

## PB Washington Update - Interim Report - July 7, 2011

### Surface Transportation Reauthorization - House

This morning House T&I Committee Chairman John Mica (R-FL) "rolled out" a 6-year, \$230B highway and transit authorization proposal. However, instead of releasing the text of a complete bill and a schedule for Committee and House action, he issued only a [press release](#) and a 22 page [overview](#) of the bill which will be called "A New Direction." No Democratic committee members attended the event and in fact, in a highly unusual move, they held their own press conference after the Chairman's at which eight of the most senior Democrats severely criticized the Mica proposal as being underfunded, resulting in significant job loss. The Ranking Democrat, Rep. Nick Rahall (D-WV) raised the possibility of a bill with a re-opener option which would permit Congress to revisit the funding issue in two years when the economy may be in better shape. The Democrats were very angry that they had not been consulted at all in the drafting of the proposal contrary to the usual bipartisan nature of the T&I Committee.

Mica indicated that he plans to hold a hearing next week on July 12 and is sending a letter to the House Ways & Means Committee asking them to hold a hearing on the revenue title of the bill at which he and other Republican committee leaders would testify on their recommendations on revenue options.

Mica said he is limited by House Republican rules and the FY'12 House Budget Resolution to authorizing only as much money as the Highway Trust Fund collects in revenues, resulting in a much smaller bill than the \$286B authorized by SAFETEA-LU. He cannot move the bill through the House without a commitment of floor time from House GOP leaders who currently do not have the bill on the schedule prior to the August recess.

The \$230B proposal equals about \$35B per year starting in FY'12 (versus the current \$51B per year) which Mica says will be more than doubled to approximately \$75B by leveraging existing resources, expediting and streamlining project delivery, reducing bureaucracy and red tape, increasing state flexibility, reforming and consolidating programs, and expanding the TIFA and RRIF (rail) loan programs.

The majority of funds in the federal highway program would be distributed by formula and the focus of the program would be the Interstate Highway System and the National Highway System. The TIFIA loan program would be authorized at \$1B per year and tolling would be permitted on new Interstate lanes, but not on existing Interstates. While states will be encouraged to create and capitalize state infrastructure banks, the proposal does not create a national Infrastructure Bank. The 10% Enhancement set-aside would be eliminated, but projects such as bike paths would still be eligible for federal funding. The current suballocation of STP funds to metropolitan areas would continue as well as the current 80/20 highway/transit split of federal funds.

The transit summary is somewhat vague and focused primarily on encouraging private sector partnering, emphasizing formula programs over discretionary ones, streamlining the New Starts/Small Starts grant process and strengthening transit safety, but without creating a new federal transit safety office as the Administration has proposed. In a very unusual move, this afternoon the bipartisan leadership of the Senate Banking Committee issued a [press release](#) strongly criticizing the House transit proposal saying it would cost more than 140,000 jobs. They also issued a [chart](#) showing the impact by state.

The bill will not include Mica's Amtrak privatization proposal or any high-speed rail funding although both are discussed in the bill overview, nor does it include a National Infrastructure Bank, a dedicated freight program, Build America or other bonds or any project earmarks. Specific performance measures would be developed after passage in coordination with US DOT and the states.

#### Surface Transportation Authorization – Senate

Here is a [link](#) to a press statement released yesterday by Senate EPW Chairwoman Barbara Boxer (D-CA). At the press conference, Boxer indicated she plans to introduce a two-year authorization bill (FY'12 and '13) totaling about \$109B. She is still waiting for the Senate Finance Committee to identify additional revenues to cover the approximately \$12B funding shortfall.

Along with the press release, Boxer issued a state by state [list](#) of the impact of cuts to highway infrastructure investment for FY'12 under the House GOP Budget Resolution. It shows that if the final FY'12 DOT Appropriations bill includes a funding level for highways in line with the House Republican Budget Resolution recommendation, the program would be funded at only \$27B (versus the \$41B FY'11 level), resulting in a minimum of a 34% cut per state which is estimated to mean a loss of approximately 500,000 jobs nationwide.