



METROPOLITAN
TRANSPORTATION
COMMISSION

Agenda Item 6a

Joseph P. Bort MetroCenter
101 Eighth Street
Oakland, CA 94607-4700
TEL 510.817.5700
TDD/TTY 510.817.5769
FAX 510.817.5848
E-MAIL info@mtc.ca.gov
WEB www.mtc.ca.gov

Memorandum

TO: Legislation Committee

DATE: February 10, 2012

FR: Executive Director

W. I. 1131

RE: H.R. 7: American Energy & Infrastructure Jobs Act & H.R. 3864, the American Energy & Infrastructure Jobs Financing Act

Background

H.R. 7, released on January 28, is the long-awaited proposal by House Transportation & Infrastructure Committee Chairman John Mica to reauthorize the nation's surface transportation program. The 846-page bill was approved in committee on a party line vote (with one Republican member dissenting) after an 18-hour hearing in which over 100 amendments were considered. It provides \$260 billion over five years, including the current fiscal year. This amounts to a continuation of flat funding levels for transportation since FY 2008 (not including funding transportation received as part of the economic stimulus). H.R. 3864 is the companion financing bill approved by the House Ways & Means Committee, also on deeply divided vote.

Recommendation: Oppose

Discussion

Bill Flat Lines Transportation Funding for Four Years

By flat lining transportation funding at FY 2008 levels, the bill ignores the recommendations of two bipartisan Congressionally appointed panels on need to increase funding to match transportation needs. The fact that our nation's roads and transit systems have been graded "D" by the American Society of Engineers further supports the panel's conclusions. HR7 would lock the nation's transportation program into inadequate funding levels for the next five years, causing our transportation infrastructure to fall into further disrepair and harming our short and long-term economic growth.

Bill Would End Federal Gas Tax Funding for Public Transit

Despite some programmatic features that are consistent with MTC's goals and the California Consensus Principles, H.R. 7 contains an unacceptable "poison pill" that would eliminate the predictability of federal funding for public transit. Specifically, the bill eliminates the transfer of 2.86 cents per gallon of the federal gas tax to the Mass Transit Account and proposes to finance public transit programs as well as the Congestion Mitigation and Air Quality Program (CMAQ) for the next four and half years from a one-time transfer of \$40 billion from the General Fund. This transfer would have to be offset by cuts elsewhere to avoid raising the federal deficit. The

offset being proposed for the five-year term of the bill is an unrelated change in how much federal employees would contribute to their pension benefits.

This funding mechanism is a departure from 30 years of bipartisan agreement to fund all modes of surface transportation through dedicated, federal fuel taxes — an agreement initiated under the Reagan Administration. Organizations ranging from Transportation4America to the Association of State Highway Transportation Officials (AASHTO) have announced their opposition to this shift. AASHTO's letter to the House Ways and Means Committee stated, "AASHTO has long supported the principle that 20 percent of the gas tax revenues that have been put in place since 1982 be allocated to a dedicated mass transit account. We believe that the two complementary accounts need to be maintained in order to support a well-funded, multimodal transportation system."

Bill Would Grant Governor Power to Hand-Pick Which Projects Receive Funding

Another very problematic provision in H.R. 7 would undermine local government autonomy and the integrity of the regional planning process by allowing a Governor to unilaterally add a project to a region's transportation improvement program (TIP), even if the project is strongly opposed by the region's residents and the MPO. This undermines the legitimacy of the regional planning process, and would harm public involvement and trust in government. It also runs counter to both state and federal planning law which is based on the principle that transportation systems are fundamentally *regional* in nature, and therefore, the planning and funding choices should be made cooperatively by local and state agencies, and not by the governor acting alone.

Elimination of Transportation Enhancement (TE) Program & Safe Routes to Schools

HR 7 would eliminate the program set-aside for the TE program, but retain Transportation Enhancements as an eligible Surface Transportation Program expense, with the exception of transportation museums, historic preservation and the preservation and conversion of abandoned railway corridors for pedestrian or bicycle trails. As such, MTC would still have the option of using STP funds for a TE eligible project, rather than having such funds distributed through the State Transportation Improvement Program, as in current law. With respect to the Safe Routes to Schools program, however, H.R. 7 repeals it altogether.

New Bus Formula Program Would Exclude S.F. MTA and VTA From Eligibility

Under H.R. 7, any transit operator that operates heavy rail, commuter rail or light rail service would be ineligible for funding from a new Bus & Bus Facilities Formula program, an \$840 million annual program. In addition, the formula excludes fixed guideway from the calculation of funding levels returned to the Bay Area, which would significantly reduce the region's share of funding and favor areas with less extensive transit systems. This would be a particular hardship for S.F. MTA and Santa Clara VTA, which would not be eligible for the funds, despite having extensive bus systems.

Changes to Transit Program Structure

While staff recommends an oppose position on H.R. 7 for the reasons mentioned above, it is worth noting that with respect to the transit program, the bill does make some positive changes. For instance, the bill eliminates the Growing and High Density States and Small Transit Intensive Cities tiers within the Urbanized Area formula factors, which served to reduce the Bay Area's share of transit formula funds relative to other areas. The funding that would have gone to

those programs is shifted into other formula programs, thereby ensuring that the Bay Area receives a share of the funds. In addition, the bill consolidates three current human services-oriented programs (the Elderly & Disabled Program, the Job Access & Reverse Commute and the New Freedom Program) into a single Coordinated Access & Mobility formula program. This will significantly reduce administrative costs, and enable more comprehensive service delivery, while retaining the same types of expenditures as under current law. If and when Congress reaches the point of holding a conference committee to reconcile the different versions of the bills in each house, these are among the few provisions in the House bill that we would recommend supporting.

Next Steps

At the time this memo was prepared the House was tentatively scheduled to begin debate on H.R. 7 on Tuesday, February 14th through Friday, February 17th, the day of your meeting. The Senate is scheduled to be debating its federal transportation authorizing bill (see item 6b) at the same time. Staff will update you with the latest developments at that time.

Known Positions

See attached



Steve Heminger

Specific Organizations Supporting H.R.7

- Food Marketing Institute
- American Soybean Association
- American Highway Users Alliance
- National Taxpayers Union
- National Association of Manufacturers
- International Dairy Foods Association
- National Association of Wholesaler-Distributors
- Grocery Manufacturers Association
- International Foodservice Distributors Association
- American Frozen Food Institute
- National Black Chamber of Commerce
- National Council of Farmer Cooperatives
- Coca-Cola Company
- Con-way
- Snack Food Association
- Steel Manufacturers Association
- National Potato Council
- United Fresh Produce Association
- American Trucking Associations
- American Beverage Association
- National Milk Producers Federation
- Colorado Timber Industry Association
- Black Hills Forest Resource Association
- Intermountain Forest Association
- Deere & Company
- Fresh Produce Association
- National Lumber and Building Material Dealers Association
- American Iron & Steel Institute
- Western Growers
- California League of Food Processors
- American Forest & Paper Association
- Mothers Against Drunk Driving
- Council for Citizens Against Government Waste
- National Confectioners Association
- American Motorcyclist Association
- National Association of Chemical Distributors
- Coalition for Transportation Productivity
- DIAGEO
- Air Products
- National Industrial Transportation League
- Florida Forestry Association
- Campbell Soup Company
- Boise Inc.
- American Action Forum
- Agriculture and Forestry Transportation Reform Coalition
- Alabama Forestry Association
- Aluminum Association, Inc
- Colorado Potato Administrative Committee
- Florida Chamber of Commerce
- Florida Pulp & Paper Association
- Forest Resources Association
- Hardwood Federation
- Institute of Scrap Recycling Industries, Inc.
- Metal Service Center Institute
- Midwest Shippers Association
- National Private Truck Council
- Northeastern Loggers Association
- Northwest Food Processors Association
- Paper and Forest Industry Transportation Committee
- Professional Rodeo Cowboys Association
- Shelf-Stable Food Processors Association
- Sports Video Group
- A & M Transport, Inc.
- American Gypsum Company
- Anheuser Busch
- Anthony Forest Products
- Archer Daniel Midland
- Ball Brothers Produce
- Basic American Foods
- Bear Trucking, Inc.
- Boise Cascade LLC
- Butterball LLC
- CEMEX, Inc
- Central Refrigerated Service
- Challenger Motor Freight
- Chicago Consulting
- Claremont Forest Inc

- Columbia Forest Products
- Cotton Transportation and Warehousing
- CRST International
- Dairy Marketing Services, LLC
- Dannon
- Dean Foods
- Delta Timber Company
- DHL
- American Association of State Highway and Transportation Officials

Opposed

- Taxpayers for Common Sense
- International Brotherhood of Teamsters
- Religious Action Center of Reform Judaism
- National Association of Railroad Passengers
- Association of American Railroads
- Competitive Enterprise Institute
- League of American Bicyclists
- AAA
- Heritage Action for America
- Truck Safety Coalition
- Owner-Operator Independent Drivers Association
- Club for Growth
- National Troopers Coalition
- Pennsylvania Chiefs of Police Association
- Rail Supply Institute
- American Beverage Institute

Source: Open Congress,
www.opencongress.org