

## PB Washington Update - March 1, 2012 - Interim Update

The swift progress made during the month of February on the House and Senate surface transportation authorization bills has come to a grinding halt in the House and slowed down considerably in the Senate just 30 days before the current SAFETEA-LU extension expires on March 31.

In the House, the Republican leadership pulled the five-year, \$260B bill, HR 7, on the eve of the recent recess when it became apparent that there were not enough votes to pass the bill as written. The leadership was expected to develop a revised bill over the recess which was rumored to scale the bill back to two years and restore gas tax revenues to the Mass Transit Account. However, four days after their return to session, no plan has been put forward and no floor time has been scheduled for this week or next week. The following week of March 12 the House will be on recess again.

A number of issues complicate the House's effort to revise HR 7 to make it more palatable to both the right and the left including, the looming March 31 deadline doesn't leave them much time to negotiate a new deal, the fact that a potential two-year bill (FY'12 and FY'13) would really only be an 18-month bill since FY'12 is essentially half over, the continued pressure from fiscal conservatives to cut the funding levels (possibly down to \$37B per year for the highway program), Speaker Boehner's continued insistence on tacking on energy issues including controversial provisions to expand offshore and ANWR drilling and to construct the Keystone Pipeline, the lack of sufficient revenues to pay for even a two-year bill at current levels once the gas tax revenues are restored to the Mass Transit Account, and the lack of earmarks to lock-in votes. It has been suggested the House may try again to attach reform of federal pensions as a way to find additional revenue, but that has its own problems.

The blame game for the demise of the multi-year House bill has already begun with many fingers being pointed at House T&I Committee Chairman John Mica, although he points out that he drafted the bill leadership requested.

In the Senate, S.1813, the two-year \$106B authorization bill, is making slow progress, but at a pace that makes it questionable that they can pass a bill before March 31. Senate leadership has been sorting through over 100 proposed amendments which include a number of very contentious non-germane amendments including the one debated and defeated on the Senate floor today on contraception.

Earlier this afternoon, Senate Majority Leader Harry Reid offered a new substitute amendment that encompasses the entire bill including the highway, transit, safety, rail, freight, and financing titles as well as 37 proposed amendments which the bi-partisan leadership has agreed to. This is an effort to try to avoid more non-germane amendments and speed up consideration of the bill. Funding the Senate bill is still in flux as the Finance Committee continues to propose various potential revenue sources to determine which ones are the least objectionable.

There are several scenarios for a way forward, but none of them are very appealing and most do not include a long-term, multiyear bill. Some options include:

- The House introduces a new, shorter term bill (likely two-years/18-months) including most or all of the original HR 7 policy provisions and possibly some funding cuts and goes to conference with the Senate bill once it has passed.
- The House drops the effort to redraft its own bill and simply takes up and passes the Senate's two-year (18-month) bill, S. 1813, once the bill has cleared the Senate, although technically bills which include tax provisions must originate in the House.

- The House opts to simply pass another short-term extension of SAFETEA-LU with few if any policy provisions and possibly some program cuts. "Short-term" could mean six months, through calendar year 2012 or even as long as through FY'13. However, at some point late this fall or early next year, the Trust Fund will run out of money unless additional revenues are identified or additional funds are transferred from the General Fund – something House Republican leaders have vowed not to do again.