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From: Thorn Run Partners
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THORN RUN PARTNERS



TRP Key Local Government Issues

August 10, 2026

***A note on programming:** This edition of the local government report is being released due to a high volume of relevant news occurring last week. However, as was mentioned in our last report, TRP will pause distribution of this report while Congress is out for August recess. We will continue to monitor and flag relevant matters as they happen through as-needed notes, email distributions, and other forms of contact.*

This report will return to your inboxes on Monday, Aug. 31.

THIS WEEK IN CONGRESS

CALENDAR

The Senate and House are both out for the annual August recess, and will remain away from D.C. until the end of the month. The House is set to return on Aug. 31, and the Senate is set to return on Sept. 14.

- Click [here](#) to view TRP's combined House & Senate 2026 calendar.

WHAT YOU NEED TO KNOW

SENATE PASSES ITS VERSION OF AN FY 2027 CONTINUING RESOLUTION

While Senators successfully passed ([90-6](#)) their [version](#) of a continuing resolution (CR) to extend the funding deadline, much remains to be done prior to the end of the fiscal year (FY) on Sept. 30. As we reported last week, before the funding deadline is extended the House and Senate must reconcile the differences between their respective versions of the package. These differences include conflicting extension dates (Dec. 4 in the House as opposed to Dec. 11 in

the Senate) and a Senate provision that would delay implementation of a recently proposed rule from the Office of Management and Budget (OMB). The provision would prevent OMB from finalizing or implementing a rule substantially revising the management of all federal grants, cooperative agreements, and other forms of federal financial assistance ([text](#); [TRP summary](#)). If the rule is not delayed, OMB's stated timeline for a final version to take effect is Oct. 1, 2026 - a date intended to align the grant overhaul with the beginning of the new fiscal year.

The Senate package also includes a deadline extension for surface transportation reauthorization, the National Flood Insurance Program, and certain federal housing and Veterans' Affairs (VA) healthcare programs, among others. These extensions would last only through the duration of the CR.

FEDERAL JUDGE BLOCKS NEW FY 2026 HUD COC NOFO

The Department of Housing and Urban Development (HUD) is once again faced with a federal ruling against their attempts to make changes to the Continuum of Care (CoC) program. The same judge that previously ruled against HUD's attempted changes to the program through the FY 2025 notice of funding opportunity (NOFO) has now ruled against the FY 2026 NOFO ([TRP summary](#)), which was released on June 1st, stating that HUD failed to solicit public comment before finalizing the changes. The NOFO aimed to continue HUD's attempts to shift funding away from permanent supportive housing (PSH) projects towards temporary housing and supportive services.

COURT REJECTS EPA ATTEMPTS TO RESCIND CLIMATE FUNDS

On Tuesday, the U.S. Court of Appeals for the District of Columbia [blocked](#) the EPA from clawing back \$20 billion in climate grants through the Greenhouse Gas Reduction Fund (GGRF). Overturning a previous ruling upholding the rescissions, six of the panel's ten judges found that the agency violated the Inflation Reduction Act (IRA) when it attempted to terminate previously awarded grant funding to Climate United and other nonprofits "based solely on a policy disagreement" with the IRA. GGRF funds were meant to be used to fund clean energy development, electric vehicle infrastructure, energy efficiency upgrades, and more. On Thursday, the EPA indicated it had reached a deal with the challengers that would maintain the funding freeze while the case is appealed to the Supreme Court.

TRUMP RELEASES ADDITIONAL BIRTHRIGHT CITIZENSHIP ORDERS

President Donald Trump has released two executive orders entitled "[Continuing To Protect the Meaning and Value of American Citizenship](#)" and "[Ending Birth Tourism](#)" that seek to narrow eligibility for birthright citizenship by attempting to prevent the children of foreign diplomats, children of "alien enemies" including members of terrorist organizations, and children of women who have entered the United States on a nonimmigrant visa in order to give birth from automatically receiving U.S. citizenship if born on American soil. The move came soon after the Supreme Court rejected Trump's initial attempt to end birthright citizenship.

SENATE PASSES DISASTER TAX RELIEF LEGISLATION

The Senate has successfully passed the Doug LaMalfa Federal Disaster Tax Relief Certainty Act ([H.R. 5366](#)), sending the legislation to President Trump's desk to be signed into law. The legislation gives victims of natural disasters additional time to receive tax relief for personal losses caused by those disasters, and includes provisions aimed to support the victims of wildfires.

NEW FEMA HEAD CONFIRMED BY SENATE

Cameron Hamilton has been confirmed and sworn in as the new administrator of the Federal Emergency Management Agency (FEMA). In addition to being responsible for managing reform recommendations from the FEMA Review Council's May [report](#), Hamilton has also promised to

release a 30-day report with his own recommendations for the future of the agency. Notably, Hamilton previously served as acting FEMA administrator prior to being removed from the position in 2025.

NEW TSA HEAD CONFIRMED BY SENATE

David Cummins has been confirmed as the new administrator of the Transportation Security Administration (TSA). Cummins previously worked at Serco,

EPA RELEASES ROADMAP FOR FLUORIDE REVIEW

The EPA has released the "[Protocol for Developing the Fluoride Human Health Toxicity Assessment](#)", a document laying out how the EPA will assess the safety of fluoride. Per the EPA's [release](#) on the matter, the EPA's draft assessment, developed using the protocol as a guide, will be made available for public comment prior to the release of a final version that would make changes to drinking water regulations.

SENATE COMMERCE MARKS UP KIDS' ONLINE SAFETY LEGISLATION

On Wednesday, the Senate Commerce Committee met in [executive session](#) to hold votes on a series of measures — notably including the Kids Online Safety Act (KOSA) ([S. 1748](#)) — aimed at establishing a range of guardrails to protect kids' privacy and safety when using social media or artificial intelligence (AI) chatbots. The Senate version of KOSA continues to include a "duty of care" provision that Senate Majority Leader Scalise has made clear is a not starter in the House, setting up the potential for a compromise bill to move in both chambers in the lame duck. Additionally, during the mark-up, four of the five bills considered were reported favorably by unanimous voice vote. Meanwhile, the Shielding Children's Retinas from Egregious Exposure on the Net (SCREEN) Act ([S. 737](#)) failed to advance amid unspecified Democratic opposition to the legislation. Click [here](#) to read TRP's summary of the markup.

PERMITTING REFORM PUNTED TO SEPTEMBER

Lead Senate negotiators on energy permitting reform — including Sens. Shelley Moore Capito (R-WV), Mike Lee (R-UT), Sheldon Whitehouse (D-RI), and Martin Heinrich (D-NM) — punted their target for reaching an agreement on a sweeping package that would reform how energy infrastructure projects are reviewed, approved, and built. The leaders of the Environment and Public Works (EPW) and Energy and Natural Resources (ENR) Committees had originally targeted the end of last week to release an initial discussion draft, but they now say that they're aiming to strike a deal in September following the five-week August recess.

FARM BILL EFFORTS STALL IN SENATE AGRICULTURE COMMITTEE

The Agricultural Act of 2026 ([text](#)) (otherwise known as the "farm bill") was rejected in a 10-11 party-line vote at a Senate Agriculture Committee [markup](#) last Thursday. Despite Chair John Boozman (R-AR) including language that would delay the implementation of state cost sharing provisions for Supplemental Nutrition Assistance Program (SNAP) benefits, Democrats held firm on their demand that the bill include a two-year delay. The bill's failure to advance leaves the fate of language authorizing the year-round sale of E15 fuel in limbo once again, though Ranking Member Amy Klobuchar (D-MN) floated allowing a separate floor vote on the issue.

SCHIFF RELEASES LEGISLATION EXPANDING EPA'S AUTHORITY TO REGULATE WATER UTILITY CYBERSECURITY

Sen. Adam Schiff (D-CA) has released a [bill](#) that would grant the Environmental Protection Agency (EPA) the authority to require water utilities to take certain cybersecurity measures. The move comes after the Cybersecurity Infrastructure Security Administration (CISA), issued an alert noting a "significant increase" in cyber threats against programmable logic controllers (PLC) in the water and wastewater systems sector. CISA is specifically urging critical infrastructure owners, operators, and integrators to remove publicly exposed PLCs and other operational technology from the internet as soon as possible.

TRP SPECIAL REPORT: THE CONGRESSIONAL OUTLOOK FOR THE REST OF 2026

TRP's new [special report](#) provides a forward-looking assessment of the legislative, political, and personnel dynamics shaping the remainder of the 119th Congress and the transition to the 120th.

THIS WEEK IN APPROPRIATIONS

STATUS OF FY 2027 APPROPRIATIONS

As mentioned above, the House and Senate have both passed versions of a CR extending the funding deadline. It is unclear how the lower chamber will react to the Senate CR and whether it will bring it up for a vote or attempt to reconcile the two versions. Both versions will extend funding beyond the elections into December.

- Click [here](#) to see TRP's breakdown of funding for key items of importance in FY 2027.
- Click [here](#) to view the schedule of House markups for the each of the 12 FY 2027 funding bills.
- Click [here](#) to see TRP's chart tracking the current status of each FY 2027 appropriations bill.
- Click [here](#) to see TRP's breakdown of key items of importance for local governments in the President's FY 2027 Budget Request.

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