



PB Washington Update

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125

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Today is the start of the **new federal fiscal year - FY'11**. Today is also the start of Congress' pre-election recess. The House and Senate came back into session in mid-September, after a long summer recess, with hopes of completing several key bills before leaving town to campaign for the Fall mid-term elections. When it soon became apparent that the election frenzy would make it very difficult to pass any meaningful bills, both houses opted to adjourn early and head home.

Congress will reconvene after the November 2 elections on November 15 for a "Lame Duck" session. How long they will stay in session and what they can accomplish depends entirely on the outcome of the elections and particularly on whether the Republicans take control of either the House or less likely, the Senate.

Other than passage of a small business loan bill, very little was accomplished on major bills during the short September session. Left uncompleted are such legislation as an extension of the Bush tax cuts, an energy reform bill, a tax break extenders bill which included an extension of the popular Build America Bonds, or any action on a long-term surface transportation bill. Congress did pass a **Continuing Resolution (CR)** to extend funding for all federal agencies through **December 3** since they were unable to pass any of the 12 federal agency FY'11 appropriations bills, even usually "must-do" funding bills such as DOD and Homeland Security. The CR is "clean", meaning it does not include any extraneous funding or policy provisions and funds most federal programs at the existing FY'10 funding levels. A [summary of the CR](#) can be found online.

Congress also passed another 3-month short-term extension of the **FAA authorization** (HR 6190). This is the 16th extension of the bill which expired three years ago. Among other things, it funds the Airport Improvement Program (AIP) and authorizes the collection of Passenger Facility Charges (PFCs) to fund airport construction. The new extension only lasts through December 31 so Congress will need to act again during the Lame Duck session. At this point, another short-term extension into early 2011 is likely since it will be difficult for Congress to complete the multi-year bill in the Lame Duck, despite how close both sides are. One of the outstanding issues is the size of the PFC. The House bill proposes an increase to \$7, while the Senate bill leaves the current \$4.50 cap intact. There is concern that some Members view a PFC increase as a tax increase and therefore will oppose it.

If the Republicans win a majority in either body on November 2, it is unlikely they will agree to a lengthy **Lame Duck session**, preferring to wait until next year and the new 112th Congress to debate key bills. If the Democrats maintain their majorities, they may just want to leave town out of sheer exhaustion. At this point, it seems very unlikely Congress will take up a long-term surface transportation authorization bill in the post-election session, but they will need to pass a new, short-term extension since the current one expires on



December 30. They will also need to address FY'11 funding either by passing another CR into next year or preferably, passing a multi-agency omnibus appropriations bill.

As part of the pre-election activity, the leadership of the Republican party this week unveiled a GOP "**Pledge to America**". This is a somewhat similar effort to the "Contract with America" that Republicans promoted during the 1994 elections when they took over control of the House. This time however, rank and file members are not actually required to sign the Pledge and the focus is less on social issues. However, of serious concern to the infrastructure industry, the Pledge calls for a permanent stop to all tax hikes (which would presumably include a gas tax increase), significant cuts in federal spending, cancellation of all unspent ARRA stimulus funds, reduction of future federal discretionary funding (which includes all infrastructure funding) to pre-stimulus 2008 levels and opposition to a "cap and trade" energy tax. A ["pocket card" version of the Pledge](#) is available. The full [45-page Pledge](#) is also online.

Surface Transportation Reauthorization

With essentially no prospect of passage of a multi-year surface transportation bill in the lame duck session, many observers feel the only remaining hope for passage of a robust, long-term bill before 2013 (following the 2012 Presidential election) is during the first six-months of 2011. However, that would presumably require agreement on additional revenue, such as a gas tax, a highly contentious issue. While the early part of a new session of Congress may be the least politically contentious period, it is also a time when new members are learning the ropes. Regardless of who wins a majority of seats, there are predicted to be over 70 new House members and at least 15 new Senators as well as, at a minimum, 22 new governors). If Republicans take over the majority in the House it will involve considerable time consuming reorganization of committee assignments and leadership positions.

In recent congressional testimony, senior US DOT officials indicated they plan to submit details of their \$50B Labor Day funding announcement as part of their FY'11 budget request next February. No new details were provided on how the \$50B would be funded or how a new Infrastructure Bank proposal would be funded or implemented.

Other News

- **National Rail Plan** - This week FRA released a copy of the [next step in the US DOT/FRA National Rail Plan – "Moving Forward: A Progress Report"](#). The progress report builds upon the "Preliminary National Rail Plan" mandated by the Passenger Rail Improvement and Investment Act of 2008 (PRIIA) and submitted to Congress in October 2009.
- **TIGER Grants** – US DOT reported that nearly 1,000 construction grant applications were submitted, totaling more than \$19B, from all 50 states for the \$600M available in FY' 10 TIGER II discretionary grants. In addition, close to 700 applications were



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submitted for the up to \$75M in TIGER II/HUD Planning grants. Despite the overwhelming response, the Administration hopes to announce the grants prior to the November 2 elections.

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