

PB Washington Update - September 23, 2011 - Interim Update

Surface Transportation Authorization

Yesterday, House T&I Committee Chairman John Mica (R-FL) briefed industry stakeholders on the new guidance he has received from House Speaker John Boehner (R-OH) regarding a six-year highway and transit authorization bill. Mica has been given the go-ahead to work with the House Ways & Means tax committee to find additional revenues to fund a surface transportation authorization bill at current funding levels or even higher. This is an important step forward in the effort to pass a fully funded, multi-year authorization bill, but it will be extremely difficult to find the approximately \$75B to \$100B in additional revenue needed to fund a bill at current levels. A gas tax increase will not be considered. Mica said he wants the current six-month extension to be the last one and would like to mark up a bill possibly even later this year if sufficient revenue can be identified. However, most observers believe that until the "Supercommittee" tasked with reducing the federal deficit completes its report (due by November 23), it will be very difficult for the T&I Committee to lay claim to any specific revenues. Without additional revenues, the highway and transit programs would have to be cut by more than one-third.

Continuing Resolution

Very early this morning (really Thursday night), the House passed a seven-week Continuing Resolution (CR) which will fund the federal government from October 1 through November 18 since Congress has been unable to pass any of the FY'12 agency funding bills. The House bill passed by only a one-vote margin.

The previous evening, the House defeated its first attempt to pass the CR when the Republican leadership lost both fiscally conservative Republican members who want deeper funding cuts and most Democratic members who want more funding for Emergency Relief (ER) and objected to the offsets for the \$1.5B which was included for ER. The new version of the CR uses \$100M from a federal program that guaranteed a loan to Solyndra, the highly controversial, now bankrupt solar energy firm, as an offset instead.

This morning, the CR was sent over to the Senate for consideration and it was quickly rejected when the Senate voted to table the bill, in part over disagreement about the lack of sufficient funding for FEMA disaster relief.

The loss is a particular concern because Congress is currently scheduled to be on recess next week through the October 1 start of the new fiscal year. That gives them only today and possibly over the weekend to pass the CR or face a government-wide shutdown.

FY'12 Appropriations

On Tuesday, the full Senate Appropriations Committee approved the Senate version of the FY'12 THUD (DOT) funding bill, S. 1596. During the markup the Committee passed a Durbin/Lautenberg/Feinstein/Landrieu amendment by voice vote to add \$100M for high-speed intercity passenger rail to the bill. While this is well below the funding levels in past annual appropriations bills which included \$1B to \$2.5B annually for HSR, it is an improvement over the lack of

any funding in the pending House appropriations bill as well as no funding in the original Senate subcommittee version. The \$100M is offset by the rescission of old highway and transit earmarks.

The Senate bill also includes a provision to fund Bus Rapid Transit (BRT) projects as part of the FTA Formula/Bus program as opposed to the current New Starts/Small Starts program. If agreed to in the final bill, this would free up as much as \$190M in New Starts funding for light rail projects. However, it will force the nine affected BRT projects to compete for limited Bus Discretionary funds. The Senate bill does not include the House language limiting new FFGAs to a 50% federal share.

As previously reported, the funding levels for most DOT programs are significantly higher in the Senate appropriations bill than in the House bill. It is unclear if the House and Senate DOT appropriations bills will progress any further as stand-alone bills since it appears that most, if not all, the FY'12 funding bills will be rolled into one or more omnibus bills and debated and voted on as a package.