



Washington Update

PREPARED BY CATHY CONNOR
MANAGER OF GOVERNMENT AFFAIRS

**PARSONS
BRINCKERHOFF**

July 10, 2014

The House Ways & Means Committee and the Senate Finance Committee both acted today to move bills to provide for a short-term bail-out of the Highway Trust Fund (HTF). Congress will only be in session for three more weeks before adjourning for the August recess and before US DOT has indicated it will be forced to implement cash management strategies which will delay highway reimbursements to state DOTs.

The House Ways & Means Committee met this morning to mark up HR 5021, the "Highway and Transportation Funding Act of 2014". The Committee passed the bill by a voice vote. The bill would transfer approximately \$10.8B from the General Fund into the Highway Trust Fund - \$8.8B into the Highway Account and \$2.0B into the Mass Transit Account. This amount would provide enough money to support highway and transit programs at current levels until approximately June 1, 2015. The cost to the General Fund would be offset by various "pay-fors", all of which are unrelated to transportation and most of which extend over 10 years. They include "pension smoothing", an extension of custom duties, and a transfer of \$1B from the Leaking Underground Storage Tank Trust Fund (LUST). Next the bill goes to the House floor for a vote – likely sometime next week.

At the mark-up, Rep. Earl Blumenauer (D-OR) offered an amendment to limit the extension of spending authority through December 31, 2014 only in an effort to keep the pressure on Congress to act soon than later on a long-term funding solution, potentially in a post-election Lame Duck session. However, his amendment failed on a party-line vote of 16 to 23. Most transportation stakeholder groups continue to push for Congress to limit the length of a Trust Fund fix. The fear is that if the extension goes into mid-2015, Congress will delay action until close to the deadline. At that point, the political pressures of the 2016 presidential election cycle may make it difficult for Congress to support a gas tax increase or make other hard choices regarding long-term funding.

This afternoon, the Senate Finance Committee acted on a similar proposal to temporarily fix the Trust Fund. They voted by voice vote to send the bill to the Senate floor where it is expected to be debated next week. The Senate offsets are similar to the House offsets with the addition of several relatively obscure changes to IRS tax compliance rules. Before the July 4 recess, Finance Committee Chairman Ron Wyden (D-OR) had been pushing for a short-term patch through the end of 2014. However, over the recess, he came to an agreement with Ranking Republican Orrin Hatch (R-UT) to provide more funding (\$10.8B) than his original proposal of \$8B, but to leave open the expiration date. During the mark-up, Senator Tom Carper (D-DE) offered an amendment to reduce the funding level in an effort to force Congress to address a long-term fix this year rather than next year, but his amendment was defeated.



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Here is a [link](#) to a press release from House T&I Committee Chairman Bill Shuster (R-PA) following committee passage of the House Ways and Means bill, a [link](#) to the House Ways & Means bill, a [link](#) to details about the revised version of the Senate Finance Committee bill (see links at end of press statement), and a [link](#) to a letter from FHWA to State DOTs outlining how delays in reimbursements from the Highway Trust Fund will be implemented.

Here is a [link](#) to a letter to Congress from the "Big 7" state and local government groups. The letter urges Congress to find a long-term fix for the Highway Trust Fund and to pass a multi-year surface transportation authorization bill. It is signed by the heads of the US Conference of Mayors, National League of Cities, National Governors Association, National Conference of State Legislators, National Association of Counties, Council of State Governments and the International City/County Management Association. The letter is a significant development. Governors and mayors, in particular, have considerable influence with Members of Congress. This is the first time in many years that all seven groups have joined together to push for surface transportation legislation.