



DECEMBER 17, 2009 – INTERIM REPORT

President Obama has signed into law the FY'10 appropriations bill that includes FY'10 funding for US DOT programs.

Yesterday, the House passed the DOD FY'10 appropriations bill which includes a provision for another short-term extension of the SAFETEA-LU authorization through February 28, 2010. The Senate is expected to pass the DOD bill before they adjourn next week.

Also yesterday, by a surprisingly close margin of 217 to 212, the House passed HR 2847, the "Jobs for Main Street Act" or as some are referring to it "Stimulus II". Thirty-eight Democrats joined all Republicans in voting against the bill. There is no time for the Senate to pass the bill this year, so further action will have to wait until January. Given the lack of strong support in the House and the lag time before Senate consideration, is it very likely that the bill may be modified significantly before final passage.

As reported in yesterday's Update, the House bill provides:

\$48B in new funding for infrastructure programs. Of the \$48B, \$37.3B is allocated to highway, transit, aviation and rail programs as follows:

- Highways - \$27.5B
- Transit - \$8.4B (Formula program – \$6.15B, New Starts/Small Starts - \$500M, Fixed Guideway Modernization - \$1.75B)
- Amtrak - \$800M (for fleet modernization)
- FAA Airport Improvement Program - \$500M
- MARAD Ship Construction - \$100M

For the highway and transit programs, 50% of the job funds are required to be "under contract" within 90 days after enactment. This differs from the January ARRA bill where 50% of highway funds had to be obligated within 120 days and transit funds within 150 days. There is also a requirement that there be an equitable distribution of highway and transit funds between urban and rural areas. The short time frame to use the funds means that most eligible projects need to be "shovel ready" and will likely be maintenance projects rather than design or construction projects.

In addition to eliminating the requirement for a state/local match, removing the ban on paying interest on Highway Trust Fund balances, and crediting the Trust Fund with past interest valued at \$14.7B for the Highway Account and \$4.8B for the Transit Account, the House bill shifts the cost of state and local government fuel tax exemptions from the Trust Fund to the General Fund. The transfer is estimated to provide an additional \$1.7B a year into the Trust Fund. As in ARRA, the new bill permits all transit agencies, even large ones, to use up to 10% of their formula funds for operating assistance.

The bill also extends the SAFETEA-LU authorization through September 30, 2010. While this may be helpful in the short-term so that the program doesn't expire, it definitely takes the pressure off the need to do a multi-year bill with program and policy reforms.

The transportation provisions of the jobs bill are on pages 29 to 50 of the legislative text which is located [here](#). A 9-page summary prepared by the House T&I Committee is located [here](#).