Agenda Item 4a

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Memorandum

TO: Legislation Committee

DATE: June 6, 2014

FR: Deputy Executive Director, Policy

W. I. 1131

RE: MAP 21 Reauthorization Update

Deliberations over the reauthorization of Moving Ahead for Progress in the 21st Century (MAP 21) have officially begun, with the Senate Environment and Public Works Committee passing S. 2322 (Boxer) out of its committee on a bipartisan, unanimous vote on May 15. The bill authorizes $262 billion in mandatory contract authority for the federal highway program for six years, from FY 2015 through FY 2020, a 1.9 percent annual increase in highway spending. What amounts to a "stay the course" bill will nevertheless be a very heavy lift, considering that it requires an additional $100 billion in new revenue above the user fees that are currently deposited in the Highway Trust Fund (HTF). As a practical matter, the extent to which Congress is able to secure this additional funding will determine the length of the bill.

The current MAP-21 highway formula programs would not change. Despite the funding shortage, the bill creates three new programs and proposes several policy changes described in greater detail in Attachment A:

- A National Freight Program
- Projects of National and Regional Significance
- American Transportation Awards

Meanwhile, on the House side, the Speaker announced a proposal to pay for a transfer of $14 billion to ensure solvency of the Highway Trust Fund through May 2015 by enacting reforms that would generate general fund savings by lowering costs associated with the United States Postal Service, such as eliminating delivery of first-class mail, catalogs and other lower priority mail on Saturdays. Such a proposal is estimated to save over $10.7 billion over 10 years. A second potential offset proposed by Republican leadership is to transfer a $1.3 billion balance in the Leaking Underground Storage Tank (LUST) Trust Fund to the HTF.

Staff will keep the Committee apprised on new developments related to the extension or reauthorization of MAP-21.

Alix Bockelman

AB: RL

Attachment A: S. 2322 Policy and Program Summary

National Freight Program

The bill amends existing law with respect to the national freight goals, making it much more highway focused. For instance, the bill adds "on our nation's highways" to the current goal of investing in "infrastructure improvements and to implement operational improvements." The bill also replaces the "National Freight Network" with a National *Highway* Freight Network. This is notably contrary to MTC's National Freight Advocacy Principles, which seek a multimodal approach to national freight policy.

On the funding side, S. 2322 establishes a formula–based freight program in FY 2016 at $400 million, growing to $2 billion by FY 2020. The formula is not based on any factors related to freight, but rather how much formula highway funding each state received in FY 2014.

With respect to project eligibility, S. 2322 limits the National Freight Program to highway projects, with very narrow exceptions. It allows for up to 10 percent to be used for projects within the boundaries of public and private freight rail, maritime projects and intermodal facilities, but makes eligible only the "surface transportation infrastructure necessary to facilitate direct intermodal interchange, transfer and direct access into and out of the facility." Other than this allowance, to be eligible for funding, projects must improve the efficient movement of freight on the National Freight Highway Network. Finally, the bill allows a state to add up to 10 percent more miles on its Primary Freight Highway Network to close gaps between primary segments.

Projects of National and Regional Significance

The bill creates a new $400 million discretionary program that resembles TIGER but is different in a few key respects:

- At least 80 percent of funds are restricted to Title 23 eligible (Highway Program); by contrast TIGER program has had a goal of a balance across modes.
- Sets a maximum grant size of $50 million (TIGER is $200 million).
- Sets no minimum award; TIGER is $10 million.
- Provides for a "legislative veto" allowing Congress to block a project within 30 days.
- Eligible project costs must be the lessor of $350 million or 30 percent of a state's highway apportionment the prior year (TIGER has no minimum project size).
- Prioritizes projects that can begin construction within 18 months of award.
- Requires projects be consistent with statewide plans, but not regional plans.

American Transportation Awards

The bill authorizes a $125 million per year competitive program for DOTs and MPOs funded by the general fund to reward entities that can demonstrate that they have adopted plans and policies related to any of the following:

- A performance based transportation program
- Improvements in project delivery timeline and efficiency
- Enhanced connectivity to move people and goods
- Practices to improve the safety and extend the useful life of highways and bridges

The maximum award is $10 million. Eligible projects include any eligible highway or transit project (Title 23 or Chapter 53 of Title 49).

TIFIA

The bill reduces TIFIA funding from $1 billion to $750 million and broadens eligibility to include "public infrastructure," including utilities, within "walking distance" of a fixed guideway transit facility, passenger rail station, bus or intermodal facility. In addition, the bill:

- Allows the Secretary of DOT to set aside up to 10 percent of TIFIA funding to capitalize State Infrastructure Banks.
- Makes eligible acquisition of land as part of a conservation plan approved to mitigate a transportation project's Endangered Species Act impacts

National Highway Performance Program

The bill expands this program to make replacement, rehabilitation, preservation and protection of off-system bridges eligible for up to 15 percent of the National Highway Protection Program (NHPP) funds, thereby reducing pressure on the Surface Transportation Program (STP), which under MAP 21 had become the only eligible source of federal highway funds for off-system bridges.

Transportation Alternatives Program

In a modest nod to calls from MTC and others to provide increased funding for metropolitan areas, the bill increases the portion of the Transportation Alternatives Program funds that are suballocated by population from 50 percent to 75 percent. While this is a small program, for which California receives about $73 million per year, it is nonetheless a positive step.

Alternative Fuel Vehicles Usage of High Occupancy Vehicle (HOV) Lanes

Senator Inhofe, a member of the Environment and Public Works Committee, introduced an amendment to revise the rules related to the types of vehicles permitted to use HOV lanes and express lanes as a single occupant to provide much more permissive access to alternative fuel vehicles and plug-in hybrid vehicles and would remove emission standards associated with such vehicles. Effectively, this amendment opens the door to allowing the vehicles powered solely by ethanol, natural gas and coal-derived liquid fuels to be eligible to use HOV lanes as a single occupant.

Highway Research Programs

The introduced version of S. 2322 authorized $400 million per year in federal highway research programs from the General Fund (rather than the HTF) and used that freed up contract authority to fund the new $400 million annual Projects of National and Regional Significance program. The final bill passed by the committee incorporates an amendment offered by Senator Inhofe to cut the research program to $250 million but provide it with more reliable HTF funding, rather than the highly uncertain annual appropriations process. To accommodate that shift, the bill cut annual TIFIA funding from $1 billion to $750 million.

Long-Term Funding Options

The bill requires the Secretary to research "alternative transportation revenue mechanisms that preserve a user-fee structure to maintain long-term solvency of the Highway Trust Fund." In other words, the bill requires an extensive study of adopting a national mileage-based user fee.