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November 21, 2013

## **Budget and Taxes Remain Front and Center on the Congressional Agenda; New Transportation Legislation Introduced**

As the end of the year approaches, Congress continues to work on budget and tax issues and Members of Congress continue to stake out positions on important transportation-centric legislation.

### **Bi-Cameral Budget Conference Continues to Work Toward Budget Deal**

In an effort to reach a FY 2014 budget deal by the December 13 deadline, Senate and House budget conferees continue to negotiate amid ever-decreasing expectations for a larger tax reform bargain. Both Republicans, led by House Budget Committee Chairman Paul Ryan, and Democrats, led by Senate Budget Committee Chairman Patty Murray, seek to prevent the impacts of the second year of across-the-board budget cuts of sequestration, set to take effect in early January. Senator Murray seeks a combination of spending cuts and elimination of tax breaks to more than offset sequestration and increase FY 2014 funding over the current year level. Representative Ryan opposes revenue increases and aims instead to shift part of sequestration's impact on discretionary spending from defense to non-defense programs. Although the FY 2013 sequester impacted the General Fund programs of the Federal Transit Administration (FTA) and Amtrak capital and operating grants, Office of Management and Budget's FY 2014 sequestration report indicates no direct cuts to the FTA or Federal Railroad Administration in FY 2014. Separately, this report cites a sequestration cut to the FY 2014 transfer of General Funds into the Highway Trust Fund.

This week, House Appropriations Committee Chairman Hal Rogers wrote to the budget negotiators, urging them to agree to a top line discretionary spending level before Thanksgiving, or no later than December 2. In the absence of a timely agreement on this total discretionary funding level, House and Senate appropriations committees cannot proceed with funding bills, or another continuing resolution, in time to avert a government shutdown when funding ends on January 15.

APTA recently [sent a letter to House and Senate Budget conferees](#) urging them to take into account the looming revenue shortfall of the Highway Trust Fund (HTF) and Mass Transit Account (MTA) during the current discussions on the federal budget. APTA has also [joined its industry partners on similar coalition letters](#) asking the conferees to consider the Highway Trust Fund solvency and future investment needs in their deliberations.

### **Transit Tax Issues Await Decisions on Extensions**

Congress has not yet addressed two very important transportation related issues – the expiration of the Commuter Tax Benefit and the Alternative Fuels Tax Credit. Discussions over whether to extend expiring tax provisions have to date been on hold due to interest within the Senate Finance and House Ways and Means Committees to advance comprehensive tax reform. However, with the end of the year fast approaching, some in Congress are pressing to advance a one-year extension of the expiring tax provisions. Whether Congress actually moves a “tax extenders” bill will be dependent to a degree on ongoing Budget conference and debate regarding the top-line budget numbers and other fiscal matters.

Action is needed before the end of the year for the transit commute benefit. Currently, commuters who use public transportation can receive the same tax-free transportation benefit from their employers as commuters who drive private cars and pay for parking—up to \$245 per month. Unless Congress acts

before the end of 2013, public transit and vanpool commuters will see their maximum allowable pre-tax and tax-free benefit plunge to \$130 per month while parking will increase to \$250 per month, per the most recent Internal Revenue Service Guidance.

The Alternative Fuels Tax Credit provides public transportation providers with financial assistance in the form of a tax credit, to assist with converting their bus fleets from diesel to compressed natural gas. Without this assistance, providers may be unable to continue moving towards a cleaner fuel source.

#### **ACTION CALL**

- Tell your elected officials to support extensions of both the Commuter Tax Benefit and the Alternative Fuels Tax Credit before they expire at the end of 2013.
- Advise your Members of Congress that the Transit Commuter Benefit needs to be extended before the end of the year in order to allow human resources professional and benefits administrators to enable the benefit for transit commuters who will need it in 2014. This tax benefit provision cannot be extended retroactively, as Congress has done for other expiring tax provisions.
- If you do not know your Members of Congress, [you can find them here](#).

#### **Infrastructure Bank Legislation Introduced**

Senator Mark Warner (D-VA) introduced, with cosponsors from both sides of the aisle, his latest iteration of a bill to create a national infrastructure bank. The BRIDGE Act would establish an entity called the Infrastructure Financing Authority (IFA) as an independent federal agency. The IFA would receive initial funding of \$10 billion from the federal government and would issue loans and loan guarantees to economically viable and important projects nationwide, with special set asides for rural projects. Through fees levied on the loans and guarantees, it is envisioned that the IFA would become self-sustaining. Transportation, along with energy, water and general infrastructure projects, would be eligible to receive assistance through this program. It would finance a maximum of 49 percent of the costs of any selected project. The bill also calls for setting aside 5 percent of the bank's money for rural projects costing \$10 million, and aims to limit political interference in the authority's governance. The authority would be governed by a seven-member board, split 4-3 on party lines.

According to Warner: "This is not a silver bullet that's going to solve all our infrastructure needs. Many of us here will still have to wrestle with how we find that permanent funding source. This is a financing tool - it's not a permanent funding source. But the BRIDGE Act will still play a role in getting people back to work and helping America compete in the 21st century."

#### **Bicycle and Pedestrian Safety Legislation Introduced**

Representative Earl Blumenauer (D-OR) introduced the bipartisan Bicycle and Pedestrian Safety Act (HR 3494), which would establish performance measures for pedestrian and cyclist safety. States would be responsible for creating their own metrics and implementing their own reporting systems. APTA, a member of the Complete Streets Coalition, supports efforts to improve the transportation system for all users, regardless of mode, of which walking and biking are increasingly important components.

#### **Legislation to Devolve the Federal Highway and Transit Programs Introduced**

Last week, Senator Mike Lee (R-UT) and Representative Tom Graves (R-GA) introduced identical Senate and House bills that would devolve the federal surface transportation program to the states. According to a press release from Senator Lee, the Transportation Empowerment Act (bill S.1702 in the Senate and H.R. 3486 in the House), would transfer almost all Federal authority of highway and transit programs to the States over the next five years, concurrently lowering the Federal gas tax to 3.7 cents per gallon (from its current 18.4 cents/gallon). During this five-year period, grants funded by dramatically decreasing Highway Trust Fund revenues would be apportioned to States as block grants. Remaining Federal gas tax revenues would be used to fund a scaled back highway program focused on what the bill calls "core highway programs." Further, the bill would terminate the Mass Transit

Account of the Highway Trust Fund, the Federal motor fuels revenues dedicated to it, and all spending on Federal Transit Programs on October 1, 2014, transferring any remaining balances in the Mass Transit Account to the Highway Account of the Highway Trust Fund at that time.

Representative Graves and former Senator Jim DeMint (R-SC), with Senator Lee, introduced the same bill in the previous Congress. [The House bill had 48 cosponsors](#) and neither bill advanced. During consideration of MAP-21, the bill was [offered as an amendment in the Senate, receiving 30 votes](#).

Other similar approaches have been offered in prior Congresses, garnering limited support.

#### ACTION CALL

- Recognize that support for this proposal is limited. However, when speaking with your Republican Representatives and Senators, APTA members should continue to make the case for how important the current Federal role is to investment in our transportation infrastructure. Ask your congressional representatives to not cosponsor legislation that would devolve the Federal program.
- Tell your Members of Congress that the Federal government has historically contributed approximately 45 percent of the total capital investment in both highways and public transportation, and that devolution of the Federal program will only shift the investment burden to state and local governments, and will not eliminate the investment needs.
- Explain the importance of public transportation in your community, for overall mobility and the efficiency of the entire surface transportation system.
- Those who ride public transportation lessen the congestion on our roadways, as Americans living in areas served by public transportation save 865 million hours in travel time and 450 million gallons of fuel annually, according to the most recent Texas Transportation Institute (TTI) report on congestion. Nationwide, costs from traffic congestion would have increased \$21 billion without public transit services.
- Explain the important mobility needs of the transit-dependent populations and people from all walks of life, especially in small urban and rural communities, for access to health care, education, and jobs. Public transportation is a vital link for the more than 51 million Americans with disabilities. 83 percent of older Americans say that public transit provides easy access to the things they need in everyday life.

Questions on these issues can be directed to any member of the APTA Government Affairs staff, or to Brian Tynan, Director of Government Relations ([btynan@apta.com](mailto:btynan@apta.com)).

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