



# WASHINGTON UPDATE

PREPARED BY CATHY CONNOR,  
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## November 26, 2019

Late last week, Congress passed another Continuing Resolution (CR) that will fund the federal government at FY'19 levels and keep the government open through December 20. The President then signed the bill. This is the second CR since FY'20 began on October 1. To date, none of the 12 federal agency funding bills have been completed.

Beyond keeping the government open for another 30 days while lawmakers continue to negotiate final FY'20 spending bills, the CR also eliminates a mandatory Highway Trust Fund (HTF) rescission that was included in 2015's surface transportation authorization bill, the FAST Act. The \$7.6B rescission of Federal-Aid Highway Program contract authority would have taken effect July 1, 2020.

Over the weekend, senior House and Senate appropriators finally reached agreement on the top-line FY'20 spending levels which should allow Congress to start finalizing the full-year appropriations bills once they return from the Thanksgiving recess next week. However, several controversial issues, such as funding for the Mexican border wall, still need to be resolved.

Activity on FAST Act reauthorization has slowed somewhat following passage of the highway section of the surface transportation reauthorization bill by the Senate Environment & Public Works Committee this summer. The staffs of the other Senate committees with jurisdiction continue to work on various provisions, but no formal action has been scheduled. It appears a companion House bill will likely be released early next year rather than before the end of 2019 as had been hoped. To date, no potential funding mechanisms have been identified. The FAST Act expires on September 30, 2020.

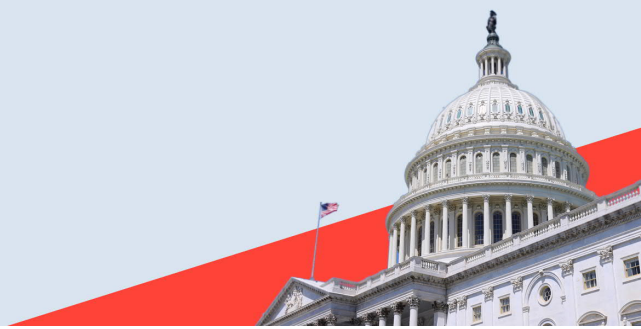
## FTA FY'19 Bus and Bus Facility Grants

On November 25, US DOT/FTA announced the award \$423M in FY'19 competitive grants to improve the safety and reliability of America's bus systems and facilities. A total of 94 projects in 42 states and DC received funding from FTA's Bus and Bus Facilities Grant Program. The funding supports projects to replace, rehabilitate, and purchase buses and related equipment, as well as projects to purchase, rehabilitate, and construct bus-related facilities. Here is a [link](#) to the list of selected projects.



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FTA received applications for 318 eligible projects totaling approximately \$1.9B in funding requests from a total of 270 applicants in 43 states and territories. Here is a [link](#) to the original Notice of Funding Opportunity (NOFO) and a [link](#) to information about the program.

## Renewable Energy Tax Proposal Released

House Democrats have released a discussion draft of proposed changes to a variety of “clean energy” tax provisions which include extending a variety of expired renewable energy tax breaks, expanding others, and creating new tax breaks. Here is a [link](#) to a section by section summary of the bill and a [link](#) to the legislative language.

The draft bill would extend the Section 45 production tax credit for renewables through 2024. It would make revisions to Section 179D, the expired energy-efficient commercial buildings tax deduction, and extend it through 2024. These revisions include:

- increasing the value of the deduction from \$1.80 to \$3.00 per square foot;
- updating the ASHRAE standard so that designs must reduce energy costs by at least 30 percent in comparison to the ASHRAE standard in place two years before construction; and
- eliminating the ability of governmental entities to allocate the deduction to the designer and instead providing a tax benefit to the governmental entity.

The plan also includes carbon tax language that instructs the Treasury Department to assess and report to Congress whether the EPA's Greenhouse Gas Reporting Program — which collects data from industries that produce major emissions — could be used “for the purpose of imposing a fee ... with respect to such emissions.”

The plan also includes a wider allowance for the tax credit to buy electric vehicles, letting carmakers produce more of them before it starts scaling down. A new commercial vehicle credit would be established for manufacturers that sell heavy, zero-emission units through 2024, letting them claim 10 percent of the sale price up to \$100,000.

In addition, the proposal would continue tax credits for making houses and office buildings more energy efficient through solar energy and other sources. Battery storage technology would also be eligible.

It is important to point out that the plan does not identify any funding sources, only noting that revenue raisers would be provided. No hearings on the proposal have been announced.



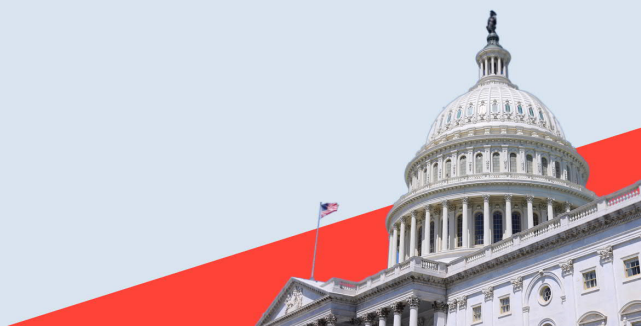
## Other News

- The House T&I Committee's Water Resources Subcommittee held a hearing last week on the development of the next Water Resources (Corps of Engineers) reauthorization bill. Here is a [link](#) to information about the hearing as well as the witness testimony and an archived webcast of the hearing. Here is a [link](#) to the Chairman's opening statement. There was considerable discussion of the need to focus on the resiliency of water infrastructure. Congress hopes to continue the recent trend of passing a WRDA bill every two years to fund Corps projects.
- The Senate Committee on Commerce, Science, and Transportation held a hearing last week on, "Highly Automated Vehicles: Federal Perspectives on the Deployment of Safety Technology". The hearing discussed the witnesses' perspectives on recommendations for realizing the potential safety, mobility, and efficiency benefits of autonomous vehicles. Witnesses included leaders from the NTSB, the US DOT Secretary's Office, and NHTSA. Here is a [link](#) to additional information and to read the witness testimony.
- In related AV news, the Federal Communications Commission (FCC) Chairman Ajit Pai last week proposed reallocating some of the 5.9 GHz spectrum band currently set aside for vehicle safety and communications. This is a very controversial move which is strongly opposed by US DOT and the transportation industry, as well as some key congressional leaders such as House T&I Committee Chair Peter DeFazio (D-OR) who believe the full 75 MHz of the 5.9 GHz band needs to remain dedicated for vehicle safety communications, including car crash avoidance technology (V2X), required by connected and autonomous vehicles.
- On November 13, the Senate Committee on Commerce, Science, and Transportation approved S. 2805, introduced by Chairman Roger F. Wicker (R-MS). The bill, as amended, extends the authorization for transit-oriented development (TOD) projects for Railroad Rehabilitation and Improvement Financing (RRIF) loans and loan guarantees for two years through December 4, 2021. The current authority expires on December 4, 2019. Here is a [link](#) to the bill text. The bill also revises the eligibility criteria for an application to finance economic development, including commercial and residential development and related infrastructure and activities. There is currently no companion bill in the House. However, the pending House FY'20 THUD (US DOT) appropriations bill includes a provision that extends RRIF TOD eligibility through September 30, 2020 – which is when the FAST Act expires. The TOD issue will be discussed as part of the House/Senate conference on the bill.



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- The Federal Highway Administration (FHWA) has issued important changes to the National Bridge Inspection Standards. The rulemaking was originally mandated in MAP-21 back in 2012. Here is a [link](#) to the proposed rule. The regulations include updated requirements for State DOT highway bridge inspection programs, including the frequency of inspections, professional qualifications and training for personnel, and data collection and reporting. FHWA is attempting to implement a more risk-based approach to bridge inspection intervals.
- The Trump administration has tapped Finch Fulton to serve as US DOT's Assistant Secretary for Policy, a position which has not previously been filled by this Administration. Fulton has been at US DOT since the start of the Administration, first as a special adviser and then as a Deputy Assistant Secretary for Policy.
- US DOT Secretary Elaine Chao announced the creation of a new initiative to support transportation needs in rural America. The initiative, known as the Rural Opportunities to Use Transportation for Economic Success (ROUTES) Initiative, will analyze the Department's discretionary funding and financing opportunities to ensure nationwide opportunities for rural communities' transportation infrastructure. Here is a [link](#) to more information about this program. The new ROUTES Initiative will assist rural stakeholders in understanding how to access DOT grants and financing products, and develop data-driven approaches to better assess needs and benefits of rural transportation projects. This builds on US DOT's TIFIA Loan Program's Rural Project Initiative, which offers lower project-cost thresholds for loan eligibility, subsidized interest rates, and the coverage of fees to encourage use of the credit program for infrastructure projects in rural areas.

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