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October 2013 Monthly Report for MTC

To: Steve Heminger, Executive Director

From: Tom Bulger, President GRI

Re: Monthly Report for October, 2013

Date: October 28, 2013

- **President Obama, Congress Vote to Reopen Government**
- **Fiscal 2014 Continuing Resolution Funding Levels for Selective USDOT Modes Through January 15, 2014**
- **Provisions to MAP-21 Legislation Regarding MPOs and TMAs**
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President Obama, Congress Vote to Reopen Government

On October 17, 2013, President Obama signed a bill that reopened the partially shutdown federal government and raised the nation's \$16.7 trillion borrowing limit. The bill ends the government shutdown and the threat of a potential default on U.S. obligations.

The House of Representatives voted late on October 16 to pass the bill by a 285 to 144 vote. Eighty-seven Republicans joined 198 Democrats in voting for the bill. All 144 "no" votes were from Republicans. Earlier on October 16, the Senate passed the bill by an 81 to 18 margin. All 18 "no" votes came from Republicans, while 27 Republicans voted for the bill.

The bill was the result of an eleventh-hour deal brokered by Senate Majority Leader Harry Reid and Minority Leader Mitch McConnell. It would fund the government through January 15, 2014, at the FY 2013 sequester level of \$986 billion and suspends the nation's debt limit through February 7, 2014. The bill requires that the House and Senate convene a conference on the FY 2014 Budget. Conferees have been named and are required to issue a report on their negotiations by December 13. It also includes a measure of income verification for those receiving subsidies under Obamacare. In short, the Secretary of Human and Health Services will submit a report no later than January 1, 2014, detailing the verification process. The Department's Inspector General will submit to Congress no later than July 1, 2014, a report on the effectiveness of those verification procedures. In addition, the bill includes \$3 billion for locks on the Ohio River in Kentucky. Senator McConnell from Kentucky has denied asking for this earmark. The bill suspends further activity on the proposed Eisenhower Memorial on the National Mall. The Eisenhower family is opposed to the Memorial's design. The bill would

reimburse states that used their own money to fund any function normally paid for by the federal government, and authorized back wages to furloughed federal employees. Also included is some additional funding to fight wildfires.

The bill's final passage ended months of back-and-forth squabbling between the two parties, which first focused on conservatives' wish to defund Obamacare (or the Affordable Healthcare Act) through the continuing resolution to keep the government funded.

In late September, House Speaker John Boehner went along with a plan backed by Senator Ted Cruz (R-Texas) and Senator Mike Lee (R-Utah), and the House initially passed a continuing resolution that stripped funding for Obamacare. This led to legislative ping-ponging between the House and Senate. Ultimately, the two chambers couldn't agree on a deal, and the federal government entered its first shutdown in 17 years. This lasted 16 days.

Finally, the fight over the debt ceiling worked its way into the shutdown battle. The House leadership decided on October 15 to move its own bill. That plan ended in disaster, as the House Republican leadership couldn't amass enough GOP votes for the measure to pass after House conservatives revolted against the measure. That led to an immediate resumption of talks between Senators Reid and McConnell, who announced a final deal on October 16 on the Senate floor.

**Fiscal 2014 Continuing Resolution Funding Levels for Selective USDOT Modes
 Through January 15, 2014**

These amounts through January 15, 2014, are consistent with the MAP-21 authorizations, less the automatic sequestration reduction expected in January.

Federal Highway Administration	FY 2012 (Enacted) Thous \$\$	FY 2013 (Post-Seq.) Thous \$\$	FY 2014 (HR 2275) Thous \$\$	FY 2014 (HR 2275) Apportioned
Sublimitation on Administrative Expenses (Non-Add)	412,000	416,126	416,126	122,008
Federal-Aid Highways (Obligation Limitation)	39,143,583	39,619,602	39,619,602	11,616,467
Exempt Obligations (Mandatory)	739,000	701,311	685,792	685,792

Federal Transit Administration	FY 2012 (Enacted) Thous \$\$	FY 2013 (Post-Seq.) Thous \$\$	FY 2014 (HR 2275) Thous \$\$	FY 2014 (HR 2275) Apportioned
Administrative Expenses	98,713	97,542	97,542	28,599
Formula and Bus Limits (Obligation Limitation)	8,360,565	8,461,044	8,461,044	2,480,778
Research and URCs/ Transit Research Programs	44,000	41,699	41,699	12,226
Capital Investment Grants	1,955,000	1,854,999	1,854,999	543,886
Washington Metropolitan Area Transit Authority	150,000	142,154	142,154	41,680

Provisions to MAP-21 Legislation Regarding MPOs and TMAs

On September 30, 2013, the USDOT, through the Federal Highway and Federal Transit Administrations, jointly issued a proposed guidance on implementation of provisions of the MAP-21 legislation, Public Law 112-141, that requires representation by providers of public transportation in each metropolitan planning organization (MPO) that serves a transportation management area (TMA) no later than October 1, 2014. Throughout the month, we have been working with staff concerning the impact of this proposed guidance on MTC. The proposed guidance specifically states the following: “While this guidance specifically addresses the new requirement for representation by providers of public transportation, all MPOs that serve a TMA must consist of local officials of public agencies that administer or operate major modes of transportation in the metropolitan area, including representation by providers of public transportation; and appropriate state officials by October 1, 2014. Only those MPOs acting pursuant to authority created under state law that was in effect on December 18, 1991, that meet the requirements of the ISTEA legislation are exempt.”

We have shared this exemption with the US Conference of Mayors and the National League of Cities who support this exemption. Currently, the transportation position at the National Association of Counties is unfilled.

National Freight Program Hearing, October 10, 2013

On October 10, we attended a House Transportation and Infrastructure Committee Hearing regarding freight transportation and how to create and improve a 21st-Century National Freight Program.

Summary

- The hearing focused on how to improve freight transportation and generate revenue for these improvements.
- Committee will draft a report to modernize freight transportation and identify ways to generate new revenue while using current revenue more wisely.
- T&I reported that the government is currently under-investing in all levels of transportation, and they are looking at both the public and private sectors for support.
- There continues to be bi-partisan support for freight on the T&I Committee.

Sean T. Connaughton, Virginia DOT

- Talked about the Port of Virginia's freight traffic and the challenges of maintaining revenue that is dependent on the gas tax (e.g., not keeping up with inflation; change in driving habits; shift to electric vehicles, etc.).
- VA Dot recently completed a study that recommends lowering the tax on gas while raising the sales tax, which will end up generating \$1.5 billion per year for VA Transportation.

Leif Dormsjo, Maryland DOT

- Began his testimony discussing public/private investments in Maryland's transportation system.
- Public/Private Partnership: Maryland conducted a 12-month solicitation process to come up with a 50-year investment plan, with a \$250 million payment up front (shift costs to private sector).
- This 50-year plan would produce \$1.3 billion annually, which would include \$3.2 million in Port related rent income and an additional \$15 container fee above a 500,000 container threshold.

Robert Atkinson, President of Information Technology and Innovation Foundation

- Stressed that improvements are needed not only in freight transportation but for the entire system.

- Addressed three questions: 1) How to invest funds in ways that help truck freight movement? 2) How to raise more money for these investments? 3) How to ensure that trucking pays for the full costs they impose on the system?
- Promoted increasing the Heavy Vehicle Use Tax that he estimates would raise an additional \$1 million annually.
- Wants to raise the VMT tax, starting with trucks; states that he would propose charging by axle weight, since it's the factor correlated with pavement damage.
- Responded to the Committee's members' concerns about raising the VMT: another tax system, double taxation, and privacy; he had answers for all of these, even though he says privacy would be a political issue.
- Says that T&I needs to update the cost allocation study (currently, trucks only pay 85-90 percent of actual cost of using the roads).

Jack Schenendorf, Covington & Burling

- Emphasized that the need for investment in freight is irrefutable and that it is important to have continued bi-partisan support for the national freight program.
- Believes that users of transportation on interstates and highways are willing and ASKING to pay more for the maintenance of the roadways.
- Investments, wherever they may come from, are the only way federal, state and local governments can have a "full tool box" to get the required maintenance done.
- Recommends implementing federal interstate and motor user fees, such as an EZ Pass tolling system (a pay-as-you-go system) that would send money straight to the Highway Trust Fund (HTF).

David Seltzer, Mercator Advisors

- Described different financial tools used for funding the HTF and freight system, including debt obligations such as long-term taxable, tax-exempt or tax credit bonds, as well as equity investments and contributed public (and private) capital.
- Discussed two proposals included in his written testimony; one was on Intermodal Freight Projects and the other was a Summary of Freight Transportation Infrastructure Ownership and Responsibilities (i.e., trucking, rail, marine and aviation).
- Proposed that credit assistance and tax incentives are financing approaches that may offer more investment promise in current fiscal environment because they can: 1) Induce state and local governments to identify new revenue streams to repay loans; 2) Bring the market discipline of private co-investment to improve project selection; and 3) Avoid the high scored budgetary cost associated with traditional grant funding.
- Emphasized that private investments could remove pressure from existing Federal grant programs, which would continue to be focused on traditional and smaller transportation projects.

T&I Committee Reaction

The Committee emphasized the fact that all of the ideas presented, however creative they may be, need to have money to back them. Where does that money come from? How will these plans affect freight movers, and what will the difference in taxation be on those who drive trucks and those who drive passenger vehicles? The committee did seem the most interested in the VMT tax that Mr. Atkinson discussed in his statement, along with the implementation of a sales tax. One member of the Committee did voice some confusion about lowering the gas tax and raising the sales tax when it came to diesel fuel. However, the fact that the Virginia DOT estimates that this would generate \$1.3 billion annually for their state made this idea worth pursuing further. The Committee will likely take a closer look at these two concepts.

APTA Legislative Meeting October 17, 2013

On October 17, we attended an APTA legislative meeting with Andrew Brady, Professional Majority Staff Member from the House Transportation and Infrastructure Committee, regarding the re-authorization of MAP-21. The deadline for a new transportation bill to pass is the same day the current MAP-21 expires (October 31, 2014). Mr. Brady stated that the T&I Committee has already started writing drafts and outlines of the bill with Chairman Shuster and has begun to discuss different ways of funding the new bill. Mr. Brady's preliminary thought on the issue of funding is that there probably won't be a gas tax. He stated that the implementation of a sales tax could be a long-term solution for funding issues, but may not be ready to be put in the bill as of now. However, Mr. Brady did say that Chairman Shuster was confident that they would be able to collect the necessary funding for the bill.

When describing what the details of a new transportation authorization bill would look like, Mr. Brady said that they would be carrying over all of the parts from MAP-21 that are considered successful. He also stated that the new MAP-21 program would not have increased funding, but would be longer than MAP-21's two-year duration. Mr. Brady said that the House T&I Committee would market the new program thru various social media outlets and would be looking for various input from other agencies for their marketing ideas as well. When discussing labor issues in Section 13(c), Mr. Brady said, "Changing 13(c) is a challenge to take on...With that being said, we need to know that members (from House T&I Committee) are on board with possible changes."

Mr. Brady also said there are going to be a host of hearings regarding the new program over the coming months, but they will not be like typical hearings at the Committee. He said that there will be field hearings as well, but those won't begin until the winter.

After Mr. Brady finished answering questions, we were updated on APTA's plan to create a new MAP-21 bill. APTA's plan recommends growing the MAP-21 program by 13% a year over the duration of the bill (\$100.4 billion over a six-year period). APTA will be holding legislative committee meetings on December 5 and 6 for recommendations and input regarding the new Map-21 program.

October Meetings

October 15

- Bryan DeAngelis, Getting America To Work

October 22

- Staff of Congressman David Joyce
- Staff of Congressman Chris Smith
- Staff of Congressman Gary Miller
- Staff of Congressman Pat Tiberi
- Staff of Congresswoman Jamie Beutler

October 29

- Staff of Congressman Tom Price
- Staff of Congressman Randy Forbes