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May 14, 2010

Senators Kerry and Lieberman Unveil Draft Climate and Energy Legislation

Senators John Kerry (D-MA) and Joseph Lieberman (I-CT) released their long-awaited climate change and energy draft legislation, "the American Power Act" (APA) on Wednesday, May 12. The discussion draft was released without the endorsement of Senator Lindsey Graham (R-SC), the third member of their collaborative effort to develop a bipartisan climate bill.

A significant portion of the revenue generated from the APA would come directly from fees imposed on the production of motor fuels. These fees would likely be passed onto consumers at the gas pump, having the same impact on fuel prices as an increase in the motor fuels user fee, or gas tax. Therefore, APTA and a coalition of 26 other transportation organizations joined together to advocate that 100 percent of revenue generated from new fees on motor fuels in the bill should be returned to the transportation sector and invested under a multi-year authorization bill. To read the coalition's letter, [click here](#).

The APA bill directs up to \$6.25 billion per year for transportation investments from revenues generated from carbon fees and emissions auctions. Based on APTA's analysis of the legislation, a minimum of \$19.5 billion in funds will be generated from motor fuels production in 2013 (the first year the bill would become effective), with that amount significantly increasing in subsequent years. This means that at least 77 percent of revenue generated from pollution fees on gasoline and diesel is diverted away from investment in transportation in the first year. In later years as the price of carbon increases, the percentage diverted could be as much as 91 percent.

Specifically, the legislation provides for the following transportation investments:

- One-third of emissions allowances capped at \$2.5 billion per year will be deposited into the Highway Trust Fund (HTF).
- One-third of emissions allowances capped at \$1.875 billion per year will be distributed by the Secretary of Transportation for competitive grant funding to continue the Transportation Investment Generating Economic Recovery (TIGER) program created by the American Recovery and Reinvestment Act (ARRA).
- One-third of emissions allowances capped at \$1.875 billion per year will be distributed by the Secretary of Transportation for state and local investments in transportation greenhouse gas emission reduction programs. Within this program:
 - o The bill requires states and cities to evaluate carbon pollution and set reduction targets when developing transportation plans.
 - o Of these funds 10 percent is set-aside of these funds for states and Metropolitan Planning Organizations (MPOs) to use for planning purposes.

The amounts allocated for surface transportation are far short of the levels that would be required to finance a new authorization bill, and represent a small percentage of the actual revenues derived from the production of motor fuels. In addition, the \$2.5 billion annual allocation to the HTF is not enough money to keep either the Highway or Mass Transit Accounts solvent, nor does the bill contain any language regarding transit formula dollars.

ACTION ALERT

APTA members need to contact their Senators to urge them to ensure that 100 percent of revenues generated from fees on motor fuels production in the APA are invested in transportation in order to maintain and improve our nation's

infrastructure. When you talk to your Senators and their staff, please ask the following:

- Ask your Senators to contact Senators John Kerry (D-MA) and Joseph Lieberman (I-CT) and other Senate leaders to insist that 100 percent of new fees on motor fuels detailed in the bill should be returned to the transportation sector and invested under a multi-year authorization bill.
- Inform your Senators that the current level of transportation funding in the draft bill is insufficient to maintain, much less grow, current transportation investment.
- Explain to your Senators that because the bill will raise the price of motor fuels, it will almost be impossible to finance a long-term authorization bill unless a much larger portion of the APA's revenues are dedicated to the Highway Trust Fund.

For a sample letter to use to write your Senators [click here](#).

Federal Transit Administration (FTA) Releases Supplemental Fiscal Year 2010 Apportionments

On Thursday, May 13, the FTA issued apportionments to distribute the remaining transit funds approved in the Fiscal Year 2010 Appropriations bill and authorized by the Hiring Incentives to Restore Employment Act (HIRE Act). To read the Notice in the Federal Register, [click here](#).



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