Federal Advocacy Update

During the week of February 9, Mike McKeever and Erik Johnson from SACOG were in Washington, DC along with Board Chair Don Saylor and Vice Chair Susan Rohan. Staff attended the National Association of Regional Councils Legislative Conference to learn about federal policies affecting regions, as well as to exchange information with other regions on different initiatives. The SACOG delegation met with representatives of the Administration and Congress to discuss the importance of a long-term federal transportation bill with increased funding for projects in our region. Chair Saylor also made presentations to staff from the U.S. Department of Agriculture and the House Agriculture Committee on the Rural-Urban Connections Strategy. The meetings in February helped lay the groundwork for additional meetings during the Metro Chamber’s Cap-to-Cap program April 18-22.

Attached is the monthly update from SACOG’s federal policy services consultant, Transportation for America.

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Attachment
OBAMA RELEASES 2016 BUDGET PROPOSAL

On February 2, President Obama sent his fiscal year (FY) 2016 budget to Congress, which included infrastructure investments as one its priorities. Building on the Administration’s GROW America Act, the FY16 budget proposal articulates that the six-year transportation authorization would be funded through a mandatory 14 percent tax on all earnings held overseas by US multinational corporations.

House and Senate leadership have met President Obama’s overall budget and the tax on overseas profits with skepticism. However, consensus is growing within this Congress that they cannot continue to avoid passing a multi-year transportation funding mechanism. There is just not yet agreement on how.

The U.S. House and Senate will review the Administration’s budget proposal and introduce their own federal budget proposal, after which Congress will debate and potentially pass their versions out of their respective chambers. As a reminder, federal budgets are never enacted into law; it’s a binding agreement between the two chambers of the US Congress that do not require the signature of the President.

Department of Transportation Budget Details

- Sets top-line budgetary and policy framework for a 6-year $478 billion surface transportation reauthorization. This represents a $176 billion increase over MAP-21 authorization levels and is two years and $76 billion more than the proposed GROW AMERICA Act introduced last spring.

- The 6-year GROW America Act is funded through estimated highway trust fund revenues ($240 billion) and a mandatory 14 percent tax on foreign held earning by US multinational corporations up to $2 trillion (estimated at $238 billion). After the mandatory tax is imposed, a tax on foreign held earnings would be set at 19 percent going forward.

- The budget proposes $51 billion in highway spending authority in FY16 that would rise to $54.4 billion in FY21. It proposes to increase transit funding by 75 percent to $18.2 billion in FY16 rising to $20 billion in FY21, including $10.2 million for the TOD planning grant program in FY16.

- Proposes to permanently authorize the competitive TIGER grant program within the Highway Trust Fund. TIGER would be funded at $7.5 billion over six years and $1.25 billion in FY16.
• Proposes to establish a $4.7 billion rail account and a $550 million multimodal account within the Highway Trust Fund in 2016. This includes $550 million for the Northeast Corridor, $225 million for State Corridors, and $850 million for long-distance corridors. The proposal also provides $2.3 billion for rail service improvements, which includes $75 million for comprehensive rail planning as well as a multimodal freight program at $1 billion.

Other Agency Highlights
• The budget proposes $8.6 billion for the Environmental Protection Agency (up from $8.1 billion enacted in FY 2015). That includes $189 million for the EPA’s Brownfields program (up from $153 million enacted in FY 2015), and $50 million for technical assistance, training and other efforts to enhance the capacity of communities and states to plan and finance drinking water and wastewater infrastructure improvements.

• The budget proposes for the Department of Housing and Urban Development $49.3 billion in discretionary funding including $250 million for the Choice Neighborhoods program and a new $300 million Local Housing Policy Grants program. The Community Development Block Grant formula grants are proposed for a 6.7% cut. However, the budget requests authorization for a pilot Upward Mobility Project that would allow states and localities apply to combine their CDBG, HOME and two HHS block grants into one flexible fund and receive new HHS funding.

• The president’s budget proposal also includes $2.72 billion for the Department of Energy’s Energy Efficiency and Renewable Energy program, which supports a diverse suite of sustained investment in development of sustainable transportation technologies and energy efficient buildings.

• Within the U.S. Department of Agriculture (USDA), the budget proposes consolidating the Agriculture Department’s Food Safety and Inspection Service with the Food and Drug Administration’s food safety oversight in a new agency under the Health and Human Services Department. And as in the past, it proposes to cut farmer’s crop insurance programs to fund other programs.

• Also at USDA, the budget provides $5.3 billion to effectively implement 2014 Farm Bill conservation programs. This includes funding to enroll an additional 7 million acres per year authorized under the Conservation Stewardship Program and support approximately 24 million acres enrolled under the Conservation Reserve Program. Also $100 million is proposed for the Regional Conservation Partnership Program (RCPP), a competitive grant program to provide assistance to farmers with conservation activities, including water quality and quantity, soil erosion, wildlife habitat, drought mitigation and flood control. Thirty-five percent of the funds are reserved for eight, regional-scale Critical Conservation Areas including the California Bay Delta. Forty percent supports projects selected through a national competitive process and 25 percent supports projects selected through a State competitive process.
USDOT RELEASES 30-VISION FOR TRANSPORTATION

On the same day as the President released the FY2016 budget proposal, USDOT released a report called “Beyond Traffic: Trends and Choices 2045” looking at the long-term trends in transportation. The report is intended to be a survey of the current trends in transportation and where they will take the nation over the next 50 years, if they continue. Sec. Anthony Foxx made clear it was not intended to be an action plan.

The focus of the report is the conditions of the nation’s transportation system and congestion. It looks at how demographic, market and technological changes will impact those issues.

The report begins with an analysis of how Americans move and how that is changing due to population growth, the aging of the Baby Boomers, the different travel preferences of Millennials and growing income inequality. USDOT points out that Americans have been driving less since 2006, through the economic recession and the recovery.

Other findings in the report include:
- The country’s population will remain largely suburban given the current housing supply and infrastructure network in the suburbs. Urban areas will be overall larger and less dense.
- Evolving technology will demand require regulations but they need to advance and encourage innovation, not create hurdles.
- Cars will continue to be a predominant mode of travel, but the rate of growth in vehicle miles traveled will increase more slowly than it has in the last 30 years. Transit may take on a larger overall share of commuting and local non-work travel.
- Designing and retrofitting of roads to allow for safe passage of vehicles, bicycles and pedestrians will encourage multi-modal usage.
- Demand will increase for intercity transportation connections for people and goods.

In terms of addressing congestion, the report points to a number of options including shifting the transportation program to a more demand-driven and mode neutral one in metropolitan areas, supporting alternative forms of transportation, integrating land use and transportation planning, subsidizing car ownership for the working poor, congestion pricing, encouraging telework policies and employing operational strategies that get more capacity out of current investments.

The report was released as a draft, and USDOT is welcoming comments from the public and stakeholders at BeyondTraffic@dot.gov.
INTRODUCED LEGISLATION TO WATCH

Senate Legislation Introduced

• Local Transportation Infrastructure Act (S. 206); Introduced by Sen. Ayotte (R-NH), 0 cosponsors – Establishes state infrastructure bank.
• Rebuild America Act of 2015 (S. 268); Introduced by Sen. Sanders (I-VT), 1 D cosponsor – Provides hundreds of billions more in transportation investment but no pay-for.

House Legislation Introduced

• Partnership to Build America Act of 2015 (H.R. 413); Introduced by Rep. Delaney (D-MD-6), 17 D, 17 R cosponsors – Establishes the American Infrastructure Fund as a wholly-owned government corporation to provide bond guarantees and make loans for state or local government sponsored transportation, energy, water, communications or educational facility infrastructure projects.
• To authorize a State Infrastructure Bank (H.R. 652); Introduced by Rep. Hanna (R-NY-22), 2 D, 1 R cosponsors – authorizes states to establish infrastructure banks using existing federal transportation dollars through 2020.
• UPDATE ACT (H.R. 680); Introduced by Rep. Blumenauer (D-OR-3); 24 D cosponsors – Increases federal gas tax by 15 cents over 3 years

HOUSE COMMITTEE HEARING ON REAUTHORIZING TRANSPORTATION PROGRAM

On February 11, the House Committee on Transportation and Infrastructure held a hearing called “Surface Transportation Reauthorization Bill: Laying the Foundation for U.S. Economic Growth and Job Creation Part I.” The only witness was Secretary of Transportation Anthony Foxx. The hearing is part of series that the House plans to hold in order to build the groundwork to pass a long-term surface transportation reauthorization bill this year.

The most notable exchange took place between Sec. Foxx and Rep. Peter DeFazio, the ranking member of the committee. Rep. DeFazio stated that he believed there was no chance that Congress would act on the Administration’s proposal to tax foreign profits and asked the Secretary if the Administration had a back-up plan. The Secretary’s response was among the most clear and open from any representative of this Administration. He said that the Administration has “put its cards on the table” but would not take any others off. When Rep. DeFazio asked if that included user fee increases, he said, “We are all ears.”

Rep. Janice Hahn, a Democrat from Los Angeles, indicated that she would introduce the “National Freight Trust Fund Act of 2015” to divert 5% of import fees to fund a port improvement projects. She expects it will raise $2 billion a year for freight projects. When asked about it, Secretary Foxx said the Administration was very interested in the creation of a freight program but their proposal is to create a program that is multimodal.
Finally, Sec. Foxx addressed the progress that the Federal Railroad Administration is making on the tankcar rule by explaining that a draft rule was delivered to the Office of Management and Budget (OMB) at the beginning of the month. This means it is in clearance, but OMB could easily take 90-120 days to clear it. In fact, mentioning that the rule is at OMB is something that is likely to make the folks at OMB unhappy. The blame for the lateness of the rule can be unevenly blamed on them, as the final reviewer before its release, in spite of the months or years it may have taken for the agency to deliver the rule to OMB.

SENATE COMMITTEE HOLD HEARING ON REAUTHORIZATION

Early in the month, the Senate Environment and Public Works Committee held a hearing to examine MAP-21 reauthorization from both the federal and state perspective. Secretary of Transportation Anthony Foxx testified on a panel alone, followed by a panel of state officials: Governor Robert Bentley of Alabama, Governor Peter Shumlin of Vermont and South Dakota Secretary of Transportation Darin Bergquist.

Chairman Jim Inhofe of Oklahoma started the hearing by saying that the conservative thing to do is to pass a multi-year transportation reauthorization because short extensions are more expensive in the long-term. But Sen. Vitter asked for a way to fund the program without having to raise taxes on the American people. Sec. Foxx pointed out that the Administration had proposed a solution (taxing foreign-held profits) that accomplished that.

There was a great deal of time and attention on both sides of the isle spent discussing ways to speed project delivery, while a few members asked about the need to fund transit and bike/ped infrastructure.

All three members of the state panel made clear that they wanted to maintain a strong relationship with the federal government in funding the transportation system. Gov. Shumlin said specifically that some think the states can go it alone but they can’t – especially not rural states with sparse populations who have fewer options for raising money.