



February 9, 2016

FY'17 Administration Budget Request

This morning, the Administration released President Obama's final budget request. In major news for transportation, the budget includes a proposal to impose a \$10 per barrel fee on oil (phased in over five years) to pay for a "21st Century Clean Transportation System". The oil fee would raise more than \$300B over ten years to be used to fund various transportation programs to reduce carbon emissions, lower greenhouse gases, and promote clean technologies. The idea is to present a future vision for transportation – a "new approach to an old system". The new fee would be paid for by the oil companies, but presumably, would ultimately be passed along to consumers. The plan also includes a continued push for tax reform (primarily through repatriation) to fund near-term infrastructure investments. Here is a [link](#) to the White House press release/fact sheet on the new plan.

However, it is very unlikely that the Republican-controlled Congress will agree to a new tax on oil or to using tax reform revenue for transportation programs, particularly in a highly politicized election year. And of course, the potential revenue is a little too late for the FAST Act.

The "21st Century Clean Transportation" plan includes:

- \$20B a year for ten years (above current spending) for transit, high-speed rail (including maglev), freight rail modernization, TIGER, and other new programs.
- \$10B per year for ten years to encourage local, state, and regional governments to plan and build smarter infrastructure projects with incentives to reduce carbon emissions, improve land use planning, build more livable cities, and create greater resilience to climate change. The funding would be used to create a Climate Smart Fund and three new competitive grants programs - a 21st Century Regions program to implement regional-scale transportation and land-use strategies, a Clean Communities program to support more livable cities and towns with expanded transportation choices, and a Resilient Transportation program to spur investments that bolster resilience to climate impacts.
- \$2B per year for ten years for clean transportation research and deployment such as self-driving cars, electric vehicle charging stations, clean airplanes, and other climate friendly technologies.
- \$18B in new funding for US DOT programs in FY'17 - see highlighted sections in the chart below – all subject to congressional approval.



Washington Update

PREPARED BY CATHY CONNOR
MANAGER OF GOVERNMENT AFFAIRS



The Administration's FY'17 budget request also includes a government-wide emphasis on innovative financing and P3s, including establishing a National Infrastructure Bank, creating new "Qualified Public Infrastructure Bonds (QPIBS)", providing funding for EPA's new WIFIA water financing program, and developing a new federal credit program at the Department of Treasury to promote P3s called the "Financing America's Infrastructure Renewal (FAIR)" program. All of these initiatives are subject to congressional approval.

Here is information about the FY'17 funding requested for specific US DOT programs:

<u>Program</u>	<u>Current FY'16 Funding</u>	<u>Proposed FY'17 Funding</u>
Highway Obligation Limit	\$42.36B	\$43.26B*
Proposed New 21 st Century Clean Transportation Program - Highways	\$0	\$7.5B
FAST Act Freight Formula Program	\$1.14B	\$1.14B*
FAST Act Freight Discretionary Program (NSFHP)	\$800M	\$800M*
Transit Formula Program	\$9.3B	\$9.73B*
FAST Act FTA Bus and Bus Facility Discretionary Grants	\$268M	???
Transit CIG – New Starts/Small Starts/Core Capacity	\$2.177B	\$3.5B
Proposed New 21 st Century Clean Transportation Program – Transit	\$0	\$6.38B
DC's WMATA	\$150M	\$150M
Airport Improvement Grants (AIP)	\$3.35B	\$2.9B
TIGER Grants	\$550M	\$1.25B
Amtrak Total	\$1.39B	\$1.9B
Proposed New 21 st Century Clean Transportation Program – Rail	\$0	\$3.7B
FAST Act Rail Discretionary Grants (3)	\$0	\$400M for SOGR grants only

*-FAST Act FY'17 authorized level

Here is a [link](#) to the US DOT Budget Highlights (see page 41 for a list of proposed FTA Capital Improvement Grant (CIG) requests – New Starts/Small Starts/Core Capacity) and a [link](#) to the DOT budget fact sheet. Here is a [link](#) to the full, government-wide OMB budget.



On a related note, the House and Senate Appropriations Committees have set the dates for Members of Congress to submit their requests for FY'17 appropriations funding. The deadlines for member requests for transportation programs are March 17 (House) and March 18 (Senate).

Additional information about FY'17 budget requests for other federal agencies such as Corps' of Engineers, EPA, DHS, etc. will be distributed shortly.

FAST Act Implementation

US DOT Secretary Anthony Foxx released a [letter](#) and a [fact sheet](#) on Friday stating that later this month DOT will publish a Notice of Funding Opportunity (NOFO) in the Federal Register requesting applications for the Nationally Significant Freight and Highway Projects (NSFHP). NSFHP is a significant new discretionary grant program authorized by the FAST Act. The Act authorizes \$800M for this program in FY'16 and \$4.5B over the five-year life of the bill. DOT staff is expected to try to process and award these grants very quickly.

The Department is looking for "transformative, nationally and regionally significant highway, rail, port and intermodal freight projects with estimated total project costs in excess of \$100M". The fact sheet includes information about project eligibility, federal share, project costs, eligible applicants, etc.

FAA Reauthorization

Last week, the Republican leadership of the House T&I Committee, led by Chairman Bill Shuster (R-PA), introduced an FAA authorization bill which fundamentally restructures the FAA. The bill is H.R. 4441, the "Aviation Innovation, Reform, and Reauthorization Act (AIRRA) of 2016". Here is a [link](#) to the House T&I website which includes the bill text, a bill summary, and other materials. No Democrats are currently co-sponsors. The bill authorizes six years of funding for the FAA – FY'17 to FY'22. The most controversial provision in the bill would spin off the air traffic control (ATC) system into a new private, non-profit Air Traffic Corporation.

A T&I Committee hearing on the bill is scheduled for February 10 and a full committee markup of the legislation is set for February 11.

The bill provides for modest growth in the construction-related Airport Improvement Program (AIP) for the first time in over a decade. Funding for AIP remained at \$3.5B per year from FY 2005-2011 and then was reduced to \$3.35B per year from FY 2012-2016. Under the AIRRA bill, AIP would grow to \$3.8B by FY 2022.



The House bill does not increase the maximum Passenger Facility Charge (PFC) that airports can levy on passengers to pay for capital improvements, but it does expand the number of airports that can apply for the maximum PFC.

Senate committee leadership has indicated that they will wait for the House to act before proceeding to introduce their version of an FAA bill.

The current short-term extension of the FAA program expires on March 31, 2016. While both House and Senate leaders say they want to have a new bill passed by then, given the controversy over the ATC provisions, it is likely that another extension will be needed.

Water Resources

The Senate Environment & Public Works Committee will hold a hearing on the Corps' of Engineers annual report to Congress on February 9 and the House T&I's Subcommittee on Water Resources will hold a similar hearing on February 24. The hearings are in anticipation of Congress introducing legislation to reauthorize the 2014 Water Resources Reform and Development Act (WRRDA) which provides funding for Corps' navigation, flood control, coastal protection, and other water projects.

Here is a [link](#) to the Corps' report which identifies potential future water resources development through feasibility reports, proposed feasibility studies, and proposed modifications to authorized water resources development projects or studies. Specific projects are listed by name beginning on page 6 of the report.

Transit Agency Safety Plans

FTA has issued a proposed rulemaking for the Public Transportation Agency Safety Plan and a notice of availability for the proposed National Public Transportation Safety Plan. Both plans are required by MAP-21 and the FAST Act. Public comments on both plans are due by April 5, 2016. Here is a [link](#) to the Agency Safety Plan, a [link](#) to the National Safety Plan, and a [link](#) to a FTA press release.

Additional information and materials, including archived Washington Updates, are located on the new WSP | Parsons Brinckerhoff *Federal Briefing* website at www.federalbriefing.com. This is a new URL and title for the website previously named *PB Transportation Update*. The old website URL will automatically redirect to the new website, but please bookmark this new address for future reference.