



MAY 27, 2010

Congress is wrapping up its work this week before heading out for the first of the summer recesses. They will be leaving town without completing an FY'11 Budget Resolution or starting work on the twelve federal agency annual funding bills.

Kerry-Lieberman Climate Change Bill:

Senators John Kerry (D-MA) and Joe Lieberman (I-CT) introduced their version of a Senate climate change bill on May 12. The bill is called The American Power Act. Given that Republican Senator Lindsey Graham (SC) decided to drop his co-sponsorship of the bill and the growing off-shore drilling disaster in the Gulf, it is unlikely that the bill will pass this year. However, its policy directions and provisions may form the basis of future bills. Senate leaders are waiting for EPA cost estimates before attempting to bring the bill to the floor, although Majority Leader Harry Reid (D-NV) has said he hopes to see action in late June or July. The House has already passed its version of a climate change bill, the Waxman-Markey bill, which is very different than this Senate bill.

The vast majority of revenue raised from charging businesses for emitting greenhouse gases would be refunded to consumers with some additional revenue used for deficit reduction. Substantial revenues would be raised from the transportation sector by imposing a requirement on oil companies to purchase emission credits. However, it appears that of the approximately \$19.5B estimated to be raised in 2013 from the transportation sector, only about \$6.25B would go to transportations purposes - \$2.5B would go annually to the Highway Trust Fund, \$1.875B to the TIGER discretionary grant program and \$1.875B for Transportation Greenhouse Gas Emission Reduction Programs.

Fees paid by oil producers would ultimately result in increased gas prices which would severely undermine efforts to increase the gas tax to fund a desperately needed multi-year reauthorization of highway and transit programs.

The transportation industry has reacted with strong opposition. Close to 30 major associations signed a May 18 group letter to the two Senators urging them to reconsider how revenue from transportation-based motor fuels is directed and insisting that any revenues generated from transportation users be dedicated exclusively to transportation programs. The signers included AASHTO, AGA, ACEC, APTA, ASCE and several unions.

View a variety of [fact sheets and summaries](#) of the bill as well as the [full bill text](#).

LaHood Comments on General Fund Transfer to Trust Fund:

US DOT Secretary Ray LaHood testified before the Senate DOT Appropriations Subcommittee on May 6 on the DOT-HUD-EPA Partnership for Sustainable Communities. During his appearance he made it clear that the Administration views the \$34.5B in General Funds that have been transferred to the Highway



Trust Fund over the past two years (\$8B in 2008 + \$7B in 2009 + \$ 19.5B in 2010) as money which belongs to **all taxpayers**, not just users of the highway system and therefore can legitimately be used for broader transportation purposes.

LaHood stated that, "I know the Highway Trust Fund is set up out of the receipts that come from the gasoline tax....when you all extended the program ... the \$35B, almost \$40B, to pay for that came from the General Fund which is taxes paid for by all taxpayers." He then went on to say that taxpayers in some instances want something more than just roads.

This is in addition to the recent release of US DOT's draft Strategic Plan which eliminates mobility as a goal and downplays capacity enhancements in favor of a focus on livability.

LaHood's comments and the draft strategic plan have reinvigorated a debate on transportation policy even in the absence of any reauthorization legislation moving through Congress. [LaHood's entire statement](#) is available online.

TIGER II Grants:

A total of \$600M is available for the second round of the highly popular TIGER program that was first funded as part of the ARRA recovery program. Pre-applications are due to US DOT by July 16 and final applications are due by August 23. On June 1 US DOT will offer a seminar on TIGER II Capital Grants and on June 2 a session on TIGER II Planning Grants. Both sessions are from 1:00 to 2:30 PM EDT. The seminars are held via webinar with pre-registration required. Register online for the [Capital Grant session](#) and for the [Planning Grant session](#).

US DOT previously held a session on May 17 on "Benefit/Cost Analysis for Transportation Infrastructure" which was closely watched by those pulling together TIGER grant applications. The [PowerPoint slides](#) used by the speakers are available for download. You can also view a [video of the session](#) and a [video of a second seminar](#) held on May 18 on "Lessons on How to Compete for a DOT Discretionary Grant".

High Speed Rail Grants:

Today, US DOT announced close to \$80M in additional grants to high-speed and passenger rail projects around the country. The majority of the funding, \$66.6M, goes to Florida for the Tampa to Orlando project, a new, truly high-speed rail line, \$6.2M goes to California for the Capitol Corridor between Sacramento and San Francisco, \$5.7M to Wisconsin for new rail stations along the Milwaukee to Madison corridor, \$1M to the New York State Empire Corridor and \$100,000 for the development of the first ever rail plan in New Mexico.



Transit Operating Assistance Legislation:

On May 25 several senior Senate Democrats, including Senators Dodd (D-CT), Durbin (D-IL) and Schumer (D-NY), introduced legislation to provide emergency assistance for public transportation systems. The bill, the Public Transportation Preservation Act, would authorize, but not directly pay for, \$2B in operating assistance to larger transit agencies to help reverse or avoid service cutbacks and layoffs. Currently public transit agencies in areas of over 200,000 in population are not eligible for federal operating assistance. The funds would be distributed through existing formulas. Transit agencies would be able to use the funds for **capital** expenses if they can prove that they have not raised fares or cut service. Agencies would have until July 2012 to spend the money. APTA has strongly endorsed the bill.

The bill has been introduced in the form of a proposed amendment to the pending FY'10 war supplemental bill which means it is likely to move fairly quickly. The [text of the bill](#) is available.

Other News:

- In the May 13 Federal Register, FTA published a [supplemental notice of FY'10 Apportionments and Allocations for FTA programs](#), including formula programs and the discretionary Bus and Bus Facility, Alternative Analysis and New Start/Small Start programs. This notice supplements the February 16, 2010 notice which provided the apportionments for the first part of FY'10. The HIRE Act, which President Obama signed on March 18, authorized highway and transit programs through the remainder of FY'10 (and for the first quarter of FY'11 through December 31, 2010).
- In a recent speech on May 18 in Boston **FTA Administrator Peter Rogoff** made a number of statements about federal transit priorities, saying that cities need to focus on keeping their existing transit systems running rather than expanding rail services. He stated that, "At times like these, it's more important than ever to have the courage to ask a hard question: if you can't afford to operate the system you have, why does it make sense for us to partner in your expansion? If you can't afford your current footprint, does expanding that underfunded footprint really advance the President's goal for cutting oil use and greenhouse gases ... Or are we at risk of just helping communities dig a deeper hole for our children and our grandchildren?"

Rogoff also stated that, "Yes, transit riders often want to go by rail. But it turns out you can entice even diehard rail riders onto a bus, if you call it a "special" bus and just paint it a different color than the rest of the fleet" and "You know, there is always a big press event with lots of cameras, microphones and political leaders, when we open a new light rail line. We need to think about how we generate the same attention and excitement when we repair the retaining wall, replace rail ties, or refurbish a bridge so that more passengers are able to travel by rail more quickly". Read the [text of Rogoff's speech](#).



PB Washington Update

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- Congress is currently working on a tax extender bill. As part of the bill they have agreed to include a provision **amending the recently passed HIRE Act to distribute the additional highway formula funds** for the Projects of Regional and National Significance and National Corridors discretionary programs proportionally to all states rather than to the few states, such as CA, IL, LA and WA, which received the bulk of these funds in the original SAFETEA-LU earmarks. This change is being championed by House T&I Committee Chairman Jim Oberstar (D-MN).

Yesterday the House Rules Committee approved consideration of an amendment to the tax extenders bill to provide additional funding (in the range of \$400+M) in order to hold harmless the 13 states which would be negatively impacted by the change in highway formula distribution. However, the tax extender bill has run into heavy going because it spends too little to satisfy House liberal Democrats and too much for fiscally conservative "Blue Dog" Democrats and Republicans.

- In tomorrow's Federal Register, FTA will solicit grant applications for up to \$25.7M in **Section 5339 Alternatives Analysis funds**. Applications will be due 45 days from tomorrow, and FTA will prioritize the funds to transit planning studies that support the six US DOT-HUD-EPA partnership livability principles. The program can fund up to 80% of the study cost, with grants ranging in size from \$50K-\$2M.
- New documents and information have been posted on PB's Transportation Update website at www.PBTransportationUpdate.com