

WSP Washington Update - December 18, 2019 - Interim Update – Final FY'20 Appropriations

In a rush to complete business before the holidays and the end-of-year recess, Congress is acting this week to finalize a number of key pieces of legislation, including all the FY'20 federal agency funding bills and a tax cut bill. Also driving action is the expiration of the Continuing Resolution (CR) currently funding the government which expires on December 20 and the need to show the public that routine business is being accomplished despite the impeachment proceedings.

Yesterday, the House passed all 12 FY'20 appropriations bills as part of two omnibus packages – one comprised primarily of defense and homeland security funding and the second of domestic programs including funding for US DOT, the Corps of Engineers, EPA and DOE. The Senate is expected to pass both bills tomorrow and the President is expected to sign them. A \$426B tax cut bill, comprised primarily of extensions of expired or expiring tax credits, was passed in conjunction with the appropriations bills.

The domestic omnibus appropriations bill (HR 1865), providing funding through September 30, 2020, passed by a vote of 297-120. You can find the full text of the bill [here](#) (US DOT funding is Division H - pages 996 to 1095), the explanatory statement on the US DOT funding [here](#), and a summary of the full bill prepared by the House Appropriations Committee [here](#).

Program	FY'18 Enacted	FY'19 Enacted	FY'20 House-Passed Version	FY'20 Senate Committee Passed	Final FY'20 Funding
Highway Program	\$46.76B	\$48.52B	\$48.1B	\$49.05B	\$48.5B
BUILD (TIGER) Grants	\$1.5B	\$900M	\$1B	\$1B	\$1B
FTA CIG Grants – New Starts (NS), Small Starts(SS), Core Capacity (CC), & Expedited Delivery Projects(EPD)	\$2.65B	\$2.55B Total - \$1.27B for NS, \$527M for SS, \$635M for CC	\$2.3B Total – \$795M for NS with FFGAs, \$702M for proposed NS, \$431M for SS, \$300M for CC, \$50M for EPD	\$1.97B Total - \$795M for NS with FFGAs, \$704M for proposed NS, \$78M for SS, \$300M for CC, \$100M for EPD	\$1.97B Total \$795M for NS with FFGAs, \$662M for proposed NS, \$100M for SS, \$300M for CC, \$100M for EPD
FTA Formula Grants	\$10.56B	\$10.64B	\$10.9B	\$10.8B	\$10.8B
MARAD Port Infrastructure	NA	\$293M	\$225M	\$91.6M	\$225M
FAA Airport Improvement Program (AIP)	\$4.35B	\$3.85B	\$3.85B	\$3.8B	\$3.75B
Amtrak NEC	\$650M	\$650M	\$700M	\$680M	\$700M
Amtrak National Network	\$1.29B	\$1.29B	\$1.29B	\$1.32B	\$1.3B
FRA CRISI Grants	\$593M	\$255M	\$350M	\$255M	\$325M
FRA SOGR Grants	\$250M	\$400M	\$350M	\$300M	\$200M

Corps of Engineers – Investigations – 6 new start studies	\$123M	\$125M	\$135M	\$154.8M	\$151M
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Corps - Construction	\$2.08B	\$2.18B	\$2.34B	\$2.79B	\$2.68B
Corps – O&M	\$3.63B	\$3.73B	\$3.92B	\$3.79B	\$3.79B
EPA WIFIA Subsidy	\$63M	\$68M	\$50M	\$73M	\$55M
EPA Safe Drinking Water SRFs	\$1.16B	\$1.16B	\$1.30B	\$1.12B	\$1.12B
EPA Clean Water SRFs	\$1.69B	\$1.69B	\$1.78B	\$1.63B	\$1.63B

Here are a few transportation highlights:

- Highways
 - Fully funds the FAST Act authorization of \$46.4B from the Highway Trust Fund. Adds \$2.166B more from the General Fund, of which \$781M is to be apportioned to the states by formula for surface transportation block grants and \$1.15B is designated for rehabilitation or replacement of deficient bridges, distributed by formula according to the proportion of bridge deck area in poor condition.
- Transit
 - Fully funds the FAST Act authorization of \$10.15B for transit formula funding from the Highway Trust Fund.
 - Adds a \$510M supplement from the General Fund for transit infrastructure.
 - Provides \$1.978B for Capital Investment Grants (CIG), a decrease from FY'19 but enough to fully fund projects with existing FFGA grant agreements.
 - Requires that FTA allocate 85% of the CIG funds by December 31, 2021.
 - Prohibits FTA from impeding or hindering a CIG project seeking a federal share of more than 40% from advancing.
 - Provides \$150M for DC's WMATA, the same as FY'19.
 - Bans implementation of the "Rostenkowski Test" which reduces transit funding when the amount of unfunded authorizations exceed projected revenues in the Mass Transit Account of the Highway Trust Fund. The Rostenkowski test could have cost transit \$1.2B in FY'20, a 12 % across-the-board cut.
- Rail
 - Increases Amtrak funding to \$2B, including \$700M for the Northeast Corridor.
 - Allocates \$200M for Federal-State Partnership State of Good Repair grants, a decrease of \$200M from FY'19, and \$325M for "CRISI" rail infrastructure and safety grants, an increase of \$70M above FY'19.
 - Provides \$2M for Mag Lev projects in addition to the \$10M appropriated in FY'19.
- Aviation
 - Funds the Airport Improvement Program (AIP) from the Airport & Airways Trust Fund at \$3.35B.
 - Adds \$400M in competitive airport grant funding from the General Fund.
 - Delivers more than \$3B for FAA Facilities & Equipment.
- BUILD
 - Provides \$1B for multimodal surface transportation discretionary grants, an increase of \$100M over FY'19, including highways, transit, passenger and freight rail, and port infrastructure, to be evenly divided between urban and rural areas.

- Directs US DOT to use the selection criteria from the 2017 BUILD NOFO and “not use the Federal share or an applicant’s ability to generate non-Federal revenue as a selection criteria in awarding projects.”
 - Requires US DOT to set aside \$15M of the total funding for grants to planning projects.
- Ports
 - Funds port infrastructure grants at \$225M.

The soon to be passed tax bill includes several provisions of interest to the infrastructure industry, including:

- An extension of the expired tax provisions for Section 179D energy-efficient commercial buildings deduction and the Section 45 renewable energy tax credit. The provisions are renewed retroactively for 2018 and 2019 and prospectively for 2020.
- An extension of the 45G tax credit for short-line railroad upgrades and maintenance retroactively for 2018 and 2019 and prospectively for 2020, 2021 and 2022.
- An extension of the expired transit alternative fuel excise tax credit through 2020.
- A seven-year reauthorization of the Terrorism Risk Insurance Act (TRIA) which provides a federal backstop to the terror insurance market and is important for construction in high-target areas.
- A seven year extension of the Export-Import Bank.
- An extension of the National Flood insurance Program to September 30, 2020.

The tax bill does not include an extension of the \$7,500 tax credit for the purchase of electric vehicles.