



FEBRUARY 26, 2010 – INTERIM REPORT

Highway Trust Fund Will Shut Down Sunday, February 28, 2010

Well, the worst case scenario has come to pass. The Senate adjourned this morning for the week without taking action on the temporary 30-day SAFETEA-LU extension. Since the current extension expires this Sunday, February 28, as of that time, **the Highway Trust Fund will shut down**. FHWA and NHSTA staff will be furloughed and no payments will be made to reimburse states for federal-aid highway expenditures. FTA staff salaries and funding for New Start/Small Start projects will continue because they are funded by the General Fund, not the Trust Fund.

Earlier this week, the full Senate passed the HIRE jobs bill which, among other things, included an extension of SAFETEA-LU through December 31, 2010. However, the House version of a jobs bill, the Jobs for Main Street Act, which was passed in December, is a very different, much larger bill. That bill extends SAFETEA-LU through September 30. The easiest way to quickly reconcile the differences would be for the House to simply agree to the Senate-passed bill and deal with the broader issues later. However, rank and file Democrats opposed this option.

Therefore, yesterday, the House leadership opted to pass by voice vote a bill which includes a temporary 30-day extension of SAFETEA-LU, as well as other expiring provisions such as COBRA and unemployment insurance, with the assumption that the Senate would pass that bill today. However, Senator Jim Bunning (R-KY) (who is retiring this November) refused to go along with a Unanimous Consent agreement (UC) which would allow the bill to pass without a prolonged debate, because of his concerns about increasing the deficit. While the hope had been that the Senate would sort this all out today, they opted instead to adjourn until next Tuesday.

We do not expect state DOTs to issue stop work orders for on-going projects in the short-term, assuming this situation gets rectified shortly. We will report more as the practical implications become clearer.

We will know more next week how this will be sorted out. It is possible that Bunning will withdraw his objection and the 30-day extension can be passed, although obviously that is only a temporary solution.

Note - additional items have been added to the PB Transportation Update website at <http://www.PBTransportationUpdate.com> including the bill text and background information on the Public Transit Safety legislation.