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LEGISLATIVE Alert

AMERICAN PUBLIC TRANSPORTATION ASSOCIATION



April 9, 2010

New Climate Bill Proposes Motor Fuel Fees - Transit and Transportation Funding Uncertain APTA Members Urged to Contact Senators Immediately!

Senators John Kerry (D-MA), Lindsey Graham (R-SC) and Joseph Lieberman (I-CT) have drafted a new climate and energy bill that they hope to bring to the Senate floor this year. The three Senators have announced plans to limit carbon emissions from the transportation sector by including a fee on motor fuels based on the price of carbon dioxide under a cap-and-trade system. This proposed fee is being referred to as a "linked fee," which would raise the price of motor fuels. The linked fee would act similar to a gas tax, but it is unclear if the bill will provide any significant transportation investment.

Last week, APTA helped organize a coalition letter with 26 national transportation groups to call on Senators Kerry, Graham and Lieberman to dedicate revenues from any new fees on motor fuels to investment in transit and transportation under a multi-year authorization bill. APTA and the other groups, including the American Association of the State Highway and Transportation Officials (AASHTO), are very concerned that the enactment of a "linked fee" without resulting transportation investment would present a very serious obstacle to completing a surface transportation bill. To view the coalition letter, click [here](#).

A "linked fee" on motor fuels would generate tens of billions of revenue annually, and those revenues could be used to fund a new authorization bill. At present, the current Kerry-Graham-Lieberman proposal is believed to use those revenues for numerous other purposes such as consumer relief for increases in electricity prices, deficit reduction, and technology investment to reduce greenhouse gas emissions.

The three Senators have indicated they will release legislative details as soon as Earth Day on April 22. Climate and energy legislation remains a priority of the Obama Administration, and the new bill is intended to be a bi-partisan alternative to previous climate bills. If it advances to the floor, it would supersede the bill approved by the Senate Environment and Public Works Committee last fall (S. 1733, "Clean Energy Jobs and American Power Act"), which would have provided dedicated investment for public transportation.

Action Alert

APTA members need to contact their Senators regarding the Kerry-Graham-Lieberman bill. When you talk to your Senators and their staff, please ask the following:

- Urge the Senator or their staff to contact Senators John Kerry (D-MA), Lindsey Graham (R-SC) and Joseph Lieberman (I-CT) and other Senate leaders to express support for transit and transportation investment in a climate bill.
- Ask your Senator to support the user fee concept: new fees on motor fuels should be returned to the transportation sector and invested under a multi-year authorization bill.

- Remind your Senator of the environmental benefits of transit service in your community from current federal funding and point out that a new authorization bill is needed to maintain and expand service.

Sample Letter and Electronic Messages:

To view a sample letter to your senators, click [here](#).

To use the APTA Action Center to send an electronic message to your Senators, click [here](#).

For additional information on climate legislation contact Homer Carlisle of APTA's Government Affairs Department at (202) 496-4812 or hcarlisle@apta.com.

Parity Between Parking and Transit Commuter Benefits Set to Expire at Year End – Urge Your Members of Congress to Support Permanent Equity

Last year's American Reinvestment and Recovery Act (ARRA) (Pub.L. 111-5) contained an important provision that created temporary parity between parking and transit/vanpool tax benefits in the Internal Revenue Code. Under previous Federal law, employers could offer their employees an option of up to \$230/month in pre-tax parking benefits or \$120/month in pre-tax transit/vanpool benefits. Through ARRA, the transit/vanpool portion of the benefit increased to \$230/month, treating each mode of transportation as equal. This provision is set to expire on December 31, 2010, and without an extension or permanent renewal, the transit tax benefit would be reduced by more than half. It is essential that the provision permanently equalizing the transit benefit and parking benefit be enacted this year.

Representative Jim McGovern (D-MA) and Senator Charles Schumer (D-NY) have introduced legislation, the "Commuter Benefits Equity Act" (H.R. 891 and S. 322) which establishes permanent parity between the parking and transit portions of the transportation fringe benefit. APTA strongly supports this legislation and is advocating for its immediate passage. It is important that APTA members express their support for extending this provision through passage of the stand-alone legislation or as part of a larger "tax-extenders" package. Representatives McGovern and Earl Blumenauer (D-OR) are seeking signatures from other members of Congress on a letter to House Speaker Nancy Pelosi (D-CA) urging the immediate passage of H.R. 891. APTA members should also urge their House Representatives to sign on to this letter.

The disparity between the two benefit levels created a financial incentive for employees to drive alone to and from work rather than utilize transit or a vanpool. The provision is a tax benefit not only for employees but also for the employers who offer it. Employers do not have to pay taxes on the benefit, providing an important fiscal savings as well as an effective employee recruitment and retention tool. An increasing number of central business district employers currently offer transit benefits to their employees and human resources professionals are increasingly viewing transit benefits a core offering within their slate of benefits. Moreover, studies have shown the availability of transit benefits can lead to significant increases in transit ridership. A 2007 Transit Cooperative Research Program (TCRP) study found transit ridership increases of 10 percent or greater at participating worksites.

Action Alert

APTA members are urged to contact your Representative and Senators in support of permanent parity between the Parking and Transit Commuter Benefits. Explain to your member of Congress that federal tax law on transportation fringe benefits should treat both transit and parking fairly and equitably. Failure to extend these provisions will effectively raise taxes on participating transit riders and employers at a time when we should be encouraging

transit ridership.

When you talk to your member of Congress, please ask the following:

- Urge your Representative to support immediate passage of the Commuter Benefits Equity Act.
- Urge your Representative to sign onto the McGovern-Blumenauer letter to Speaker Pelosi in support of the Commuter Benefits Equity Act (H.R. 891).
- Explain to your Representative that federal tax law on transportation fringe benefits should treat both transit and parking fairly and equitably.
- Inform your Representative that failure to extend these provisions will effectively raise taxes on participating transit riders and employers at a time when we should be encouraging transit ridership for the environmental, energy, economic and quality of life benefits it provides.

Sample Letter and Electronic Messages:

To view a sample letter to your member of Congress, click [here](#).

To use the APTA Action Center to send an electronic message, click [here](#).

For additional information on transit commuter benefits contact Brian Tynan of APTA's Government Affairs Department at (202) 496-4897 or btynan@apta.com.

FRA Announces Funding Opportunities for High-Speed Rail and Positive Train Control

The Federal Railroad Administration (FRA) recently began seeking applications for new grant high-speed rail projects and the Rail Safety Technology Program, which can fund investments for Positive Train Control (PTC).

For high-speed rail, the FRA is accepting applications for \$115 million available for planning and construction projects. These funds were appropriated in Fiscal Year (FY) 2010 (\$50 million for planning activities), and FY 2009 (\$65 million for construction projects.) Applicants must submit their proposals to the FRA by May 19, 2010. Award announcements are expected to be made as soon as this summer.

To view the planning Notice of Funds Availability, click [here](#).
To view the construction Notice of Funds Availability, click [here](#).

A second grant program was also recently announced, providing \$50 million for the FRA's Rail Safety Technology Program. This funding will provide grants to implement PTC and collision avoidance technologies by 2015, as mandated under the Rail Safety Improvement Act of 2008. In an effort to speed up the deployment of PTC, projects receiving this funding must be operational within two years of receiving the award. Additional eligibility requirements apply, including a 20 percent local match. The application process runs from April 9, 2010, through July 1, 2010, with award announcements expected in September 2010.

To view the PTC Notice of Funds Availability, click [here](#).

For additional information on high-speed rail and Positive Train Control contact Joni Zielinski of APTA's Government Affairs Department at (202) 496-4865 or jzielinski@apta.com.

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