Legislative Brief

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PUBLIC TRANSPORTATION APPROPRIATIONS

FY 2011 Appropriations: Congress and the Administration continue to negotiate on the Fiscal Year (FY) 2011 appropriations process. Recently, President Obama signed a short-term continuing resolution (CR), H.J.Res. 44, that funds federal programs until March 18, providing time to reach agreement on a spending bill for the remainder of FY 2011. The current short-term CR reduces spending by $4 billion below FY 2010 levels, but does not reduce transit or high-speed rail programs.

Earlier, the House passed a full-year FY 2011 CR that would reduce spending by $61 billion below FY 2010 levels. That bill, if enacted, would reduce new starts funds by $431 million FY 2011 and rescind $280 million in FY 2010 funding. It would provide no new funding for high-speed rail in FY 2011, and rescind $2.475 billion in FY 2010 and $3.72 billion in American Recovery and Reinvestment Act (ARRA) funding. It would eliminate $150 million authorized for Washington Metropolitan Area Transit Authority in FY 2011, rescind $75 million in FY 2010 funds for Transit Investment in Greenhouse Gas Emission Reduction (TIGGER) grants and eliminate funding for the TIGGER program in FY 2011. It would also rescind $50 million in FY 2010 Positive Train Control funds and eliminates funding for the program in FY 2011. Senate Appropriators have countered with a proposal which would cut $6.5 billion from FY 2010 levels, in addition to cuts enacted in the two-week CR for a total of $10.5 billion. Negotiations are underway to reach a compromise on the wide differences.

FY 2012 Appropriations: The Administration budget for FY 2012 proposes to fund the transit program at $22.2 billion and provide $8 billion for high-speed intercity passenger rail. It would also provide $5 billion for a new national infrastructure bank and $2 billion in discretionary grants for the Transportation Investments Generating Economic Recovery (TIGER) program. A portion of the FY 2012 funding in these programs would be the product of a $50 billion frontloaded investment in transportation programs that the administration proposed as part of its six-year surface transportation authorization proposal, also announced as part of the budget. The administration proposal assumes enactment of new authorizing legislation, with a new and increased revenue source that would fund mandatory spending from a new Surface Transportation Trust Fund with separate accounts for highways, transit, high-speed rail, and the national infrastructure bank.

Congress has recently begun hearings on the FY 2012 process, even as it works to conclude negotiations on a CR that will fund programs through the end of FY 2011. It must also enact a new surface transportation authorization bill, as the current SAFETEA-LU authorization extension expires on September 30, 2011.

APTA POSITION

- APTA strongly urges Congress to reject cuts in transit and high-speed intercity passenger rail programs in FY 2011. Public transportation alternatives are the quickest way for people to beat the cost of fast rising gas prices and funding cuts will only result in fewer transit alternatives and less service for more people.
- APTA urges Congress to support a robust transit and high-speed rail program in FY 2012, similar to the administration proposal. Investment in the nation’s surface transportation infrastructure is vital for long-term economic growth, and studies clearly demonstrate the need to increase investment to bring the current system into a state of good repair and meet our growing transportation needs.

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SURFACE TRANSPORTATION AUTHORIZATION: PRESIDENT'S PROPOSAL AND CONGRESSIONAL ACTIVITY

The Safe, Accountable, Flexible, Efficient Transportation Equity Act – A Legacy for Users (SAFETEA-LU), the multi-year authorizing law that last set federal investment levels and program structure for surface transportation programs, expired on September 30, 2009. Congress has not yet enacted a new authorization law but rather passed a series of short-term extensions of SAFETEA-LU to keep the federal surface transportation programs operational. The current extension authorizes programs through September 30, 2011.

Last month, the Obama Administration released its budget blueprint for FY 2012, which includes the initial details of a proposal for a six-year authorization bill. While the President's FY 2012 budget calls for spending cuts and freezes in most domestic programs, he has made infrastructure investment a high priority. The FY 2012 budget requests $22.4 billion for public transportation programs, more than double the current level, and $8 billion for High-Speed Rail. Over the next six years, the President seeks $119 billion for public transportation programs – a 128 percent increase over SAFETEA-LU levels. He also includes $53 billion over six years for the high-speed rail program. While some details of the President's authorization proposal have not been released, it would restructure and rename the Highway Trust Fund and create a new National Infrastructure Bank, among many changes. The Administration has pledged to work with Congress on a funding mechanism for its authorization proposal that supports the transit, high-speed and intercity rail and highway programs.

Committee leaders in the House and Senate have announced plans to advance authorization legislation soon, but their proposals could diverge significantly from the Administration's recommendations. In the House, Chairman John Mica (R-FL) of the Transportation and Infrastructure Committee intends to develop an authorization bill that funds transit and highway programs with existing revenues, streamlines project delivery, eliminates program waste and offers alternative financing mechanisms to leverage federal funds. He hopes to bring a bill to the House floor by summer. In the Senate, Chairman Barbara Boxer (D-CA) of the Environment and Public Works Committee wants to introduce a highway authorization bill before Memorial Day, while the Senate Banking, Housing and Urban Affairs Committee, chaired by Sen. Tim Johnson (D-SD), hopes to draft a transit title on a similar timetable.

APTA POSITION

- **Congress should pass a well-funded, multimodal six-year surface transportation bill that provides robust growth in the federal public transportation program to help transit systems meet the mobility needs of their communities.**
- **The next six-year surface transportation authorization bill should provide no less than $123 billion for public transportation and $50 billion for high speed passenger rail to help maintain transit assets in a state-of-good repair and expand systems to meet growing ridership demand.**
- **Congress should adopt APTA's program structure and policy recommendations to improve the program, speed project delivery and distribute funds to better meet our industry's diverse needs.**

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TAX ISSUES: TRANSIT COMMUTER BENEFIT PARITY AND ALTERNATIVE FUEL TAX CREDIT

Congress temporarily extended two important tax provisions late last year that impact public transportation. The "Tax Relief, Unemployment Insurance Reauthorization, and Job Creation Act of 2010" kept the mass transit commuter benefit at $230/month for 2011, preventing a reduction to $120/month, and the alternative fuels tax credit was extended for one year as well. The alternative fuels tax credit allows transit agencies that use compressed natural gas (CNG) and liquefied natural gas (LNG) to receive a 50 cent credit per gallon equivalent tax refund. There is also a credit for fueling infrastructure. Both provisions are set to expire on December 31, 2011 unless Congress takes further action.

The transit commuter tax benefit and the parking tax benefit allow for pre-tax deductions or employer subsidies to help reduce commuting costs. Under previous Federal law, employers could offer their employees an option of up to $230/month in pre-tax parking benefits but only $120/month in pre tax transit/vanpool benefits. If Congress fails to act by December 31, 2011, the tax savings for the transit benefit will again be set significantly below the level of the parking benefit. This will effectively raise taxes on participating transit riders and employers at a time when transit ridership should be encouraged for the energy, economic, and quality of life benefits it provides. Furthermore, federal tax law should not show a bias for one means of commuting over another. Senator Chuck Schumer (D-NY), Congressman Jim McGovern (D-MA), Congressman Earl Blumenauer (D-OR) and others intend on reintroducing legislation to make parity between the transit and parking benefits permanent.

The alternative fuels tax credit supports the use of natural gas buses and the fueling infrastructure necessary to support them. The credit is set to expire on December 31, 2011. Transit agencies that have committed to investments in natural gas fleets have counted on the tax credit being in place, and the lack of an extension would further reduce operating revenues at a very difficult financial time for agencies. The tax credit improves the affordability and diversity of agency fueling options, while also demonstrating a national commitment to domestically-sourced fuels. Uncertainty surrounding the extension of this provision has the potential to discourage future investment in natural gas fleets. The "New Alternative Transportation to Give Americans Solutions (NATGAS) Act of 2009" will be reintroduced this year. It provides a long-term extension of the alternative fuel credit provisions.

APTA POSITION

- **Congress should enact permanent parity between the transit benefit and the parking benefit, establishing fair, long-term tax savings for participating transit riders and employers.**
- **A long-term extension of the alternative fuel tax credits is needed to support natural gas transit fleets, which reduce dependence on imported fuels and expand the affordability and diversity of agency fueling options.**
- **Both the transit commuter benefit parity and the alternative fuel tax credit expire on December 31, 2011. Congress should act to renew these provisions before they expire.**

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TRANSIT SECURITY FUNDING

Fiscal Year (FY) 2011 and 2012 Funding: Appropriations Committees in the House and Senate drafted bills that would have respectively provided $300 million and $350 million for the federal Transit Security Grant Program (TSGP) in FY 2011. Recently, the House-passed proposal for an FY 2011 continuing resolution (CR) cut funding for this program by 67 percent. The Senate is now negotiating with the House and Obama administration to develop a compromise bill to fund this and other programs for the balance of FY 2011.

President Obama's FY 2012 budget proposes $300 million for the TSGP. This request, if approved by Congress would freeze federal transit security funding at FY 2010 levels, falling well short of the levels authorized for the program under the Implementing Recommendations of the 9/11 Commission Act of 2007 (PL 110-259). The $300 million requested for both FY 2011 and FY 2012 by the administration is not adequate to meet nationwide transit security improvement needs, particularly at a volatile time when public transportation systems are increasingly cited as terrorist targets. There is certainly no good reason why federal investment in public transportation security should bear a disproportionate burden of any budget cuts.

Americans take 35 million trips on transit each weekday (18 times more boardings than domestic airlines), and government agencies agree that real threats against transit systems are a major concern. Congress and the administration need to provide adequate funding to implement security programs to protect the safety of people on the nation's transit systems.

Homeland Security Authorization Bill: Congress may also rewrite the Department of Homeland Security authorizing bill this year. APTA believes that Public Transportation Security programs, including the TSGP and the Public Transit Information Sharing and Analysis Center (ISAC) need to be extended. These programs serve a critical role in intelligence and information sharing among transit security professionals, and improve transit security programs.

APTA POSITION

- **APTA strongly urges Congress to reject efforts to cut current funding for transit security in FY 2011. We need to protect America's transit users.**
- **Grants should be awarded at 100 percent federal share.**
- **APTA urges Congress to include explicit language requiring grants to go directly to transit agencies, unless agencies opt for grants to State Administrative Agencies on their behalf.**
- **APTA strongly urges Congress to enact a Homeland Security authorizing bill that extends authority for the Transit Security Grant Program (TSGP) and the Public Transportation Information Sharing and Analysis Center. APTA urges Congress to make reforms to the TSGP that will expedite the delivery of these critical grant funds and ensure transit agencies can address identified needs.**

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HIGH SPEED AND INTERCITY PASSENGER RAIL (HSIPR)

To meet the rapidly expanding needs of an ever-growing and highly mobile population, the United States must develop a fully integrated multimodal high-speed and intercity passenger rail system. It is more important than ever for the U.S. to invest in its infrastructure as the efficient movement of people and goods is essential for sustained economic growth and recovery. Investing in high speed rail projects will produce new passenger rail networks that will create construction and manufacturing jobs and will generate domestic business growth.

In February, the Administration introduced a bold new plan for high speed rail, proposing to provide $53 billion over the next six years for a high-speed and intercity passenger rail network that will serve 80 percent of the U.S. population within 25 years. Under the Administration's plan new plan, investments would be used for three categories of projects, including "Core Express," "Regional," and "Emerging" corridors. The proposal also establishes two separate funding accounts to ensure that existing and emerging corridor projects no longer compete against each other for funding – with the first $8 billion to be split equally between the two new accounts to provide funding for activities such as new construction and bringing existing systems into a state of good repair. The first $8 billion was included in the President's Fiscal Year 2012 (FY12) budget request to Congress.

Despite Administration support, Congress is proposing to drastically cut funding to HSIPR programs. While the current Continuing Resolution for FY11 continues to fund rail programs at FY 2010 levels through March 18, House appropriators have signaled their intent to enact drastic cuts HSIPR funding in future spending bills. The House passed version attempted to rescind $3.72 billion from the high-speed rail program from American Recovery and Reinvestment Act (ARRA) appropriations and $2.475 billion from funds appropriated for FY 2010. Other Federal Railroad Administration (FRA) cuts would have included a $151 million reduction in the Amtrak Capital and Debt Service account and a rescission of the $50 million in FY 2010 grants for Positive Train Control (PTC), as well as an elimination of this funding for FY 2011.

On the local level, 28 states remain committed to forging ahead in planning and implementing high-speed and intercity passenger rail improvements. Funding from two states which opted to cancel their HSIPR programs was immediately redirected by the U.S. Department of Transportation, reinvesting the $1.195 billion towards 14 other projects which will result in new rail service that provides clean, safe and efficient transportation options between cities, supporting regional economies and reducing congestion on chronically crowded airways and roadways.

APTA POSITION

- **APTA supports the President's proposed FY12 budget request of $8 billion for HSIPR and urges Congress to fully appropriate this amount.**
- **APTA strongly opposes any attempts to rescind or eliminate HSIPR funding in appropriations spending bills.**