



Monthly Legislative Report – April 2020

April Advocacy Meetings

Due to the District of Columbia's shelter-in-place order, we have been unable to have in-person meetings during the month of April. Nevertheless, we have been in regular contact with a number of congressional offices and agencies this month via email and conference calls. Some of those meetings include the following:

Congressman Harley Rouda (D-CA) – We have been in contact with staff in Congressman Rouda's office to discuss OCTA project priorities in the upcoming Surface Transportation Reauthorization. We also discussed the adjustment of TIFIA loan interest rates and allowing an increased percentage of the project to be covered by TIFIA funds in addition to the other streamlining TIFIA streamlining provisions. We also discussed the need for supplemental funding for COVID-19 safety measures like regular sanitation of transit vehicles and PPE for transit employees. Finally, we discussed possible language to improve the alternative fuels excise tax credit.

Congressman Alan Lowenthal (D-CA) – We have been in communication with senior staff in Congressman Lowenthal's office to discuss OCTA's project needs list, and projected shortfalls in project funding due to a significant decrease in Measure M funding. We also discussed the need for a possible SAFE Rule fix, and the possibility of updating existing language regarding the alternative fuel excise tax credit.

Congressman Lou Correa (D-CA) – We have been communicating with Congressman Correa and his staff regarding the SR 55 Improvement Project and possible future grant application for that project.

Congressman Mike Levin (D-CA) – We have been in contact with senior staff in Congressman Levin's office to discuss the impact of COVID-19 on OCTA's operations and ongoing projects. We discussed revenue projections from reduced Measure M funds. We also discussed the need for TIFIA streamlining.

Congressman Gil Cisneros (D-CA) – We have been in contact with senior staff in Congressman Cisneros' office this month to discuss the need for additional relief funds and flexibilities for public transportation authorities. We discussed the impact COVID-19 has had on ridership, as well as the revenue being collected through Measure M. We also discussed support for temporary exemptions from certain FTA reporting requirements, the maximization of existing formula funding programs, and the temporary suspension of other regulatory requirements that distract from providing transit service and COVID-19 response activities.

Congresswoman Katie Porter (D-CA) – We have been in contact with staff in Congresswoman Porter’s office to discuss support for additional relief funding for public transportation authorities and ongoing COVID-19 safety efforts at the state and local level.

Senator Kamala Harris (D-CA) – We have been in contact with staff in Senator Harris’ office to discuss updates on the FY 21 appropriations process. We also took the opportunity to advocate for transportation and infrastructure in future stimulus legislation as well as possible provisions for TIFIA streamlining.

Senator Dianne Feinstein (D-CA) – We have been in email and phone contact with Senator Feinstein’s senior staff this month to discuss the need for additional funding to respond to COVID-19 related expenses and losses of revenue due to decreased sales taxes and ridership. We also discussed the status of the FY 21 appropriations requests. Finally, we discussed support for OCTA priorities and projects in the next stimulus bill/surface transportation reauthorization and discussed support for streamlining the TIFIA program.

House Transportation and Infrastructure Committee – We have been in close contact with both Majority and Minority staff this month to discuss the potential for new funding for transit and other transportation projects in future stimulus bills. We also discussed the Surface Transportation Reauthorization. Both Majority and Minority staff have indicated that while neither side has begun formally negotiating on drafts with each other, both sides are working on developing their priorities for future negotiations. In the meantime, we have provided a list of OCTA priority projects for their consideration.

Department of the Treasury – We have been in contact with intergovernmental staff at the Department of Treasury regarding guidance on stimulus fund, and disbursements to localities.

Congressional Schedule

Congress was scheduled to return to session on May 4th, but House Leadership has advised Members that the House will no longer be returning to session on May 4th and subsequently have not yet set an official return date. As of this report, the Senate still plans to return on May 4th.

Transportation and Infrastructure Funding and Authorization

Over the last few weeks, there have been some renewed discussions regarding the possibility of including transportation and infrastructure provisions as well as funding in a fourth stimulus bill. These discussions, however, have met with some resistance in the Senate. Chair of the House Committee on Transportation and Infrastructure Peter DeFazio (D-OR) released a statement after Senate Majority Leader Mitch McConnell [reportedly](#) refused to endorse the idea of infrastructure investment for a future economic rescue package:

“With tens of millions of Americans out of work and entire swaths of the economy shut down by a global health crisis, the country is now on the precipice of the worst economic downturn since the Great Depression. And just like the New Deal of the 1930s, the best way to re-start our economy and put workers first is with a massive investment in the kind of infrastructure that will help future generations succeed--from better bridges and roads, to robust transit and passenger rail service, to fully-functioning ports and harbors, to modernized waste and drinking water systems, and widely available broadband internet. Rebuilding communities across the country with resilient, innovative infrastructure is how we put millions of people to work in jobs that cannot be exported, while supporting U.S. manufacturing with the strongest Buy America requirements in the entire Federal government, and making our infrastructure smarter, safer, and made to last.”

Earlier this year before the COVID crisis, Chair DeFazio released a “infrastructure framework” that can be found [here](#). As mentioned earlier, based on some recent discussions with the House T&I Committee staff, they still plan on drafting a Surface Transportation Authorization over the next few weeks that uses some of those framework principles.

Republican senior staff told us late in the month that they are working on compiling a list of their priorities for the Surface Transportation Reauthorization or an Infrastructure bill. We expect there to be some bi-partisan discussions on those principles in the coming weeks on “Member-only” committee conference calls.

COVID-19 Federal Stimulus Response

To date, Congress has passed three stimulus bills, as well as a follow-up stimulus (being called Stimulus 3.5) to provide more funding to programs authorized in H.R. 748 – CARES Act. After over a week of negotiations in Congress, on April 24th the President signed H.R. 266 (Stimulus 3.5), the legislative vehicle for a \$483.4 billion economic relief bill to provide additional funding to the Payroll Protection Program (PPP) and hospitals. The full legislative text can be found [HERE](#), and a summary is below:

Small Business Administration (SBA)

- \$250 billion - Payroll Protection Program
- \$60 billion - Payroll Protection Program set-aside for institutions with fewer than \$50 billion in assets
- \$50 billion - Economic Injury Disaster Loans
- \$10 billion - Economic Injury Disaster Grants
- \$2 billion - Administrative costs

Health and Human Services (HHS)

- \$75 billion - Hospitals

- \$25 billion - Testing for COVID-19
 - Of which, \$11 billion shall be for States and localities for the development, purchase, and administration of COVID-19 testing, and
 - \$4.25 billion for States and Localities according to a formula based on relative number of cases

Note: In response to criticism that large corporations and organizations had received Paycheck Protection Program (PPP) loans intended for small businesses, the Treasury Department and Federal Reserve recently announced they will now be reviewing all loans of more than \$2 million. A press release of which may be found [here](#). This announcement comes in addition to the Small Business Administration's (SBA) interim final rule published earlier this week that explicitly prohibits hedge funds and private equity firms from receiving PPP loans.

Other Provisions:

- No new direct funding for states, or rule changes to Phase III state funding program.
- There were earlier discussions that a provision would be included to grant more flexibility to States and localities to use funds for budget shortfalls with Senate Minority Leader Chuck Schumer (D-NY) saying that the White House had agreed. However, Sec. 304 states that all funds in this Act must be used to prevent, prepare for, and respond to COVID-19.

The previous three stimulus bills passed last month are linked below along with their official summaries:

Stimulus 1 – H.R. 6074 (\$8.3 billion)

- Link to [Text](#)
- Link to [Summary](#)

Stimulus 2 – H.R. 6201 (Paid Leave Provisions)

- Link to [Text](#)
- Link to [Summary](#)

Stimulus 3 – H.R. 748 (\$2.3 Trillion)

- Link to [Text](#)
- Link to Division B (Appropriations) [Summary](#)

The possibility of a 4th Stimulus Bill to provide additional aid is still being discussed. A White House economic advisor Kevin Hassett this week indicated the President may also support an additional round of direct payments to taxpayers.

Providing additional and larger direct payments to taxpayers has been a top priority of House Speaker Nancy Pelosi (D-CA) and House Ways & Means Committee Chairman Richard Neal (D-MA) in last coronavirus relief negotiations.

While Hassett acknowledged that a fourth stimulus package was likely to be needed in this summer, he cautioned that negotiations were in the preliminary stages and that the potential additional direct payments were just one of several priorities being considered. He stressed that they would be meeting with the President over the next few days about what the President wants in the final package.

Some House Republicans staff members told us that do not see another stimulus bill moving quickly in either chamber until they get an idea of how the previous stimulus bill plays out. Senate Majority Leader Mitch McConnell (R-KY) has also indicated he will not support providing additional funds to state and local governments unless Congress also passes tort reform provisions to protect small businesses and healthcare providers against frivolous lawsuits.

COVID-19 Oversight Select Subcommittee

On April 29th, House Speaker Nancy Pelosi (D-CA) appointed seven Democratic lawmakers to the House Select Subcommittee on the Coronavirus Crisis. As we reported, the House passed a resolution last Friday establishing the select subcommittee under the House Oversight and Reform Committee to oversee the Administration's handling of the crisis and distribution of stimulus funds. Chaired by House Majority Whip James Clyburn (D-SC), the select subcommittee will now add three House Committee Chairs – Oversight Committee Chairwoman Carolyn Maloney (D-NY), Financial Services Committee Chairwoman Maxine Waters (D-CA), and Small Business Committee Chairwoman Nydia Velazquez (D-NY) – as well as members other to include Congressmen Jamie Raskin (D-MD), Bill Foster (D-IL), and Andy Kim (D-NJ). House Minority Leader Kevin McCarthy (R-CA) can appoint up to five members of the House Republican Caucus to serve on the subcommittee, although some House Republicans have called on him to not participate.

A separate bipartisan task force is looking into potentially amending House rules to allow for remote voting. This task force has also encouraged Committee leadership to begin testing online platforms for hearings which they hope to start holding again as early as June.

Senate Commerce, Science, and Transportation Hearing Scheduled for May 6th

On May 6th, the Senate Commerce, Science, and Transportation Committee will hold a hearing entitled "The State of the Aviation Industry: Examining the Impact of the COVID-19 Pandemic." Witnesses will include Eric Fanning, President and CEO of Aerospace Industries Association; Nicholas Calio, President and CEO of Airlines for America; and Todd Hauptli, President and CEO of American Association of Airport Executives. This hearing will take place in the Dirksen Senate Office.

In order to maintain physical distancing as advised by the Office of the Attending Physician, seating for credentialed press will be limited during the hearing. Access to the Capitol complex is also limited, and the general public has been encouraged to view this hearing via the live stream. We expect similar hearings for other modes of transportation to include rail to be held in the coming weeks with similar hearing protocols.

White House Announces Szabat for Under Secretary

On April 24th, the White House officially nominated Joel Szabat to be Under Secretary of Transportation for Policy. Szabat was previously confirmed by the Senate to be Assistant Secretary of Transportation for Aviation and International Affairs. Szabat has been working for the Department of Transportation for the last 18 years starting in 2002 as a political appointee and moving to a career deputy in 2008. Szabat also has experience overseeing the \$48 billion ARRA stimulus funds received by DOT in 2009.

US-Mexico-Canada Trade Agreement

US Trade associations and some Members of Congress are requesting that the USMCA trade agreement's July 1 start date be delayed in response to the COVID-19 outbreak. Business leaders are concerned that the pandemic has diverted resources needed to ensure a smooth transition from NAFTA to USMCA. Senate Finance Committee Members have sent a letter to US Trade Representative Robert Lighthizer asking for a reconsideration of the July 1 start date stating all partners must be ready and able to adhere to the new standards and policies. The letter is signed by the majority of the committee and can be found [HERE](#).

REHAB Act

Last month Congressman Earl Blumenauer (D-OR) introduced a bill ([H.R. 6175](#)) aimed at encouraging new housing and businesses in downtowns and walkable areas. The bill would modify the rehabilitation credit to allow for rehabilitating non-historic buildings at least 50 years old and near to an existing or proposed transit facility. Other eligible expenses would include public infrastructure like road improvements and transportation connections that could benefit OCTA. Future action on the bill remains uncertain as the Committee has yet to announce any hearings or markups.

Municipal Liquidity Facility Update

The Federal Reserve announced they will be expanding the scope and duration of the Municipal Liquidity Facility (MLF) by lowering the population thresholds for counties and cities to participate. A press release announcing this expansion may be found [here](#). As we have previously reported, the Federal Reserve established the MLF earlier this month to help state and local governments manage cash flow pressures related to the coronavirus pandemic by purchasing up to \$500B of short-term municipal notes. Initially, the Federal Reserve established that it would purchase notes from counties with a population of at least 2 million residents, and cities with a population of at least 1 million residents. However, these thresholds have been lowered to a population of at least 500,000 people for counties and 250,000 for cities. Additionally, the Federal Reserve will now allow certain multistate entities to participate. An updated term sheet may be found [here](#), an updated Frequently Asked Questions (FAQs) document [here](#), and a listing of the Municipal Facility Limit per state and eligible localities [here](#).

Main Street Lending Program Update

The Federal Reserve also announced they will be expanding the scope and eligibility of the Main Street Lending Program by lowering the minimum loan size and expanding the pool of businesses eligible. A press release announcing this expansion may be found [here](#). As we have previously reported, the Federal Reserve established the Main Street Lending Program earlier this month to provide enhanced support for small and mid-sized businesses in good financial standing prior to the outbreak with up to 10,000 employees or revenues of less than \$2.5 billion in the form of 4-year loans. Businesses with up to 15,000 employees or up to \$5 billion in annual revenue will now be able to receive loans under this program. Additionally, the minimum loan size has been lowered from \$1 million to \$500,000 to offer more loans and loan options to a wider variety of small to mid-sized businesses. An updated term sheet may be found [here](#), an updated Frequently Asked Questions (FAQs) document [here](#).