SANTA CRUZ COUNTY RTC  
WASHINGTON OFFICE MEMORANDUM

TO: George Dondeco

FROM: Carolyn Chaney/Chris Giglio

DATE: August 16, 2011

SUBJECT: Federal Legislative Update

Congress is currently in recess for the month of August and both the House and Senate are expected to return to Washington during the week of September 5. In the meantime, work continues behind the scenes on the crafting of surface transportation reauthorization bills. The current extension of the 2005 SAFETEA-LU law is set to expire on September 30.

As you know, House Transportation & Infrastructure (T&I) Committee Chairman John Mica (R-FL) unveiled an outline of a six-year, $230 billion measure in July that so far has been planned with no Democratic input. While Mica spoke of issues such as eliminating dozens of DOT programs and streamlining project delivery in his rollout, few details of the plan have actually been released. The reaction to Mica’s proposal in Washington was somewhat muted, with most transportation interests expressing disappointment with the low funding level. If enacted, the bill would represent a 30 percent reduction in funding from SAFETEA-LU levels. Mica, however, is bound by newly-enacted House rules that prohibit highway and transportation spending in excess of projected revenues to the Highway Trust Fund.

Meanwhile, Chairman Barbara Boxer (D-CA) and her Republican counterpart on the Senate Environment and Public Works (EPW) Committee, Senator James Inhofe (R-OK) announced in July that they had come to an agreement on the framework of a six-year, $339 billion surface transportation reauthorization. Its progress would rely on the ability of the Senate Finance Committee to find the necessary revenues (about $12 billion annually) to close the gap between highway trust fund receipts and the proposed funding level. In late July, Senate leadership announced that the Finance Committee had found funds to fill the gap, but the statement was quickly retracted.

Once again, details of the Boxer plan are few, but one highlight is the expansion of the Transportation Infrastructure Finance and Innovation Act (TIFIA) program, which provides loans for regionally significant projects with a revenue stream, a priority of the Mayor of Los Angeles.

Subsequent discussion about the Boxer plan has revolved around a proposal to consider a two-year bill. Supporters of this idea maintain that an expensive multi-year bill is a difficult climb in the current climate in Washington, and that a two-year bill could
provide some economic stimulus at a smaller price tag. Thus far, however, Mica and House leadership have rejected such a scenario.

Even if Mica and Boxer reveal drafts of their respective bills in September, it is a certainty that they will not be completed prior to September 30. Tradition holds that Congress would pass another short-term extension next month while negotiations continue. However, there is speculation that the federal gas tax may be the next target of anti-tax interests here and that there may be some opposition to a SAFETEA-LU extension in the name of tax relief and “devolution” of such responsibilities to the states.

While such actions could result in nothing short of chaos for federal highway and transit programs, the recent debate over an extension of Federal Aviation Administration (FAA) programs demonstrated how far some in Congress would go to prove a point. Last month, instead of providing a short-term extension of FAA programs while negotiators worked out a long-term bill, House Republican leaders added controversial language to their extension regarding rural air service.

The result was that FAA programs were allowed to expire, 4,000 DOT employees were furloughed, and airport construction projects across the country were halted for about two weeks. An agreement was eventually reached in which the Senate would accept the House language in order to gain approval of the extension, but Secretary of Transportation then waived implementation of the rural air service provision using his regulatory powers.