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July 22, 2011

Congress Negotiating Deal on Debt Ceiling and Deficit Reduction; Transportation Funding Under Discussion

With an August 2 deadline for the United States to raise its debt limit in order to protect the full faith and credit of the U.S. government, members of Congress and Administration officials continue to debate options that can raise enough votes to pass both chambers of Congress and receive President Obama's approval. Key sticking points on striking a deal to raise the debt limit and design a path forward on deficit reduction include the position by the Republican leadership that raising revenues is off the table, while Democrats have been split over Obama's willingness to make compromises on entitlement programs.

However, this week a bipartisan group of senators known as the Gang of Six (or seven, depending on who's involved in the talks at any given time), who have been working together for months on a plan for deficit reduction, released a [proposal](#) that seeks to cut discretionary spending considerably, strengthen entitlement programs, and fundamentally reform the tax code. Most important to APTA members, the proposal calls for ensuring the solvency of the Highway Trust Fund (HTF). This would be done by generating \$1 trillion in revenue by reforming the tax code and an additional \$133 billion by 2021 to shore up the HTF without raising the federal motor fuels tax. This \$133 billion represents the financing needed to support transit and highway spending at current program levels. President Obama has expressed tentative support for the proposal. House Majority Leader Eric Cantor (R-VA) noted that the proposal includes "some constructive ideas to deal with our debt" though to date, Cantor has led the opposition to any proposal that raises revenues. There are practical considerations to adopting the Senate plan in time for the August 2 deadline – All revenue measures must originate in the House of Representatives and there are few days left to draft legislative text and move a bill through both chambers.

Senator Tom Coburn (R-OK) rejoined the Gang this week after rolling out his own budget proposal entitled [Back in Black](#). This proposal achieves more deficit reduction than the Gang of Six proposal. He envisions cutting the deficit by \$9 trillion over the next ten years, while the Gang of Six proposal reduces the deficit by approximately \$3.7 trillion from the March 2011 CBO baseline.

Among Coburn's targets for cuts is the federal transportation program. He proposes that states could opt-out of the federal-aid highway and transit programs, the elimination and rescission of high speed rail programs and funding, phasing out the New Starts program, eliminating the transit and parking commuter benefit, eliminating any direct federal subsidy to the Washington Metropolitan Area Transportation Authority (WMATA), and eliminating operating assistance to Amtrak, and phasing out its capital assistance over ten years. Now that Coburn has once again joined the Gang of Six, it is essential that these cuts to the transportation program are not incorporated into any deficit reduction package.

For questions on this issue, please contact Paul Dean of APTA's Government Affairs Department at (202) 496-4887, or pdean@apta.com.

Action Alert

APTA members should call their Members of Congress and urge them to reject proposals to eliminate key transportation programs in any kind of budget and deficit reduction deal, and support enactment of a robust, six-year, multimodal surface transportation authorization bill.

– Remind your members of Congress that transit projects and services in your community are made possible by federal funding and that at minimum they need to preserve current federal funding levels for transit in a surface transportation authorization bill.

– Urge your Members of Congress to reject any proposal to eliminate the Commuter Tax Benefit. Explain to them that this benefit is a crucial tool that allows millions of Americans to save money on their daily commute – at a time when it is needed the most.

- Describe the uncertainty that states, communities, businesses and their employees will face without stable funding and that investing in public transportation must be a priority.
- Urge them to preserve funding for high-speed passenger rail and to reject rescissions of high-speed and intercity passenger rail funds.

Senate Environment and Public Works Committee (EPW) Releases Bipartisan Authorization Proposal

Earlier this week, Chairman Barbara Boxer (D-CA) and Ranking Member James Inhofe (R-OK) released a [three page outline](#) of the highway title of their two year surface transportation authorization proposal. A hearing is planned for Thursday, July 21. While no new details have been revealed, conversations with committee staff indicate that the legislative text is close to being finalized. The date for markup of the bill remains fluid as Inhofe has expressed opposition to moving forward without the financing for the bill in place. Currently the two year proposal needs approximately \$12 billion over two years to fund the bill at proposed levels as discussed in this previous [legislative alert](#). Once EPW moves forward, it is expected that the Senate Committee on Banking, Housing, and Urban Affairs, which has jurisdiction over transit, and the Senate Commerce, Science, and Transportation Committee, which has jurisdiction over rail, will release their respective titles shortly thereafter.

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