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## LEGISLATIVE Alert

AMERICAN PUBLIC TRANSPORTATION ASSOCIATION



January 2, 2013

### Congress Passes Fiscal Cliff Legislation; President Signs

Very early on January 1, the Senate passed, by a vote of 89-8, legislation to avert the “fiscal cliff.” The cliff was a combination of sizeable tax increases from expiring Bush era tax cuts and government wide spending cuts from the Congressional budget sequestration legislation, which were set to automatically take effect at the beginning of 2013.

On the tax front, the legislation included a permanent extension of the 2001 and 2003 Bush tax cuts for personal income tax rates for everyone, except individuals with taxable income over \$400,000 per year and couples with a combined income over \$450,000 per year. Additionally, the Alternative Minimum Tax was permanently pegged to inflation.

The bill also includes two tax provisions that are important for transit. It increases the transit commuter tax benefit from \$125 per month to \$240 per month, thereby making the transit benefit equal to the federal tax benefit for parking. This law allows transit users to receive up to \$240 per month, from employers, as a non-taxable fringe benefit, or allows employees to set aside up to that amount as a pre-tax benefit for commuting to work on public transportation.

The measure also extends through 2013, retroactive to December 31, 2011, provisions in the tax code providing a tax credit for a portion of costs associated with alternative fuel use by transit systems.

Senate Democrats proposed delaying the sequestration spending cuts for a full year, but Republican opposition to their plan resulted in the legislation including only a two-month delay, paid for by \$12 billion in revenue increases and \$12 billion in spending cuts.

Republicans in the House of Representatives initially argued that the Senate bill did not provide enough in the way of spending cuts. After discussion of amending the Senate bill, the legislation was brought up for a vote – unamended – and passed the House by a vote of 257-167.

The 113th Congress will immediately face a number of large obstacles. Before the end of March, Congress will need to make additional spending cuts required by sequestration and increase the federal debt limit. It will also need to address the expiration on March 27th of the Fiscal Year 2013 Continuing Resolution currently funding the federal government.

### Sandy Supplemental Stuck in the House

On December 28, 2012, the Senate passed H.R. 1, the Supplemental Appropriations for Disaster Assistance, by a vote of 62-32. However, while the House of Representatives was expected to take up its own smaller supplemental immediately following action on the fiscal cliff legislation, it has stalled due to concerns about a lack of offsets for the new spending. The House of Representatives has adjourned for the remainder of the 112th Congress and will need to introduce a new supplemental bill in the new Congress.

The supplemental would have provided \$12 billion for transportation specific projects, and is vital to restoring the transportation network in the wake of unprecedented disruptions and damage to life, property and essential transportation infrastructure along the East Coast. APTA urged both chambers to approve H.R.1 in the 112th Congress.

### FTA Continues National Online Dialogue

The Federal Transit Administration is continuing the National Online Dialogue. The current discussion focuses on Transit Asset Management and runs through January 4, 2012.

More information can be found [here](#).

For questions on these issues, please contact Brian Tynan of APTA's Government Affairs Department at (202) 496-4897, or [btynan@apta.com](mailto:btynan@apta.com).



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1666 K St., NW. Washington, DC 20006  
(202) 496-4800 | [www.apta.com](http://www.apta.com)