



November 17, 2014

## Impact of the 2014 Elections on Congress

In the new 114<sup>th</sup> Congress, Republicans will control both the House and Senate chambers. House Republicans improved on their existing majority by winning at least 244 seats with five races still too close to call or subject to a runoff. This gives them their largest majority since at least WWII. The increased majority will allow Speaker John Boehner (R-OH) to have a better chance of bringing bills to the floor and passing them solely with Republican votes (218 required) without having to worry as much about making concessions on the left to Democrats or on the right to his own Tea Party members.

In the Senate, Republicans will take over the majority with at least 53 seats and possibly 54 seats, pending the Louisiana Senate runoff on December 6 in which the Republican challenger is favored to win. While not the 60 votes needed to pass certain legislation, 54 votes would give Republicans a comfortable majority and will increase the ratio of seats they hold on committees.

Having Republicans control both chambers will increase the pressure on them to deliver on key legislation. They can no longer blame a “do-nothing” Congress on the Democrats. In addition, Senate Republicans may not be able to count on being in the majority beyond the next two years, since their election prospects in 2016 will be more challenging with 23 Republican seats up for election versus only 10 generally safe Democratic seats up. This will keep the pressure on Republicans to act quickly on their priorities.

Republicans will also want to act quickly in early 2015, because it becomes more difficult, if not impossible, to pass major legislation the closer it gets to the 2016 presidential election cycle.

In the 114<sup>th</sup> Congress, there are a number of critical transportation-related bills which Congress needs to address:

- FY'16 DOT Appropriations



## Washington Update

PREPARED BY CATHY CONNOR  
MANAGER OF GOVERNMENT AFFAIRS

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- MAP-21 Surface Transportation Reauthorization – Congress must solve the Highway Trust Fund (HTF) revenue crisis before they can draft a policy bill – current MAP-21 extension expires May 31, 2015
- PRIIA Rail (Amtrak) Reauthorization – expired September 30, 2014
- FAA Reauthorization - expires September 30, 2015

## Potential Impacts on the Infrastructure/Transportation Industry

### Potential Positive Impacts:

In general, transportation and infrastructure funding has strong bi-partisan support in Congress, therefore the change in party control and transportation committee leadership should not have a significant impact on most of these programs as compared with other more partisan programs.

In the Lame Duck session, Republicans might be willing to join with Democrats to support a gas tax increase or other new revenue for the HTF in a tax extenders bill in an effort to “clear the decks” and get controversial issues out of the way before Republicans take over and can no longer blame the Democrats. Without new revenue, Republicans will not be able to take credit for passing a robust, multi-year MAP-21 bill next spring focused on their priorities and will be blamed for increasing the deficit with continued General Fund transfers and delaying critically needed projects.

A Republican controlled Congress may be able to pass a long-delayed comprehensive tax reform bill which also could be a vehicle for a gas tax increase or other HTF fix.

The Republican-drafted House rail reauthorization bill proposes current funding levels for Amtrak despite predictions of massive cuts. The bill was approved on a bi-partisan vote by the House T&I Committee. A Republican Senate may make it easier to finalize action on this legislation.

The two new Republican committee chairmen in the Senate with jurisdiction over most transportation programs – Senator Jim Inhofe (R-OK) at the Environment & Public Works Committee (highway programs) and Senator Richard Shelby (R-AL) at the Banking Committee (transit programs) - both chaired their respective committees in previous Congresses and are very knowledgeable about the issues and are viewed as strong champions of federal funding for these programs.



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Chairman Bill Shuster (R-PA) will continue to lead the House T&I Committee. He is highly respected by both parties and has already proven his legislative leadership by passing a major bi-partisan water resources bill.

President Obama continues to publically champion infrastructure/transportation investment and has recommended increased funding levels through corporate tax reform.

### Potential Negative Impacts:

Republican support for infrastructure programs can sometimes clash with Republican opposition to tax increases, desire to shrink the size of the federal government, and belief in fiscal conservatism.

Despite immediate, post-election comments from House and Senate leaders of both parties about working together and with the White House to pass critical legislation, highly controversial issues, such as potential executive action on immigration reform and likely congressional approval of the Keystone pipeline, threaten to undermine that bi-partisanship and have renewed talk by some more inflammatory Republicans of impeachment and a government shut-down.

Republican opposition to tax increases could make passing a gas tax increase very difficult to achieve thereby making it very difficult to pass a robust, multi-year MAP-21 bill until after the 2016 presidential election.

New House Ways & Means Committee Chairman Paul Ryan (R-WI) and new House Budget Committee Chairman Tom Price (R-GA) are not viewed as champions of federal infrastructure funding.

It has been the Democratic-controlled Senate which has historically restored House Republican-proposed cuts in annual appropriations for non-HTF programs such as Amtrak, high-speed rail, New Start/Small Start transit projects and TIGER discretionary grants. While there is some Senate Republican support for the TIGER program, rail and transit discretionary programs will likely face a more difficult time in the FY'16 appropriations process.