contractors damaged a gas line, contaminating their local lake and bursting several water mains. In this example, one property owner flooded their basement while the city had to spend money to drain the lake to clean up the contamination.

These arrangements create accountability challenges and make it increasingly difficult for cities to hold companies accountable for property damage, failed installations and ineffective deployment. Fifty-two percent of local governments surveyed report that telecom providers have damaged public property at least once, while

57% reported providers failed to restore damaged roads, sidewalks, or other infrastructure to their original condition following installation.

It's critical for local governments to maintain their rights of local control, and to avoid additional preemptions that limit cities' ability to manage the ROW.

Key Report Findings:

- 40% of all localities report that preemptions have resulted in a loss in revenue, including 56% of large localities.
- 83% of mid-size localities and 63% of large localities report increased staffing expenses.
- 57% report that providers have failed to restore roads, sidewalks, or other infrastructure to their original condition following installation at least once, including 38% that report it has happened multiple times.
- 52% report that companies have damaged public property at least once, including 31% that report it has happened multiple times.
- 56% of large localities report that if it weren't for preemption, they would be pursuing digital divide initiatives that they currently are not.
- 40% report that installations have created accessibility issues at least once, and 33% report that they have had installations that endanger the public.
- 44% report that broadband and small cell companies have installed equipment without a permit.
- 38% of all localities and 50% of large localities have dealt with contractors lacking proper licenses.
- 71% of localities have received complaints from residents about radio frequency (RF) emissions.
- 38% report receiving complaints from residents about installation issues on multiple occasions.

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Protect Local Tax and Finance Tools

Protect Tax-Exempt Municipal Bonds

Call to Action: Support legislation that preserves the tax-exempt status of municipal bonds.

Background:

Tax-exempt municipal bonds were written into the first tax code in 1913 and are a well-established financing tool. They are debt securities issued by state and local governments to fund public projects. These bonds are unique because the interest earned by investors is typically exempt from federal income taxes, and often from state and local taxes as well. This tax-exempt status makes the bonds attractive to investors, allowing governments to borrow at lower interest rates. The savings from these lower rates are passed along to communities, allowing local governments to stretch their dollars further when building and improving critical infrastructure.

By reducing borrowing costs, tax-exempt bonds make it easier for cities and towns to invest in long-term public projects that improve quality of life, spur economic growth and build stronger communities. Cities of all sizes rely on tax-exempt municipal bonds as a critical tool to finance infrastructure projects and essential public services. These bonds help fund everything from schools and hospitals to roads and utilities—projects that are vital to the well-being of communities across the country. The tax-exempt bonds issued by state and local governments and nonprofit entities have financed more than [three-quarters](#) of our nation's infrastructure.

For Oregon that means:

- Since 2015, state and local governments in Oregon have invested \$39 billion in projects financed by tax-exempt municipal bonds. [View details on all active Oregon municipal bonds here.](#)
- Oregon taxpayers saved an estimated \$819.1 million on projects financed with tax-exempt municipal bonds since 2015.
- A total of 355 state and local governments have tax-exempt municipal bonds outstanding today. Of them, 232 have borrowed less than \$30 million in the past decade. These smaller, less frequent borrowers are 65.4% of Oregon's total borrowers.

SALT – State and Local Tax Deduction

Call to Action: Repeal or increase the SALT deduction cap. Support H.R. 246, H.R. 232 and H.R. 430

Background:

The State and Local Tax Deduction (SALT) deduction allows taxpayers to deduct state and local taxes from federal taxes, promoting the intergovernmental balance of taxation. Since the first Federal Income Tax Form in 1913, SALT has been a founding principle to Federalism and intergovernmental roles. The 2017 Tax Cuts and Jobs Act (P.L. 115-97) capped the State and Local Tax (SALT) deduction at \$10,000, ending the full deductibility of state and local taxes from federal taxes. Cities opposed this portion of the tax reform law and have been

advocating to restore the SALT deduction ever since fully. The Tax Cuts and Jobs Act of 2017 placed a \$10,000 cap on the SALT deduction. We support repealing or increasing the SALT deduction cap because:

- Oregon is a high-income tax and property tax-dependent state. Capping the SALT deduction has limited state and local control of tax systems, shifting the intergovernmental balance of taxation at a time when the responsibilities of counties and municipalities have never been greater.
- Oregon was one of the top 10 states with the SALT deduction as a percent of AGI (adjusted gross income), and more than 35% of Oregon filers claimed the SALT deduction prior to the Act.
- Many residents, especially homeowners, face higher federal tax bills as a result of the \$10,000 cap on the SALT deduction, leaving less income for essential needs such as childcare, education, healthcare and housing.
- Furthermore, the cap only applies to individuals and families and not state and local taxes paid by certain businesses. In other words, working families and taxpayers – who make up the backbone of our economy – are subjected to double taxation whereas landlords and investors are not.

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FEMA's Biological Opinion on Oregon Communities

Call to Action:

- **Advocate for Timeline Realignment:** Urge the Federal Emergency Management Agency (FEMA) to revert to the original Environmental Impact Statement (EIS) timeline, allowing the comprehensive environmental review to inform policy changes. This would give communities the necessary information and time to implement effective and compliant measures.
- **Provide Adequate Support:** Request that FEMA offer technical assistance and funding to help communities develop and enforce floodplain management practices that align with the ESA and local development needs.
- **Enhance Stakeholder Engagement:** Encourage FEMA to collaborate meaningfully with local governments and other stakeholders to ensure that the final implementation plan reflects local needs.

Background:

The National Marine Fisheries Service (NMFS) issued a Biological Opinion (BiOp) requiring changes to FEMA's National Flood Insurance Program (NFIP) to protect endangered salmon and steelhead in the Pacific Northwest. These changes affect how floodplain development is managed in Oregon – **impacting cities' ability to build needed housing.**

Key Changes to National Flood Insurance Program

- FEMA must ensure NFIP implementation aligns with the Endangered Species Act (ESA).
- New requirements focus on habitat conservation, limiting development in floodplains.
- Communities participating in NFIP must adopt stricter floodplain regulations to remain eligible for flood insurance.

Impact on Oregon Cities

- **Pre-Implementation Compliance:** Cities in FEMA's implementation plan area must adopt new floodplain management measures by **December 1, 2025**.
- **Regulatory Burden:** Cities face added costs and administrative challenges in updating land use codes and permitting processes.
- **Development Limitations:** Stricter floodplain regulations may restrict housing and infrastructure projects, impacting economic growth and housing availability.
- **Uncertainty & Costs:** Cities require clear guidance and financial support to implement changes without undue hardship on residents and businesses.

Congressional Action Needed

- **Funding Assistance:** Support for cities to meet compliance costs and technical assistance implementing new requirements.

- **Regulatory Clarity:** Ensure FEMA provides clear, timely guidance to minimize disruption.
- **Balanced Approach:** Advocate for floodplain policies that protect habitats while allowing responsible development to meet community needs.

Conclusion:

Oregon's cities are committed to environmental stewardship but need resources and flexibility to implement FEMA's BiOp-driven NFIP changes. Congressional support is critical to balancing environmental protection with community growth to meet housing goals.

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