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September 2011 Monthly Report for MTC

**To: Steve Heminger, Executive Director
MTC**

**From: Tom Bulger, President
GRI**

Re: Monthly Report for September 2011

Date: September 30, 2011

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- **Obama Administration Proposes the American Jobs Act of 2011**
- **Congress Agrees to Continuing Resolution to Avert Government Shutdown**
- **Senate Appropriations Committee Completes FY 2012 Spending Bill**
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President Signs Surface Transportation Extension

In September, Congress approved H.R. 2887, sending a six-month extension of the highway, transit and aviation programs to the President. This extends the Safe, Accountable, Flexible, Efficient Transportation Equity Act: A Legacy for Users (SAFETEA-LU) through March 31, 2012. The legislation authorizes the collection of the federal gas tax, which generates an estimated \$100 million per day. This is the eighth extension to the surface transportation authorization legislation. The extension is at current spending levels, but the final amounts will be determined by the FY 2012 Appropriations Committees.

Obama Administration Proposes the American Jobs Act of 2011

The President addressed a joint session of Congress and unveiled his \$447 billion American Jobs Act of 2011. The proposal contains \$27 billion for highway repairs, construction and other transportation projects; \$9 billion for mass transit; \$2 billion for airport development grants; \$1 billion for Federal Aviation Administration (FAA) Next Gen air traffic control; \$4 billion for high-speed rail; \$2 billion for inter-city passenger rail; and \$5 billion for TIGER and TIFIA transportation mode projects that have a significant impact on the country, region or metropolitan area.

The proposal also would create the American Infrastructure Financing Authority, a new government corporation. The Authority would provide direct loans and loan guarantees for infrastructure projects of regional or national significance. A total of \$10 billion would seed the Authority, with a limit of \$10 billion in loans for the first two years, \$20 billion in loans in years three through nine, and \$50 billion per year thereafter.

Additionally, the President's proposal would bar investors (single taxpayers at \$200,000 income and married couples at \$250,000 or more) from using tax exempt bond interest to reduce their income tax rates. This part of the proposal would have an adverse affect on the municipal bond market.

The President's bill has yet to be introduced by any democrat in either House; however, even if the Senate takes up the President's bill, republicans are expected to block enactment. Nevertheless, the Senate may take up the bill in October, after the White House continues to sell the proposal.

Congress Agrees to Continuing Resolution to Avert Government Shutdown

Congress approved another Continuing Resolution (CR) that keeps the federal government funded through November 18; thus, allowing Congress to continue work on Fiscal Year 2012 Appropriations legislation. The CR continues government operations at a rate of \$1.043 trillion — the total amount agreed to by Congress and the White House in the Budget Control Act.

The latest spending drama was over additional FEMA funding, which was offset by a \$1 billion cut to the Department of Energy's Advanced Technology Vehicle Manufacturing Loan Program. The next skirmish will be over how and where to spend the FY 2012 budget, an issue that must be resolved by November 18.

Senate Appropriations Committee Completes FY 2012 Spending Bill

On September 21, the Senate Appropriations Committee approved the FY 2012 Transportation, Housing and Urban Development, and Related Agencies (THUD) bill, which sets spending levels for the transportation program in FY 2012. The House THUD Appropriations Subcommittee marked up its version of the bill on September 15, but the bill has not gone to the full House Appropriations Committee. For this reason, Congress approved the CR that keeps the federal government open through November 18.

The Senate THUD bill would fund Federal Transit Administration (FTA) formula and bus grant programs at \$8.361 billion — \$18 million above FY 2011 levels. The bill also would fund the New Starts Capital Investment Grant program at \$1.955 billion — a \$358 million increase over FY 2011. The Senate bill includes \$550 Million for TIGER grants in FY 2012. Furthermore, \$100 million were added to the high-speed and intercity rail grant program in Committee through an amendment that GRI staff worked on.

In contrast, the House THUD Appropriations Subcommittee amounts are much lower, i.e., the bill provides a total of \$7.043 billion for FTA programs and \$27 billion for FHWA highway programs. No funding is provided for high-speed and intercity rail or the TIGER program.

House Leadership Urges Chair Mica to Move a Six-Year Transportation Bill

Representative John Mica, R-Fla., chair of the House Transportation & Infrastructure (T&I) Committee, held a briefing for transportation stakeholders on September 22 on Capitol Hill. He announced that the Republican House Leadership told him to look for additional revenue for a six-year authorization bill. He noted that his goal would be to pass a six-year bill at no less than current funding levels. On the other hand, his T&I authorization outline currently cuts transportation funding by about one-third.

Chair Mica said House Leadership still opposes an increase in the federal excise taxes on diesel and gasoline fuel, but added that he is committed to finding additional revenue to prop up the diminishing excise tax revenue deposited into the Highway Trust Fund — currently about \$35 billion annually. House Speaker John Boehner, R-Ohio, noted during a Washington, D.C. Economic Club speech that increased funding for transportation may come from energy production royalties.

Buy America Waiver for Bay Area Electric Vehicles CMAQ Projects

MTC staff requested a Buy America waiver from the Federal Highway Administration (FHWA) for three Bay Area electric vehicle (EV) projects funded with CMAQ dollars. This situation has remained unresolved by the FHWA for over three months. The projects affected are:

- the EV Taxi Project in San Jose/San Francisco (SFMTA);
- the E-fleet Government project in various jurisdictions (Alameda County); and
- City CarShare's EV program in San Francisco and Berkeley (SFCTA)

GRI staff is working directly with FHWA Deputy Administrator Greg Nadeau to resolve this issue. On September 28, Mr. Nadeau said the delay is due to a lack of a policy or guidance at FHWA specifically regarding electric vehicles. FHWA is currently crafting a policy that they hope to complete in two weeks. FHWA division staff will be in contact with MTC staff to coordinate a meeting with the grant applicants in the Bay Area.

Port of San Francisco Grant Announced

On September 14, U.S. Department of Transportation Secretary Ray LaHood announced that the Port of San Francisco was awarded a \$2.97 million grant from the Federal Railroad Administration to improve an approximately one mile-long spur connecting the Caltrain mainline track to the Port of San Francisco Rail Yard. This mainline track is under consideration for use as part of California's high-speed rail project. Improvements will allow trains to operate at higher speeds and reduce delays to Caltrain commuter service and future high-speed rail trains.

Comings and Goings

Peter Appel announced his resignation from the U.S. DOT's Research and Innovative Technology Administration (RITA).

William "Bill" Millar announced he will be stepping down as long-time executive director of the American Public Transportation Association (APTA). On September 21, GRI staff attended a reception for Mr. Millar at the U.S. Chamber of Commerce. Secretary LaHood, many of his political appointees, and FTA Administrator Peter Rogoff were in attendance.

Meetings

During the month of September GRI staff attended various meetings, including the American Public Transportation Association (APTA) Washington Representatives monthly meeting and the Intelligent Transportation Society of America (ITSA) Legislative Committee meetings. We also participated in an ITSA conference call regarding federal legislative developments and the upcoming ITSA World Congress happening in October in Orlando, Florida. GRI staff also attended numerous meetings regarding the transit benefit tax legislation.

Senator Max Baucus, D-Mont.

We met with Tom Lynch of Senator Baucus' senior transportation staff to discuss the Senate's willingness to support a six-year surface transportation authorization bill in the event the Senate can find an additional \$75 billion in revenue. The Senate currently supports a two-year authorization bill, which requires an additional \$12 billion in revenue.