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## Recent Congressional Actions Impact Local Government

As leaders in Congress work to pass legislation in line with President Trump's agenda, many of their recent actions have downstream impacts on local governments. In recent weeks, the House of Representatives and Senate have approved rescission and budget reconciliation bills, both of which have impacted previously approved federal programs and appropriations. Coupled with policy changes by executive departments, these changes have led to significant uncertainty for local government programs and budgets.

This week, Congress has debated [H.R.4 Rescissions Act of 2025](#), a bill that would cut more than \$9 billion in previously appropriated funds, specifically to foreign aid and public broadcasting programs. While most of these programs do not have a direct impact on local government operations or programs, H.R.4 includes priorities outlined by the Department of Government Efficiency (DOGE) being codified through legislative action. The bill was approved early Thursday morning by the Senate with a 51-48 vote, and it now has to return to the House for final approval. H.R.4 must be signed into law by Friday (July 18) to avoid the funds being spent under a process authorized by a 1974 budget law.

On July 4, President Trump signed [H.R.1 One Big Beautiful Bill Act](#), a comprehensive, nearly 1,000-page bill covering a wide range of appropriations across the federal government. This bill encountered multiple snags during its approval process, ultimately passing in the Senate through a tie-breaking vote cast by Vice President JD Vance, and in the House by a margin of 218-214.

Following the passage of the bill, the National League of Cities (NLC) presented a detailed [analysis](#) of the bill, rating the various provisions on a scale of wins for local government, areas of concern for local government, and items for awareness. While this wide-ranging bill will continue to be reviewed over the coming weeks and months, here are a couple of points in each area of NLC's analysis.

- Under wins for local government, H.R.1 took no action related to the tax-exempt status of municipal bonds, a key priority of cities

nationwide. Additionally, legislators temporarily raised the State and Local Tax (SALT) deduction cap from \$10,000 to \$40,000 and made improvements to programs, including the Opportunity Zone program, the Low-Income Housing Tax Credit, and the New Markets Tax Credit.

- Classified as areas for concern for local governments, the NLC government affairs team highlighted the rescinding of grant funds from the US Department of Transportation and the US Environmental Protection Agency. While the programs weren't cut, for many EPA programs, the rescissions mean that grantees will lose unobligated funds. Funds were also cut to the Supplemental Nutrition Assistance Program (SNAP) and Medicaid.
- Finally, for awareness, additional funds were appropriated to support federal immigration law enforcement, thereby significantly increasing their workforce. Additionally, the bill allows employees to deduct overtime pay; however, the Department of the Treasury is still finalizing the regulations governing this deduction.

While this bill makes funding cuts, Congress still has the process of appropriating money on its agenda for the remainder of the summer. There are currently twelve annual spending bills pending before Congress, which must be passed before the start of the 2026 fiscal year on October 1. Included in these spending bills are programmatic funds across the federal government, which support local governments. As the process continues, the NCLM Government Affairs team, in partnership with the Federal Advocacy team at NLC will provide information as it becomes available.

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## **Attorney General Jeff Jackson Joins Multi-State Lawsuit Over BRIC Grant Termination**

North Carolina has joined 19 other states in a [federal lawsuit](#) challenging the recent termination of the Building Resilient Infrastructure and Communities (BRIC) grant program. The suit was filed in response to the Trump administration's decision earlier this year to halt BRIC, a crucial program supporting hazard mitigation and disaster resilience projects nationwide. Established during the first Trump administration, the BRIC program was developed to help states and municipalities strengthen infrastructure and reduce disaster risks. The program allocated over \$5 billion nationally for hazard mitigation projects. Between 2020 and 2023, North Carolina secured nearly \$225 million through BRIC, supporting 72 separate projects.

The states contend that the Federal Emergency Management Administration's (FEMA) termination of BRIC was unlawful, alleging that it violated Congress's authority over federal funding and improperly circumvented Congress's power of the purse. Prior to the lawsuit, Congressman Chuck Edwards and Senator Thom Tillis led a [bipartisan letter](#) urging FEMA to restore the halted funding and honor previous commitments. Over 60 projects in North Carolina were expected to receive BRIC funding, according to the state Department of Justice. The multi-state

lawsuit seeks to compel FEMA to resume the BRIC grant program and release funds for committed projects.

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## **NCLM Weighs in on FEMA Reform While Federal Review Committee Seeks Local Government Input**

North Carolina has relied on the services provided by and facilitated through the Federal Emergency Management Administration (FEMA) as we have recovered from natural disasters throughout our history. While programmatic reforms are needed, preserving the core mission of FEMA is imperative.

Last week, NCLM President Martha Sue Hall and Executive Director Rose Vaughn Williams sent a [letter](#) to Alex Meyer, the White House Director of Intergovernmental Affairs, outlining various FEMA reforms that would help local governments across North Carolina respond to storms. Included in these reforms would be the replacement of the traditional reimbursement model with a block grant program, which would allow for the pre-deployment of funds based on the disaster response plan. The letter also outlined a need for an expansion in the definitions of allowable services and the restoration of the Building Resiliency in Communities (BRIC) program.

During a National League of Cities Presidential fly-in in Washington, DC, President Hall and Executive Director Williams moderated a discussion on FEMA reform, which drew numerous congressional staff members in attendance. Much of their presentation was drawn from a May 15 [letter](#) from Governor Josh Stein to the President's FEMA Review Council, a [letter](#) that Governor Stein and Virginia Governor Glenn Youngkin, Co-Chairs of the Presidentially appointed, bipartisan [Council of Governors](#), and numerous [letters](#) sent by a bipartisan group of the North Carolina congressional delegation.

These letters all align with sentiments expressed in a [discussion draft](#) released in early May by the Chairman and Ranking Member of the House Transportation and Infrastructure Committee, Representatives Sam Graves of Missouri and Rick Larson of Washington. This draft has not been filed as a bill yet, and NCLM Government Affairs staff have recently spoken with the staff of committee members regarding the proposals.

Finally, the FEMA Review Council is conducting a comprehensive analysis of FEMA's programs. It is seeking input from local governments on four key areas of FEMA assistance: Preparedness, Mitigation, Response, and Recovery. Each topic area has its survey, but all survey responses are due by 5 PM on July 23, 2025.

**Preparedness:** <https://forms.office.com/g/HNQ4exGcRP>

**Mitigation:** <https://forms.office.com/g/yB1cxbFGXW>

**Response:** <https://forms.office.com/g/2DpSirWm9g>

**Recovery:** <https://forms.office.com/g/X5x1ht0TaU>

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