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July & August 2012 Monthly Report for MTC

To: Steve Heminger, Executive Director
MTC

From: Tom Bulger, President
GRI

Re: Monthly Report for July and August, 2012

Date: August 29, 2012

- **Congress Recessed on July 27**
- **Six-Month Continuing Resolution (CR) for FY 2013**
- **Senate Finance Committee Adopts Tax Extenders Bill, including Transit Benefit**
- **Secretary Ray LaHood Announces Discretionary Grants**
- **Sequestration Looms**
- **July and August Meetings**

Congress Recessed on July 27

On July 27 Congress recessed until September for their annual vacation and for their parties' conventions in August. This recess was without fanfare or late night votes.

Six-Month Continuing Resolution (CR) for FY 2013

On July 31 the White House, Senate and the House agreed to a bipartisan deal on a six-month CR funding the federal government for the first half of FY 2013 (October 1, 2012 — March 31, 2013). The exact legislation will be voted on in September after the congressional recess. The top line spending level is set at \$1.05 trillion. The FY 2012 discretionary budget level is \$1.04 trillion. The six-month CR is unusual as Congress usually passes shorter CR's.

Senate Finance Committee Adopts Tax Extenders Bill, including Transit Benefit

On August 2, the Senate Finance Committee reported out of Committee a tax extenders bill, including favorable treatment of the transit benefit. The provision would increase the transit and vanpool monthly cap to be the same as the current \$240 monthly amount for parking. Currently, the transit and vanpool qualified transportation fringe benefit provided by an employer are excluded from an employee's gross income for income tax purposes and from employee's wages for employment tax purposes.

Before February 17, 2009, the amount that could be excluded as qualified transportation fringe benefits was limited to \$100 per month in combined transit pass and vanpool benefits and \$175 per month in qualified parking benefits. These limits are adjusted annually for inflation, using 1998 as the base year. The 2012 limits are \$125/month for transit and vanpool and \$240/month for parking. The American Recovery and Reinvestment Act of 2009 (Stimulus) provided parity in qualified transportation fringe benefits by temporarily increasing the monthly exclusion for employer-provided transit pass and vanpool benefits to the same level as the exclusion for employer-provided parking in 2009 and 2010. The Tax Relief, Unemployment Insurance Reauthorization, and Job Creation Act of 2010 extended parity in qualified transportation fringe benefits through 2011.

The Finance Committee's tax extenders bill includes an effective date of January 1, 2012—December 31, 2013. If enacted, it is unknown how retroactive benefits will be administratively conducted, especially as the last quarter of tax year 2012 is fast approaching.

On August 2 the House approved a one-year extension of all of the Bush-era tax cuts set to expire at the end of 2012. The House tax bill did not include the transit benefit.

Secretary Ray LaHood Announces Discretionary Grants

On August 2, Secretary Ray LaHood announced \$363 Million in discretionary grants from 12 United States Department of Transportation (USDOT) grant programs per the Safe, Accountable, Flexible, Efficient Transportation Equity Act: A Legacy for Users (SAFETEA-LU) Extension Part II. Bay Area grants are as follows (in millions):

Treasure Island Ferry Terminal	\$3.0
US 101 Santa Clara County	\$2.0
Ferry Terminal - Sausalito	\$2.4
Route 1 Byway Bay Trail Extension and Bridge	\$.22
Presidio Portion of the California Coastal Trail	\$.98
California High Speed Rail Grade Crossing	\$.39
California High Speed Rail Wayside Interface Units	\$2.8
I-580/SR84 Livermore TOD	\$.29
Vallejo Streetscape Phase 3	\$1.2
Treasure Island Mobility Management Study	\$.48
Parking Pricing Study - SF	\$.42
SR 237 Express Lanes Extension – San Jose	\$1.6
Contra Costa I-80 Tolloed Real Time Ridesharing	\$.32
MTC Regional Parking Pricing Analysis	\$.56

Sequestration Looms

If a deal over tax policy and discretionary spending cannot be reached during the lame-duck session of Congress after the elections then the Budget Control Act automatic sequestration cuts will kick in on January 2, 2013. The automatic across the board 7.8 percent cuts in non-defense discretionary appropriations and cuts of approximately 10 percent in defense discretionary spending. The President has not issued details about how sequestration would be implemented. The Office of Management and Budget (OMB) in a July 31 memo to heads of Federal Departments and agencies indicated that the amount of money that would be cut from agencies cannot be calculated until the FY 2013 budget is approved.

Sequestration would require cuts of \$100 billion next year. A few areas have been listed as safe—pay for military uniformed personnel and veterans’ programs. If the sequestration cuts go into effect in January and Congress is still under the six month CR, new appropriations measures would have to be enacted for the second half of FY 2013.

The Highway Trust Fund and the Airport Improvement Program Contract authority and obligation limitations are exempt from the sequestration process. However, \$739 million a year in Federal Highway funding that is exempt from the obligation limitation would be covered by the sequestration process. The biggest sequestration cut would be to the Federal Transit Administration (FTA) New Starts and Small Starts programs since this program is authorized from the General Fund.

July and August Meetings

Met with the following to discuss the new Federal Transportation Bill - Moving Ahead for Progress in the 21st Century (MAP-21):

- Joyce Rose of the House Transportation Committee (Majority Staff)
- Homer Carlisle of the Senate Banking, Housing and Urban Affairs Committee

Briefing on the MAP-21 Transit Safety requirements with:

- Senator Barbara Mikulski (D-MD)
- Senator Benjamin Cardin (D-MD)
- Congresswoman Donna Edwards (D-MD)
- Congressman Chris Van Hollen (D-MD)
- USDOT Deputy Secretary John Porcari
- FTA Administrator Peter Rogoff

Attended a conference by Booz, Allen and Hamilton Consulting on Re-Imagine Infrastructure in Mega Regions.

American Public Transportation Association (APTA) Washington representatives monthly breakfast meeting.