

Potomac Partners DC



Monthly Legislative Report – April 2017

This month the House and Senate finally wrapped up negotiations on a “consolidated” appropriations package (also known as the “omnibus”) that includes all of the remaining FY17 appropriations bills. Full text of the bill can be found [here](#). The \$1.1 trillion spending bill is expected to pass the House and Senate before the current Continuing Resolution (CR) expires on May 5th. The joint explanatory statement of the THUD appropriations section of bill (found [here](#)) includes \$50 million in Capital Investment Grant (CIG) funding for the Santa Ana and Garden Grove Streetcar, which we had urged support throughout the month with senior Appropriators in the House and Senate.

This spending legislation will be attached as an amendment to an unrelated bill that has already passed in both the House and Senate, *HR 244 – Honoring Investments in Recruiting and Employing American Military Veterans Act of 2017* in order to provide for expedited consideration of the bill. The House Rules Committee will take up the bill on Tuesday May 2nd followed by a vote on the House floor vote on May 3rd followed by a Senate vote. The President is expected to sign the bill in order to avoid a Government shutdown. The omnibus includes \$19.5 billion for the Department of Transportation, an increase of \$650 million from FY16 levels, and provides the full \$54.4 billion in obligation limitations on the Highway Trust Fund (HTF). Below is a table outlining key programs at the DOT: TIGER grants, Amtrak, and the FTA's CIG program for expected new FY 17 full funding grant agreements. Cuts to TIGER and CIG programs requested in the Trump Administration's budget blueprint released earlier this month were not included in the FY17 appropriations bill.

Key Discretionary Programs (In Millions of Dollars)						
		FY2015	FY2016	FY2017		
<u>Agency</u>	<u>Account</u>	<u>Enacted</u>	<u>Enacted</u>	<u>House</u>	<u>Senate</u>	<u>Omnibus</u>
OST	TIGER Grants	500	500	450	525	500
	National Surface Transportation and Innovative Finance Bureau					3
FRA	Grants to Amtrak (Total)	1,390	1,390	1,420	1,420	1,495
FTA	Capital Investment Grants	2,120	2,177	2,500	2,338	2,413
NEW FY 17 FFGAs	Maryland Purple Line					125
	Caltrain Peninsula Corridor					100
	Seattle WA Lynnwood Link					100
	NYC Canarsie Power Improvements					84
	Santa Ana Streetcar					50
	Dallas DART core capacity					49
	Minneapolis Southwest LRT					10
TOTAL		16,351	16,832	19,290	19,274	19,472

April Advocacy Meetings

Congressman Dana Rohrabacher – We met with the office of Congressman Rohrabacher to help facilitate a new delegation support letter for the I-405 highway improvement project and the TIFIA loan.

Congressman Lou Correa – We met with Congressman Correa's office to discuss the OC street car and the CIG program. We also discussed the I-405 highway improvement project and TIFIA loan delegation support letter.

Congresswoman Mimi Walters (R-CA) – We met with the Congresswoman and senior staff from the DC office to discuss the status of OCTA's TIFIA application at the DOT. We discussed expediting final approval through the USDOT Secretary's office. We also discussed continued support for the Santa Ana streetcar funding in the FY17 spending package.

Congressman Darrell Issa (R-CA) – We met with Congressman Issa's staff to discuss support for the pending TIFIA application by the County at the DOT. We discussed the need for expedited approval. We also discussed support for Santa Ana streetcar funding in the FY 17 omnibus bill.

Congressman Ed Royce (R-CA) – We met with staff in Congressman Royce's office to give them an update on the I405 improvements and discuss the TIFIA application currently in the final stages of approval at the DOT. We also discussed the inclusion of funding for the Santa Ana streetcar in any FY17 appropriations. We also discussed the need for additional funding support for projects of regional and national significance.

Congressman Alan Lowenthal (D-CA) – We met with Congressman Lowenthal's transportation staff to discuss upcoming infrastructure legislation and OCTA priorities. Congressman Lowenthal's priorities for the include addressing freight and goods movement capacity issues. We discussed the need for quick approval of OCTA's TIFIA application at the USDOT and the delegation support letter that was circulating at the end of the month. We also discussed the Congressman's support for the Santa Ana streetcar in the FY 17 omnibus.

Congressman Ken Calvert (R-CA) – We met with staff in Congressman Calvert's office to discuss FY17 appropriations and budget. We discussed support for Santa Ana street car funding under the CIG program. We also gave an update on the I405 project and the need for continuing support for OCTA's TIFIA loan application.

Chairman Sam Graves (R-MO) – We met with Congressman Sam Graves, Chairman of the House Subcommittee on Highways and Transit, to discuss possible new infrastructure legislation later this year. We also discussed the need for expedited approval of OCTA's TIFIA application. We also discussed the preservation of the New/Small starts program at USDOT.

Chairman Mario Diaz-Balart (R-FL) – We met with Congressman Diaz-Balart and his senior staff throughout the month to discuss the inclusion of Santa Ana streetcar funding into the FY17 appropriations legislation. We also discussed support for the I-405 highway improvement project and OCTA's TIFIA loan.

Senator Dianne Feinstein – We met with several times throughout the month with Senator Feinstein's staff to discuss our FY17 appropriations for the OC Street Car.

House Ways and Means – We met with key staff in the House Ways and Means Committee to discuss upcoming infrastructure and tax reform legislation. We discussed the need for stable funding opportunities for transportation projects as well as the need for additional financing options. We also discussed the inclusion of projects of regional and national significance in any new infrastructure legislation.

Senate Commerce Committee – We met with key staff on the Senate Commerce Committee to continue our discussion on the upcoming transportation and infrastructure legislation. We also discussed new transportation financing options and the need for a streamlined application process. In addition, we discussed the possibility of including more regulatory streamlining in the upcoming infrastructure bill. Finally, we discussed support for provisions that prioritize rail projects in areas with significant goods movement needs.

House Transportation and Infrastructure Committee – We met with key staff at the House T&I Committee to follow-up on our discussion regarding the possibility of a new infrastructure bill this year and key priorities for that bill. We discussed the I-405 highway improvement project, including the TIFIA loan application and the Congressional letter of support. We also discussed new transportation financing options that could be included in President Trump's infrastructure package. Finally, we discussed streamlining the regulatory process for new major infrastructure projects including a number of recommendation in OCTA's Breaking Down Barriers follow up report.

President Trump's Infrastructure Bill and Tax Plan Update

On April 5th, Secretary of Transportation Elaine Chao spoke at the Federal-State Relations meeting for the American Association of Port Authorities. During her remarks, Secretary Chao reiterated a few of the Department's priorities for a potential infrastructure bill to include helping facilitate the new intermodal port infrastructure that is critical to remaining competitive in the global market. She also discussed the department's goal to reexamine discretionary grants to make them more efficient, and to cut regulations that drive up costs.

Moreover, Secretary Chao announced the release of the "*Port Planning and Investment Toolkit*". The toolkit has a planning module to provide guidance when planning port projects clearly defining the steps and requirements for successfully financing a project; a feasibility module that examines all aspects of project cost, risk, and reward and provides insight on project alternatives; finally, a financing module identifies qualifying

grant funds, mechanisms for public-private partnerships, and contains best practices examples of port planning and feasibility.

It what many believed was another boost to a potential infrastructure bill, President Trump said that he is open to raising the gas tax in order to provide the needed revenue to rebuild our transportation infrastructure. Rep. Peter DeFazio (D-OR), Ranking Member of the House T&I Committee, has already introduced a bill earlier this year that would raise the gas tax by one penny a year and would bring in an estimated \$500 billion for roads and bridges over the next 30 years. Chairman Bill Shuster (R-PA) said in March that he is open to examining all possibilities for funding transportation infrastructure. Nevertheless, raising the gas tax has seen opposition in recent years. Congressman Kevin Brady (R-TX), Chairman of the House Ways and Means Committee, for example, seemed to indicate his reluctance to raising the gas tax soon after President Trump's remarks. New revenue and financing options for infrastructure will continue a major topic of discussion in Congress.

President Trump also released a one-page outline of his proposed tax plan this month. The plan would reduce the pass-through business tax rate to 15%, and reduce the number of individual brackets from seven to three brackets at 10, 25, and 35 percent. President Trump's tax plan also proposes to eliminate all deductions except for charitable donations and home mortgage interest. On the face of it, tax breaks for municipal bonds will not be at risk since they are classified as exclusions, not deductions. The plan would also include a one-time tax of 10% on corporate funds held offshore, a process called repatriation. Some in Congress still believe that the repatriation of these funds could be used for the Highway Trust Fund (HTF) in order to keep it solvent for the near term. We continue to meet regularly with key staff on the House Ways and Means Committee to discuss funding for transportation and infrastructure in any new infrastructure or tax legislation.

New MPO Rule Repealed

On April 27th, the House passed *S.496 – To repeal the rule issued by the Federal Highway Administration and the Federal Transit Administration entitled “Metropolitan Planning Organization Coordination and Planning Area Reform”* with a strong vote of 417-3, sending it to the White House for signing. The bill was passed unanimously in the Senate. The Congressional Budget Office (CBO) estimated that a repeal of the rule would save \$80 million per year nationwide between 2018-2021. This MPO rule had broad opposition in Congress since it was announced last year at the end of the Obama Administration.

Cabinet Update and New Nominations

Early in April the Senate confirmed Neil Gorsuch as an Associate Justice of the Supreme Court earlier this month. To confirm Gorsuch, Senate Republicans changed parliamentary rules to require a simple majority (51-49) instead of a supermajority (60-40) for the confirmation of a Supreme Court Justice. The Senate has also now approved all of Trump's Cabinet. A full list of the President's Cabinet and key staff is as follows:

Cabinet	
Agriculture	Sonny Perdue
Attorney General	Jeff Sessions
Commerce	Wilbur Ross
Defense	James Mattis
Education	Betsy DeVos
Energy Secretary	Rick Perry
Administrator of the EPA	Scott Pruitt
Health and Human Services	Tom Price
Homeland Security	John F. Kelly
Housing and Urban Development	Ben Carson
Interior	Ryan Zinke
Labor	Alexander Acosta
State	Rex W. Tillerson
Transportation	Elaine Chao
Treasury	Steven Mnuchin
Veterans Affairs	David J. Shulkin
White House Staff	
Chief of Staff	Reince Priebus
Director of the Office of Management and Budget	Mick Mulvaney
Trade Representative	Robert Lighthizer
White House Counsel	Donald McGahn
Press Secretary	Sean Spicer
Admin. Of Centers for Medicare & Medicaid Services	Seema Verma
Chair of the Council of Economic Advisors	Gary Cohn
Administrator of the Small Business Administration	Linda McMahon
UN Ambassador	Nikki Haley
CIA Director	Mike Pompeo
National Security Advisor	H.R. McMaster
Chief Strategist	Stephen Bannon
Senior Advisor	Jared Kushner
Homeland Security Advisor	Thomas P. Bossert
Director of National Intelligence	Dan Coats

With these key officials in place, President Trump now has the opportunity to focus on filling other important sub-cabinet level positions like the administrators for the FTA, FRA, and FHWA at USDOT. We expect those nominations to be announced in the coming weeks. So far at the Department of Transportation President Trump only nominated Derek Kan to be Under Secretary of Transportation for Policy, and Jeffery Rosen to be Deputy Secretary. Robert Sumwalt III was also nominated for the National Transportation Safety Board, but he is still awaiting Senate confirmation. If confirmed, his term will expire on December 16th, 2017.

April Transportation Related Hearings:

1. Senate Commerce, Science, and Transportation Committee – “Keeping Goods Moving: Continuing to Enhance Multimodal Freight Policy and Infrastructure”

On April 4th, 2017 the Senate Commerce, Science, and Transportation Subcommittee on Surface Transportation and Merchant Marine Infrastructure, Safety, and Security held a hearing to examine the importance of the multimodal freight transportation network and policies needed for a growing economy. We have met with the Committee and discussed with them ahead of the hearing the goods movement challenges in the County and the need for regional transportation and infrastructure improvements. Chairwoman Deb Fischer said in her opening statement “I support using a portion of tax reform revenues to fund infrastructure investments. Infrastructure is a core duty of the federal government. Investments in infrastructure strengthen our economy, public safety, and national security.” Much of the hearing focused on emerging technologies related to trucking automation, employee recruitment, and industry-wide needs for federal investment.

Senator Cantwell brought up investments in port and rail infrastructure investment. Mr. Fritz discussed the Long Beach Container Terminal and the current project to install a completely automated container processing facility. Mr. Fritz encouraged federal investment in innovative projects like the container processor at Long Beach Port. He also discussed the overall benefits of easing bottlenecks on the US economy. Mr. Leathers also spoke on the issue by saying that investing money in bottlenecks like the areas surrounding Long Beach Port are also beneficial to the trucking industry. Mr. Pelliccio spoke again on the need for dollars for physical infrastructure investment, in addition to technology and automation.

2. House Transportation & Infrastructure Committee – “FAST Act Implementation: State and Local Perspectives”

The Subcommittee on Highways and Transit met on Wednesday, April 5th to discuss the implementation of the ‘Fixing America’s Surface Transportation’ (FAST) Act. The FAST Act was first enacted in December of 2015 and it is the first long-term surface transportation reauthorization bill in a decade. Chairman Graves said in his opening statement that “The FAST Act is a forward-looking law that puts an emphasis on projects of national significance, the movement of freight, streamlining project delivery, and innovative solutions to transportation challenges.” The Subcommittee received testimony from both state and local authorities, with representatives from the American Association of State Highway Transportation Officials, the American Public Transportation Association, and the U.S. Conference of Mayors.

Witnesses discussed the importance of the new Federal-aid highway programs and the need to support large-scale projects while members of the Subcommittee asked about how they are promoting these new programs so to ensure they are improving safety and efficiency. Another important topic from the hearing was the reauthorization of Federal Transit Administration (FTA) programs through FY 2020 and how public transportation systems are planning to implement new reforms to improve mobility, streamline capital

project construction, and increase the safety of public transportation systems across the nation.