

National Special Districts Association (NSDA) Federal Update – September 2026

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- Special Districts Fairness and Accessibility Act (SDFAA) Update
- Political Landscape Heading into November
- Farm Bill Update
- OMB Uniform Guidance Proposed Rule
- Census Rulemaking
- Status of Authorizations
- REACT and FIREWALL Acts
- FY27 Appropriations Update

Special Districts Fairness and Accessibility Act (SDFAA) Update

Special District Fairness and Accessibility Act (H.R.2766/S.2014)

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Status in Congress

The Special District Fairness and Accessibility Act currently has 25 bipartisan cosponsors (17 Democrats, 8 Republicans) in the House, and 4 bipartisan cosponsors (2 Democrats, 2 Republicans) in the Senate. The House bill is still pending a full floor vote. Key members of the House Freedom Caucus opposed this bill in committee.

Most recent House Co-Sponsor: Rep. Kevin Mullin (D-CA-15)

Most recent Senate Co-Sponsor: Sen. John Curtis (R-UT)

Congressional Calendar Changes

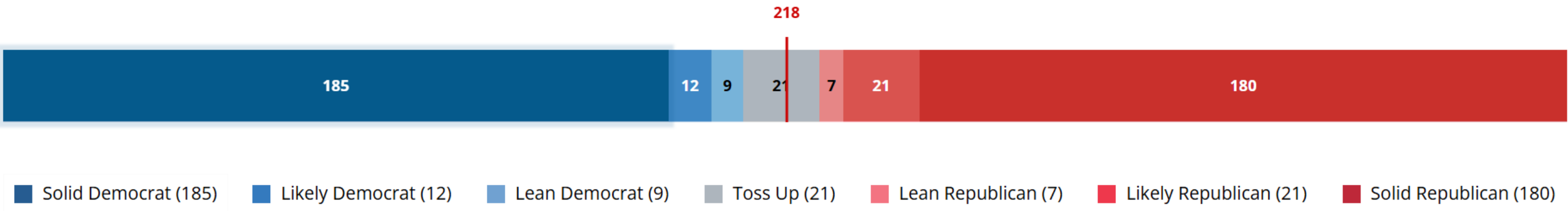
The House was out of session much more frequently than planned this summer and fall, making it difficult to add cosponsors and get House floor time.

Political Landscape Heading into November

Midterms – House and Senate Outlook

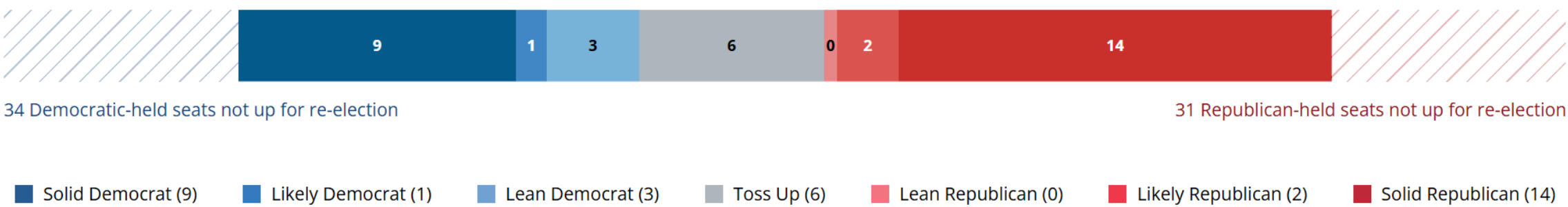
House: All Seats Up for Re-Election

Republicans currently hold a 219-214 majority (including independents)



Senate: 35 Seats Up for Re-Election

Republicans currently hold a 53-47 majority (including independents)



Source: Cook Political Report

New Faces in the 120th Congress

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Nearly 1 in 5 members won't return. 99 seats are already guaranteed to change hands in Congress from the start of 2025, and that number will climb as dozens of incumbents face competitive November races.

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HOUSE DEPARTURES

60 representatives are retiring or seeking another office, plus 11 who lost their primaries in addition to seats impacted by deaths and resignations.

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SENATE DEPARTURES

Senators are retiring or running for a different office next cycle.

Primaries were unusually tough: 13 incumbents lost outright, and of the 30-plus members seeking a different office, just over half won their primaries.

Key Priorities with Potential Leadership Changes in 120th Congress ⁷

If Democrats gain control of one or both chambers, priorities in the 120th Congress would shift rapidly, including, but not limited to:

Oversight & Investigations

Increased oversight of Administration actions, executive orders, federal contracting, tariff policies, agency spending decisions, and ethics and transparency matters.

Affordability

Affordability is expected to serve as a central organizing theme for broader economic and domestic policy initiatives, with a renewed focus on lowering the cost of housing, health care, prescription drugs, child care, energy, and household goods.

CPF / CDS Process Changes

Potential expansion of eligible project categories and entities, as well as higher funding levels for Community Project Funding (CPF) and Congressionally Directed Spending (CDS) requests.

Potential Committee Changes in 120th Congress – House Oversight and Government Reform Committee

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If Democrats *gain* control of the House:

- Presumptive Chair: Ranking Member Robert Garcia (D-CA)
- Serving as Ranking Member of the House Oversight and Government Reform Committee since June 24, 2025.
- Former Mayor of Long Beach, CA

If Republicans *maintain* control of the House:

- Chair Comer will step down as Chair at the end of the 119th Congress due to Republican term limits.
- Possible members to run for Chair of the committee include:
 - Rep. Michael Turner (R-OH)
 - Rep. Pete Sessions (R-TX)
 - Rep. Tim Burchett (R-TN)
 - Rep. Pat Fallon (R-TX)
 - Rep. Brandon Gill (R-TX)

Potential Committee Changes in 120th Congress – Senate Homeland Security and Governmental Affairs Committee (HSGAC)

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If Democrats *gain* control of the Senate:

- Ranking Member Gary Peters (D-MI) will step down as Ranking Member at the end of the 119th Congress due to retirement.
- Possible members to run for Chair of the committee include:
 - Sen. Maggie Hassan (D-NH)

If Republicans *maintain* control of the Senate:

- Chair Rand Paul (R-KY) is expected to maintain his position as Chair of the Senate HSGAC Committee.

Farm Bill Update

COMMITTEE ACTION

On September 16, the Senate Agriculture Committee advanced its Farm Bill, the **Agricultural Act of 2026**, in a 12-11 vote without Democratic support.

What the Bill Includes

Updates agriculture policy that has been unchanged since the most recent farm bill authorization was enacted in 2018

SNAP cost-share delay

A one-year delay in requiring states to pay for some Supplemental Nutrition Assistance Program (SNAP) benefits

Year-round E15

Language to authorize year-round E15 sales

Food bank funding

Increased funding for a program that distributes food through food banks, in hopes of attracting bipartisan support

Democrats opposed the package, arguing that the SNAP cost-sharing provision should be delayed for two years instead of one.

- **Both the Senate and House bills extend Good Neighbor Authority (GNA) to special districts.** The Good Neighbor Authority Program allows federal agencies (i.e. U.S. Forest Services, Bureau of Land Management, etc.) to partner with state and local governments to perform necessary land management and ecological restoration on federal lands.
- Senate Republican lawmakers are hoping to vote on the Agricultural Act in November following the midterm elections. However, the strong Democratic opposition will make it difficult for the bill to receive the bipartisan support required to clear the 60-vote threshold in the Senate, making passage before the end of the year challenging.
- Congress will need to pass the new bill — which was due to be updated in 2023 — or extend the 2018 version by the end of the calendar year.

OMB Uniform Guidance Proposed Rule

OMB Proposed Rule on Federal Grantmaking: Regulation for Federal Financial Assistance

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The Office of Management and Budget (OMB) issued a proposed rule on May 29, 2026 to revise the Guidance for Federal Financial Assistance to improve government-wide policies and requirements related to the management of grants, cooperative agreements, and other forms of assistance.

The proposed rule makes sweeping changes to grant award selection and administration processes, specifically increasing the politicization of federal grants procedures. A few notable changes in this proposed rule are below:

New government-wide conditions on every federal award: New prohibitions on grant-funded activities use undefined terms, making compliance very difficult to verify in advance.

Agencies can now freeze an active grant without terminating it: Agencies may suspend competitive grants for up to 90 days via written stop-work order – with no defined standards, no appeal process, and no clarity on cost recovery during the suspension.

OMB Proposed Rule on Federal Grantmaking: Regulation for Federal Financial Assistance (cont.)

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Federal agencies can now terminate competitive grants mid-stream: Agencies may cancel competitive grants for water infrastructure, transportation, housing, public safety, economic development, and more if they no longer align with current federal goals outlined by the administration.

More screening and oversight before and after grants are awarded: Competitive grant applications go through a new political appointee review with no defined standards.

The short-term CR passed by Congress delays the proposed rule's implementation date from October 1 to December 11, 2026.

OMB Proposed Rule on Federal Grantmaking (cont.)

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While the continuing resolution (CR) blocks the Office of Management and Budget from finalizing its proposed rule on federal grantmaking until December 11, several federal agencies, including the Department of Education, National Science Foundation, and Department of Housing and Urban Development, have already issued or are preparing similar rules that would expand political appointees' authority to review grant awards.

ISSUED OR PREPARING SIMILAR RULES

Department of Education

National Science Foundation

**Department of Housing and Urban
Development**

Senate Appropriations Chair Susan Collins (R-ME), on September 21, said the rule at NIH or any other agency is “contrary to congressional intent.”

Census Rulemaking

2030 Census Proposed Rule

- The Census Bureau published a proposed rule on Sept. 10, creating two new parts of 15 CFR governing the 2030 Decennial Census.
- The rule proposes counting lawful permanent residents while excluding undocumented immigrants and people whose legal status is “less durable and indefinite” than a green card.
- Similar to 2020 Census proposal in the first Trump administration that was later undone by Biden administration
- Removes all questions on race, ethnicity, and sexual orientation.
- Comment deadline October 13, 2026

Why It Matters

- **Formula dollars flow by population.** Community Development Block Grant (CDBG) program, Community Service Block Grants, the Byrne JAG and Crime Victim Assistance programs, various transportation grants and more.
- **Planning and modeling depend on the data.** Travel demand models, long-range plans, TIP development, and air quality all build on census inputs including demographic data.
- **Regions absorb undercount effects** across every jurisdiction simultaneously.
- **Boundary and apportionment ripple effects.** Changes to the apportionment base affect congressional and legislative district lines.

Priority Authorizations

Looking Ahead: Expiring Reauthorizations

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Authorization	Status	Deadline	Description
Water Resources Development Act (WRDA)	Passed One Chamber	September 30, 2026	House passed its WRDA legislation on September 16 in a 415-9 vote; the Senate version also renews the DWSRF and CWSRF programs.
National Flood Insurance Program	Legislation Pending	September 30, 2026	FEMA program providing federally backed flood insurance. Neither chamber has introduced reauthorization legislation.
Secure Rural Schools	Legislation Pending	September 30, 2026	Supports rural counties and schools affected by declining timber revenue. No FY27 reauthorization bill has been introduced.
Surface Transportation Bill	Passed House Committees	December 11, 2026	Three House committees approved bills; the Senate has not released text. A CR extends authorization to December 11, 2026.
FirstNet	Passed One Chamber	February 2027	NTIA authority running the public safety broadband network. The House passed reauthorization in April; the Senate has not.

REACT and FIREWALL Acts

REACT Act (H.R.5154)

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Introduced by **Rep. Kevin Mullin (D-CA)**, the Resilient Emergency Alert Communications and Training (REACT) Act aims to help communities test and improve their emergency alert systems by directing the Federal Emergency Management Agency (FEMA) to:

Technical assistance

Offer technical assistance to state, local and tribal governments to improve emergency alert capacity and effectiveness

Templates and public education

Help develop evidence-based alert message templates and public education campaigns explaining how those experiencing a disaster should respond

Annual report

Publish an annual report tracking which communities are conducting exercises, testing and public education of emergency alert systems

\$30 million annually

Authorize \$30 million annually through 2035 to support field training, live testing and community-based exercises of alert systems

FIREWALL Act (H.R.6473/S.1323)

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Introduced in the House by **Reps. Kevin Mullin (D-CA) and Maria Elvira Salazar (R-FL)**, the Facilitating Increased Resilience, Environmental Weatherization and Lowered Liability Act (FIREWALL Act) provides a federal tax credit for Americans protecting their homes from natural disasters by upgrading fire resistance, floodwater management, and other mitigation measures. The FIREWALL Act was introduced in the Senate by **Sens. Adam Schiff (D-CA) and Tim Sheehy (R-MT)**.

50%

Of eligible upgrades covered

\$25,000

Maximum credit per family

10 years

Disaster-declaration window

Who Qualifies

The credit covers 50% of eligible upgrades up to \$25,000 for families who make less than \$200,000 a year, phasing out for families making below \$300,000. It is fully refundable and adjusted for inflation starting in 2026.

Eligible Upgrades

Fire resistant building materials and roofing, stormwater barriers, air filtration, and the removal of vegetation posing a risk to a home, to list a few. Available in communities with a federally declared disaster in the last 10 years.

Federal Appropriations Update

- With the end of the federal fiscal year approaching on September 30, congressional leaders advanced a short-term continuing resolution (CR) this month to avoid a government shutdown like last year and while heading into the midterm elections.
- The Senate passed a CR in a 90-6 vote on August 8 to temporarily extend FY 2026 appropriations **through December 11, 2026. The CR also includes language that would delay the implementation of the Office of Management and Budget's (OMB) proposed rule through December 11, 2026, and provides a clean extension of surface transportation reauthorization through the same date.**
- On September 1, the House passed this CR with a 370-48 vote. The President signed the measure into law the following day.
- While lawmakers are expected to revisit fiscal year (FY) 2027 appropriations during the lame-duck session following the midterm elections, the compressed legislative calendar and competing priorities make enactment of full-year appropriations bills unlikely before the end of the year. Congress may instead consider another short-term funding extension into 2027.

FY27 Appropriations Update

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The House Appropriations Committee has advanced all twelve FY27 appropriations bills and has passed the National Security-State Department, Agriculture, and Military Construction-Veterans Affairs bills on the floor.

Below are House-proposed funding levels for key departments and agencies:

Department of Transportation (DOT)	\$92.224 B	▲	+\$30.798 B above FY26 enacted levels
Department of Housing and Urban Development (HUD)	\$71.377 B	▼	-\$5.942 B below FY26 enacted levels
Department of Justice (DOJ)	\$38.612 B	▲	+\$1.563 B above FY26 enacted levels
Federal Emergency Management Agency (FEMA)	\$34.067 B	▲	+\$2.039 B above FY26 enacted levels
Department of Homeland Security (DHS)	\$64.9 B	▼	-\$1.46 B below FY26 enacted levels
U.S. Department of Agriculture (USDA)	\$26.27 B	▼	-\$380 M below FY26 enacted levels
Environmental Protection Agency (EPA)	\$7.035 B	▼	-\$1.781 B below FY26 enacted levels

The Senate Appropriations Committee has not marked up its FY27 appropriations bills.

Questions?
