



January 27, 2010

The Honorable Max Baucus
Chairman
Senate Committee on Finance
219 Dirksen Senate Office Building
Washington, DC 20510

The Honorable Charles Grassley
Ranking Member
Senate Committee on Finance
219 Dirksen Senate Office Building
Washington, DC 20510

Dear Chairman Baucus and Senator Grassley:

On behalf of the American Public Transportation Association (APTA) and its 1,500 member organizations, I write to again express our strong support for the extension of the federal excise tax credits for alternative fuels as it pertains to liquefied or compressed natural gas (LNG/CNG). Also, as the tax-credit expired on December 31, 2009, we urge you to ensure that eligibility for the credit is made retroactive to the expiration date.

Late last year, the House of Representatives passed H.R. 4213 (the Tax Extenders Act of 2009), which includes an extension of the excise tax credit for natural gas through December 31, 2010 (Section 403). This tax credit provides important offsets to transit agency fuel and operating costs, which in turn, support improved transportation services and job retention. Across the country, available funding for operating costs is extremely constrained. This tax credit is a critical budget element for those agencies which have transitioned their fleets to natural gas – especially at this time, when many transit agencies are considering service cuts or layoffs due to reductions in the state and local revenues that normally support transit operating costs.

According to data from the Federal Transit Administration's (FTA) National Transit Database and APTA's vehicle database, transit use of natural gas has increased 27 percent above levels recorded prior to enactment of Safe, Accountable, Flexible, Efficient Transportation Equity Act: A Legacy for Users (SAFETEA-LU). CNG/LNG vehicles now comprise 18.5 percent of our bus fleet, up from 12.4 percent in 2004. Transit agency modes that utilize the credit provided over 2.42 billion rides on public transportation and employed more than 73,000 workers in 2008.

The continued use of CNG/LNG allows providers of public transportation to meet an increased demand for services, while supporting national goals to improve air quality and advance our long-term strategy for energy security. In addition, the Administration has voiced its support for H.R. 4213 through its Statement of Administration Policy. For these reasons, we urge you to retroactively extend this tax credit as soon as possible.

If you have questions about these views, please have your staff contact Brian Tynan, at (202) 496-4897 or email btynan@apta.com.

Sincerely yours,

William Millar
President

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