



Washington Update

PREPARED BY CATHY CONNOR
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**PARSONS
BRINCKERHOFF**

November 5, 2014

While the November 4, 2014 elections did not feature a presidential election, there were numerous critical races on the ballot across the country – all 435 members of the US House of Representatives, 36 US Senators, an historic high of 36 governors, various state legislators, many local officials such as mayors, city and county councilmen, etc, and a number of important infrastructure-related ballot initiatives. The outcome was quite a sweep for Republicans who gained control of the US Senate and won numerous key gubernatorial races.

US Senate

The biggest news occurred in the US Senate elections where Republicans have so far picked up a net of 7 seats to take over a majority. This will mean new leadership for all Senate committees in the 114th Congress. Despite the new Republican majority, 60 votes will still be needed to pass most major legislation. Republicans currently will have at least 52 seats in the new Congress with two seats still too close/early to call in VA (Warner – D) and Alaska (Begich – D), and one seat – LA (Landrieu - D) – requiring a run-off on December 6. The Republican pick-ups occurred in WV, MT, AR, SD, CO, IA and NC. Several incumbent Senators lost their re-elections – all Democrats – Hagen (NC), M. Udall (CO) and Pryor (AR). There will be at least 10 new Senate freshmen – one Democrat and 9 Republicans.

The Republican majority may be short lived since in 2016 significantly more Republican seats – 23 - are up for election compared with only 10 Democrat-held seats with the election taking place in a high-turnout presidential election year.

Although new Republican committee chairs will not be determined until the Lame Duck session or later, it is expected that Senator Jim Inhofe (R-OK) will become the chair of the EPW Committee with jurisdiction over highway programs. Senator Inhofe served as the senior Republican during the MAP-21 debate. On the Banking Committee, which has jurisdiction over transit, Senator Richard Shelby (R-AL) will take over as chair. Senator Shelby previously chaired this committee when Republicans were last in control. The Commerce Committee, which has jurisdiction over rail, safety and aviation, is likely to be chaired by Senator John Thune (R-SD) who currently serves as the ranking Republican on the committee. And the Finance Committee, which has jurisdiction over revenue raising, will be chaired by long time Senator Orrin Hatch (R-UT), the current ranking Republican.



US House

In the House, there was a fewer than usual number of close races, however there were a few notable losses. Republicans picked up a net gain of seats to remain in control. Of particular note, at least two transportation champions lost their re-election efforts – Rep. Nick Rahall (D-WV), the current senior Democrat on the House Transportation & Infrastructure Committee, and Rep. Tim Bishop (D-NY), the current senior Democrat on the T&I Water Resources Subcommittee. This means that of the T&I Committee “Big Four” leadership positions – two will be vacant – Rahall and Rep. Tom Petri (R-WI) who is retiring. In addition, six other members of the Committee previously announced their retirement. Rep. Petri will likely be replaced in his leadership position by Rep. Sam Graves (R-MO) and Rep. Rahall will likely be replaced by Rep Peter DeFazio (D-OR).

The biggest House loss actually occurred last spring when House Majority Leader Eric Cantor (R-VA) lost his primary. With Republicans retaining control of the House, committee leaders are expected to remain the same except in instances, such as the Ways & Means Committee, where leaders have retired or lost. The House THUD (DOT) appropriations subcommittee will get all new leadership since both the Chair, Rep. Tom Latham (R-IA), and the ranking Democrat, Rep. Ed Pastor (D-AZ), are retiring. Speculation is that Rep. Kay Granger (R-TX) or Rep. Charlie Dent (R-PA) are likely to take over the panel.

Governors

Not only were there an unusually large number of governors’ seats up for election, an unusually large number of them were very close races. A number of prominent incumbent governors lost their elections, including Governors Corbett (R-PA) and Quinn (D-IL) with Malloy (D-CT) and Shumlin (D-VT) too close to call. Governor Neil Abercrombie (D-HI) previously lost his primary election. There were several upsets including Larry Hogan (R) defeating Lt Governor Anthony Brown (D) in Maryland and Charlie Baker (R) defeating Martha Coakley (D) in Massachusetts.

The large number of new governors will soon mean a large number of new state DOT directors. This could have a detrimental impact on the MAP-21 reauthorization debate with so many new players who are still learning the ropes and have not yet formed alliances.

Ballot Initiatives

There were a number of statewide and local infrastructure-related ballot initiatives up for a vote around the country, including:

Maryland – statewide constitutional amendment to prohibit Transportation Trust Fund revenue from being diverted for other purposes – Passed 82% to 18%



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Massachusetts – statewide question to repeal the automatic indexing component of the 2013 state gas tax increase – Passed 53% to 47%

Texas – statewide constitutional amendment to transfer a portion of oil and gas revenues from the state's "Rainy Day Fund" and to a dedicated fund for transportation projects – Passed 80% to 20%

Wisconsin – statewide initiative to prevent revenue allocated to the Transportation Trust Fund from being transferred to the state's General Fund – Passed 80% to 20%

Louisiana – statewide initiative to authorize the creation of and funding for a state infrastructure bank to fund transportation projects – Failed 32% to 68%

Alameda County, CA – local ½ cent sales tax increase initiative to raise \$8B over 30 years for BART and other transportation projects – requires a 2/3 vote to pass – Passed 70% to 30%

San Francisco, CA – authorization of \$500M bond initiative for local transportation needs, including Muni – Passed 70% to 30%

Pinellas County, FL – local one-cent transportation sales tax initiative for new BRT and light rail in the Tampa area – Failed 38% to 62%

Clayton County, GA – local one-cent sales tax to join the MARTA transit system – Passed 74% to 26%

Cobb County, GA – Local one-cent sales tax for six years for transportation projects – Passed 53% to 47%

Austin, TX – local \$600M bond initiative to fund urban rail and road projects – Failed 44% to 56%

Seattle, WA – local sales tax increase and new \$60 vehicle fee to fund Seattle transit service – Passed 59% to 41%

Lame Duck Session

The current Congress will reconvene in DC on November 12 to begin a post-election Lame Duck session. The primary agenda item for the Lame Duck is action on the FY'15 federal agency appropriations bills either by passing another short-term Continuing Resolution (CR) into early next year so that the new Congress can have an opportunity to influence the funding levels; a year-long CR which would extend FY'14 funding levels for the remainder of the fiscal year through September 30 so that the new Congress could immediately focus on the FY'16 funding process; or passage of an omnibus FY'15 funding bill that would provide new funding for most, if not all, federal agencies. This would require House and Senate appropriators to reconcile the differences in the pending appropriations bills. As a reminder, the House THUD (DOT) funding bill passed the House earlier this year, but the Senate bill never made it to the floor. The current CR expires on December 11.

The other legislation that may be addressed in the Lame Duck session are a tax extenders bill, the Defense authorization bill, and additional federal funding for the fight against ISIS and Ebola. In addition, party leadership elections will be held.



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There is some speculation that Congress might be willing to consider a gas tax increase or some other new funding source for the Highway Trust Fund (HTF) as part of a tax extenders package. This summer's latest transfer of General Fund money into the HTF to keep it solvent is only expected to last until late May. If Congress (particularly the new Senate Republican majority) wants to be able to write a robust, multi-year MAP-21 reauthorization bill next spring, they are going to have to identify significant additional funding. With gas prices below \$3 a gallon in many areas, Members might be willing to package a gas tax increase along with various tax breaks as part of a "revenue neutral" tax extenders package. This would get the HTF problem "off the table" before the new Congress starts. Retiring and losing members would be able to support a tax increase without fear of voter retribution and all other members would have two years before facing the voters again. The current MAP-21 extension expires on May 31, 2015.

Another date of importance to note is that the current federal debt ceiling expires on March 15, 2015 and Congress will need to take an always controversial vote to increase it.