

### **November 2013 Monthly Report for MTC**

**To:** Steve Heminger, Executive Director  
**From:** Tom Bulger, President GRI  
**Re:** Monthly Report for November 2013  
**Date:** November 27, 2013

- President Obama Promotes Funding for Infrastructure
- Congressman Blumenauer Introduces Gas Tax Increase (H.R.3636) and Road Usage Fee Pilot Program (H.R. 3638)
- Senator Lee Introduces Transportation Empowerment Act (S. 1702)
- Bi-Cameral Budget Conference Continues to Work Toward Budget Deal
- Infrastructure Bank Legislation Introduced (S. 1716)
- Transportation for America: Saving the Nation's Transportation Fund
- House Committee Hearing on Autonomous Vehicles
- APTA Legislative Updates
- Pennsylvania Governor Signs Transportation Funding Bill
- Meetings
- Coming and Going

#### **President Obama Promotes Funding for Infrastructure**

On November 8, President Obama held a press conference at the Port of New Orleans to call on Congress to rally behind his plan to pour tens of billions of dollars into the nation's infrastructure. President Obama wants Congress to spend \$50 billion for roads, bridges and ports and establish a national infrastructure bank. He stated that taking these steps would help attract more private-sector investment to repair the nation's infrastructure and create American jobs. The National Infrastructure Bank is an idea President Obama floated during his first term. He wants to capitalize the bank with a \$10 billion investment. President Obama underscored the fact that the United States was falling behind competitors in making investment in infrastructure. The U.S. currently spends about 2 percent of its GDP on infrastructure, a 50-percent decline from 1960 and far less than countries such as China, according to the White House.

### **Congressman Blumenauer Introduces Gas Tax Increase (H.R. 3636) and Road Usage Fee Pilot Program (H.R. 3638)**

On December 3rd, Rep. Earl Blumenauer (D-OR) reintroduced legislation that would require the government to study the most practical ways of taxing drivers based on how far they drive, in order to provide a replacement revenue source for the Highway Trust Fund (HTF). The bill would set up a Road Usage Fee Pilot Program that would study mileage-based fee systems. Rep. Blumenauer said that this piece of legislation would become a long-term solution for funding the HTF and proposed it along with a shorter-term bill, H.R. 3636, which raises the gasoline and diesel excise taxes by 12 cents per gallon over the next two years, reaching a 15-cent increase by 2025. Rep. Blumenauer said the bill would help answer questions about “how best to implement a vehicle miles traveled (VMT) system,” and also said it “looks to the future and helps provide a more stable funding base for the next one hundred years.”

### **Senator Lee Introduces Transportation Empowerment Act (S.1702)**

On November 14, Senator Mike Lee (R-UT) introduced S.1702, the Transportation Empowerment Act.

The bill does the following:

- Transfers almost all authority over federal highway and transit programs to the states over a five-year period.
- Lowers the federal gas tax to 3.7 cents from 18.4 cents over the same time period.
- Caps funding for federal highway programs to the amount available in the HTF.
- During the five-year phase-out, states will receive block grants that come with vastly fewer federal strings attached.
- Terminates the Mass Transit Account as of October 1, 2014 and transfers funds remaining in the account to the HTF.

### **Bi-Cameral Budget Conference Continues to Work Toward Budget Deal**

In an effort to reach a FY 2014 budget deal by the December 13 deadline, Senate and House budget conferees continue to negotiate amid ever-decreasing expectations for a larger tax reform bargain. Both Republicans, led by Rep. Paul Ryan (R-WI), and Democrats, led by Sen. Patty Murray (D-WA), seek to prevent the impacts of the second year of across-the-board budget cuts of sequestration, set to take effect in early January. Senator Murray seeks a combination of spending cuts and elimination of tax breaks to more than offset sequestration and increase FY 2014 funding over the current year level. Representative Ryan opposes revenue increases and aims instead to shift part of sequestration's impact on discretionary spending from defense to non-defense programs. On November 19, House Appropriations Committee Chairman Hal Rogers (R-KY) wrote to the budget negotiators, urging them to agree to a top line discretionary spending level before Thanksgiving, or no later than December 2.

Although the FY 2013 sequester impacted the General Fund Programs of the Federal Transit Administration (FTA) and Amtrak capital and operating grants, Office of Management and Budget's FY 2014 sequestration report indicates no direct cuts to the FTA or Federal Railroad Administration in FY 2014. Separately, current reports cite a sequestration cut to the FY 2014 transfer of General Funds into the Highway Trust Fund. APTA recently sent a letter to House and Senate Budget conferees urging them to take into account the looming revenue shortfall of the Highway Trust Fund (HTF) and Mass Transit Account (MTA) during the current discussions on the federal budget. APTA has also asked the conferees to consider the HTF solvency and future investment needs in their deliberations.

### **Infrastructure Bank Legislation Introduced (S. 1716)**

Senator Mark Warner (D-VA), with cosponsors from both sides of the aisle, introduced his latest iteration of a bill to create a national infrastructure bank. The BRIDGE Act would establish an entity called the Infrastructure Financing Authority (IFA) as an independent federal agency. The IFA would receive initial funding of \$10 billion from the federal government and would issue loans and loan guarantees to economically viable and important projects nationwide, with special set-asides for rural projects. Through fees levied on the loans and guarantees, it is envisioned that the IFA would become self-sustaining. Transportation, along with energy, water and general infrastructure projects, would be eligible to receive assistance through this program and would finance a maximum of 49 percent of the costs for a selected project. The authority of this program would be governed by a seven-member board, split 4-3 on party lines.

### **Transportation for America: Saving the Nation's Transportation Fund**

On November 19, we attended the Transportation for America kick-off event at Union Station in Washington D.C. along with a gathering of transportation directors, board chairs and mayors in attendance. Transportation for America described their proposal, entitled "Paying for Progress," to increase investment in transportation stating that a \$30 billion annual investment is needed to make the transportation fund solvent and effective, with the daily cost of 62 cents per customer. They propose that the simplest way to raise this amount of money is to add 17 cents per gallon to the federal gas tax. Other possibilities that were discussed included the replacement of the existing per-gallon tax with a sales tax of 11 percent, introducing a fee of \$4 on each barrel of oil, adding a sales tax of 5.5 percent to fuel purchases, or indexing the gas tax to construction costs in combination with smaller increases in the above-mentioned taxes or fees. Transportation for America's 21<sup>st</sup> Century Transportation Plan includes four elements:

#### 1. Fixing What We Need To Fix

- Repair 46,508 bridges.
- Replace 16,000 aging buses and 5,000 rail cars.
- Continue to meet ongoing commitments.

#### 2. Improving Communities and Expanding Opportunity

Based on the average cost of construction, the investment fund would support 70 new transit projects, providing new access to jobs and potential workers in dozens of cities, towns, and suburbs.

3. Spurring Local Innovation

- The federal government plays a key role in promoting innovation, by providing capital for locally driven path-breaking initiatives, whose success can be shared nationwide.
- Fund competitive grants, such as a freight grant program and the popular TIGER grant program, for groundbreaking projects with significant economic pay-off.

4. Increasing Accountability and Local Control

By providing more funding and control to the local level, Americans will more easily see the impact of their investment and be better able to hold officials accountable.

## **House Committee Hearing on Autonomous Vehicles**

On November 19, the House Transportation and Infrastructure Committee held a hearing on Capitol Hill regarding the future of autonomous vehicles. The hearing discussed ways that autonomous vehicles will shape the future of surface transportation and how close we are to making driverless vehicles a reality. Committee Chairman Tom Petri (R-WI) opened the hearing by stating that the most advanced autonomous vehicles will be able to navigate the roadways with little or no interaction with the driver by using a variety of optical sensors, radar and computer algorithms. The chairman also pointed out that the advanced versions of autonomous vehicles will be much safer than a car driven by someone who is intoxicated or fatigued, while also allowing more seniors to travel in their vehicles if operated autonomously. Each of the witnesses discussed their theories as to why driverless vehicles provide a safer, more efficient alternative to human drivers.

### David Strickland, National Highway Traffic Safety Administration (NHTSA)

- According to estimates, there were 33,561 fatalities on America's roadways in 2012, a 3.3 percent increase from 2011.
- In 2012, one-third of all police-reported crashes involved a rear-end collision with another vehicle as the first harmful event in the crash (citing driver error or lack of attention as the reason for the crash).
- NHTSA is currently working on Vehicle-to-Vehicle (V2V) technology that will complement and ultimately merge with the advanced braking systems and other crash avoidance technologies that they are currently evaluating to shape the future of motor vehicle safety. This is one of the first technologies they want to see implemented.
- NHTSA wants car manufacturers to meet four requirements before putting driverless vehicles on the market, including addressing safety questions about driver engagement and re-engagement across levels of automation, evaluating concepts of operation and development of system requirements, and meeting guidelines for automated sensing and control.

Michael Robinson, General Motors (GM)

- Adaptive Cruise Control (ACC) is an intelligent form of cruise control that automatically slows down or accelerates the vehicle depending on traffic conditions. ACC is typically paired with a collision warning system that alerts the driver of a potential collision ahead, and may also be equipped with a system that begins braking before the driver might have time to react.
- GM wants to advance the ACC technology to a “Super Cruise” technology that would provide even greater assistance to drivers, including hands-free capability on certain freeway drives. However, this system would require a driver’s supervision on a limited scale.
- Three areas that GM believes are important to the development of driverless vehicles:
  1. Let the market work by allowing car manufacturers to compete for customers with features that add real value to their drive;
  2. Support a federal approach to addressing any relevant operating requirements, guidelines and standards for autonomous vehicles; and
  3. Provide an environment that promotes the development and implementation of these technologies in the U.S., rather than in other countries.

Kirk Steudle, Michigan DOT

- State DOTs don’t want to limit options or reduce the possibilities of what research and technology could produce in the next five, 10 or 20 years. We must look at all options and combinations of options for achieving this tremendous vision of safety and mobility in the future.
- Safety technology that could be used in driverless vehicles: warnings of potential crashes before they happen; avoidance technology to steer away from or around an obstacle; automatic braking to react more quickly than humanly possible; extended green or yellow time on traffic signals if approaching too quickly to stop; and traffic signal override to give emergency vehicles the green light.
- Studies have shown the reaction time of a human driver is significantly slower than that of a computer, so both safety and mobility can be improved with the addition of computerized systems in vehicles to assist in the driving task.
- V2V testing should be conducted on: hardware to send and receive data among vehicles; software applications to analyze data and identify potential collisions; vehicle features that issue warnings to drivers of potential collisions; and a security system to ensure trust in the data that is being communicated among vehicles.

Andy Christensen, Nissan

- It is estimated that over 90 percent of the more than six million accidents occurring annually in the U.S. involve human error, and the typical crash involves some level of driver inattention.
- In the U.S., Nissan has teams working at its technical center in Michigan and they’ve also opened a research facility in Silicon Valley to integrate the rich IT knowledge available there.
- Autonomous driving may significantly alter the way society views driving, so social acceptability will be an important component and should be carefully managed in parallel with the technical development.

### Joshua Schank, Eno Center of Transportation

- If autonomous vehicles are able to reach a significant market penetration, it is likely that potential benefits will be quite substantial.
- Congestion will be diminished. With a 50 percent market penetration, cooperative adapted cruise control is projected to increase highway lane capacity by 21 percent, and cut fuel consumption by 224 million gallons per year, for a savings of approximately \$37.4 billion annually.
- Eno Center recommends a number of policy advances including the expansion of autonomous vehicle research, the development of federal guidelines for autonomous vehicle licensing, and defining appropriate standards for liability, security and data privacy.

Lawmakers on the House T&I Committee voiced their concerns regarding the idea that driverless vehicles are a better product for surface transportation, with Rep. Albio Sires (NJ) noting that auto shop workers could potentially lose their jobs because repairing autonomous vehicles would require technological skills that current auto workers don't have. Another issue raised is the potential cost of these vehicles, which could exceed \$100,000. Would lawmakers be willing to force everyone to drive an autonomous vehicle, even if they don't have the money to purchase that vehicle? Another issue, brought up by Chairman Petri, would be the change in auto insurance policies and determining who is at fault in a crash between an autonomous vehicle and a human driver. The chairman stated that all of these concerns must be addressed before benefits from autonomous vehicles can be realized. He concluded by saying, "In order to see these benefits come to fruition, federal and state officials should begin planning for the benefits and challenges that autonomous vehicles will bring to the future of our nation's surface transportation system."

### APTA Legislative Updates

On November 22, we attended an APTA meeting that provided legislative updates as the end of the year approaches. The main portion of the meeting included a discussion with Matt Welbes, executive director of the Federal Transit Administration, and covered the following:

#### Effects of Sequestration at FTA

Sequestration at FTA affects capital investments, research and administration salaries.

#### Under Review

Guidance on transit representation on MPO Boards and FTA's Joint Development Guidance are currently under review.

#### Capital Investments: New Starts and Small Starts

- First call is to satisfy existing commitments.
- FY 2013 revenue took a haircut due to sequestration.
- FY 2014 revenue projections won't be known until January due to the uncertainty of a new continuing resolution.
- At current continuing resolution levels, there would be a 2 percent cut in FY 2014.
- Currently, the FY 2014 budget would be at \$1.8 billion, thus no new projects would be implemented.
- The projections for FY 2015 are currently being developed.
- New Starts Criteria Guidance was issued in September of 2013.
- The New Starts Report will be available in either January or February of 2014.

- New Starts Procedures, per MAP-21, needs more detail from FTA.
- Core Capacity Procedures and Criteria needs more detail from FTA.

### Reauthorization

The new Secretary of Transportation is being briefed on the reauthorization of MAP-21, although the President's budget often can signal the administration's reauthorization intent.

## **Pennsylvania Governor Signs Transportation Funding Bill**

On November 26, Pennsylvania Gov. Tom Corbett (R) signed a \$2.3 billion transportation funding bill that makes significant changes for Pennsylvania drivers and riders. Revenue for the measure will be generated by a nearly 30 percent increase in wholesale gas tax over the next five years. The legislation repeals the 12-cents-per-gallon tax levied at the pump and shifts gas tax collections to wholesalers by raising the Oil Company Franchise Tax rate and lifting an artificial cap on the tax. The formula is complicated but will result in a net increase in the state gasoline tax of 9.5 cents per gallon starting January 1; another 9.7 cents for 2015; and at least 8 cents for 2017. It is not clear how that will affect pump prices, but if wholesalers pass on the entire 2014 increase, a motorist who drives 12,000 miles in a vehicle that gets 24 miles per gallon would pay \$47.50 more next year.

The Pennsylvania switch to a wholesale gas tax follows a similar move earlier this year by another Republican governor in a swing state, outgoing Virginia Gov. Bob McDonnell. Lawmakers in Congress have considered making a similar switch in the 18.4-cents-per-gallon federal gas tax when the legislation that authorizes its collection comes up for renewal next year.

## **Meetings**

### Friday, November 1

- Meeting with Rep. Robert Woodall (R-GA) staff
- Meeting with Rep. Steve Southerland (R-FL) staff
- Meeting with Rep. Michael Turner (R-OH) staff

### Wednesday, November 6

- Meeting with Rep. Austin Scott (R-GA) staff
- Meeting with Rep. Tom Reed (R-NY) staff
- Meeting with Rep. Gus Bilirakis (R-FL) staff

### Friday, November 8

- Meeting with Georgia Gann, Office of Sen. Brian Schatz (D-HI)
- Meeting with Sen. Chris Coons (D-DE) staff

### Wednesday, November 13

- Meeting with Sen. Barbara Mikulski (D-MD) staff

On November 18, we met with Vallejo, CA, city officials concerning the relocation of a U.S. Postal Service facility to facilitate the city's waterfront development plan. In addition, Senator Barbara Boxer (D-CA) and Congressman Mike Thompson (D-CA) issued a November 14 letter to Mr. Patrick R. Donahue, the U.S. Postmaster General, concerning the relocation of the Vallejo Post Office retail and distribution operation.

### **Coming and Going**

On November 19, Transportation Infrastructure (T&I) Committee Chairman Bill Shuster (R-PA) announced that Murphie Barrett has been named Staff Director of the Highways and Transit Subcommittee. Murphie has served as professional staff on the subcommittee since joining House T&I in January. Before joining the T&I Committee this session, Barrett served on the staff of the Senate Environment and Public Works Committee, where she advised the Committee's ranking member on surface transportation and water resources policy. She replaces Jim Tymon, who is joining the American Association of State Highway and Transportation Officials.

J:\COMMITTEE\Legislation\Meeting Packets\Legis2013\12\_Legis\_Dec2013\5\_Tom Bulger's DC Report\_Nov2013.docx