

May 2018 Monthly Washington, D.C. Report



To: Steve Heminger, Executive Director

From: Tom Bulger, President GRI

Date: May 31, 2018

RE: Monthly Report for May 2018

- **Spending Cuts**
- **Fiscal Year 2019 Appropriations**
- **Coming and Going**

In May, there were not a lot of Washington, D.C. activities to report. However, here are some of the most important developments:

Spending Cuts

On May 8, 2018, the White House sent to the Hill a package of “rescissions,” or spending cuts and shortly thereafter, the House formally introduced a bill that would enact the cuts. The package does not propose to reduce Fiscal Year (FY) 2018 appropriations spending, rather to claw back years or decades-old federal dollars that were budgeted but never spent. On the transportation side, the proposal would rescind approximately \$280 million, including \$180 million in unspent highway funds, approximately \$50 million in high speed rail grants and nearly \$50 million in transit funds. Careful review by the MTC staff revealed that none of the proposed transit or high speed rail cuts would affect the Bay Area’s projects. However, a \$1.9 million earmark for the Golden Gate seismic retrofit project could be affected.

We do not believe that the Senate will agree to these spending cuts.

Fiscal Year 2019 Appropriations

The full House Appropriations Committee moved their FY 2019 Transportation, Housing and Urban Development and Related Agencies appropriations bill on May 28, 2018 and the Senate Appropriations Committee is likely to act on their transportation and housing bill in early June. As was promised in the 2018 bipartisan budget deal, the proposal includes a billions of dollars in new infrastructure spending.

Greenhouse Gas Performance Measure Repealed

After about a year of speculation, the Federal Highway Administration (FHWA) formally repealed the greenhouse gas performance (GHG) measure rule that was finalized during the Obama Administration. By repealing the GHG measure, FHWA will no longer require state departments of transportation and metropolitan planning organizations to establish targets, calculate their progress toward their selected GHG targets, report to FHWA, and determine a plan of action to make progress toward their GHG targets if they failed to make significant progress during a performance period.

Coming and Going

Ward W. McCarragher, formerly Majority/Minority Chief Counsel at the U.S. House of Representatives' Committee on Transportation and Infrastructure, has replaced the now retired Rob Healy as the Vice President of Government Affairs at American Public Transportation Association.

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To: Steve Heminger, Executive Director

From: Tom Bulger, President GRI

Date: May 1, 2018

RE: Monthly Report for April 2018

- **Federal Aviation Administration (FAA) House Reauthorization Bill Introduced**
- **Federal Highway Administration (FHWA) Distributes \$36.4 Billion in Highway Funding**
- **U.S. Department of Transportation (USDOT) Releases \$1.5 billion Notice of Funding Opportunity (NOFO)**
- **Internal Revenue Service (IRS) Ruling Adversely Affects University and Non-Profit Transportation Fringe Benefit Programs**
- **Coming and Going**

Federal Aviation Administration (FAA) House Reauthorization Bill Introduced

In late April, the U.S. House of Representatives passed the Federal Aviation Administration (FAA) Reauthorization Act of 2018 (H.R. 4). The new bill does not turn the air traffic control function over to a private non-profit corporation funded by user fees. The Senate Commerce, Science, and Transportation Committee approved their FAA reauthorization last June (S.1405) but the full Senate has not voted on the bill.

During the House FAA bill discussion, we worked to secure an amendment by Rep. Grace Napolitano (D-Calif.) to allow local sales taxes to be collected on aviation fuel and not be limited to airport grounds. Unfortunately, the Rep. Napolitano amendment was not ruled in order by the House Rules Committee.

Federal Highway Administration (FHWA) Distributes Fiscal Year (FY) 2018 Funding

On April 16, the FHWA distributed a large portion of the FY 2018 highway spending authority to the states, bringing the total amount of highway formula money available in FY 2018 to approximately \$37 billion. In addition, FHWA still needs to allocate the \$2 billion increase in highway money that was appropriated in the FY 2018 omnibus bill. California's share is estimated at \$3.7 billion, an increase of \$225.7 million over FY 2017.

U.S. Department of Transportation (USDOT) Releases \$1.5 billion Notice of Funding Opportunity (NOFO)

In April, USDOT released a NOFO for states and local governments to apply for \$1.5 billion in grant funding from the Better Utilizing Investments to Leverage Development (BUILD) grant program, which is the Trump Administration's new name for the Transportation Investment Generating Economic Recovery (TIGER) multimodal discretionary grant program. This \$1.5 billion is a significant increase in funding from previous years (Congress tripled the program size from \$500 million in FY 2017 to \$1.5 billion in FY 2018 in the recently passed FY 2018 omnibus appropriations bill). Consistent with previous awards, USDOT signaled their intent to prioritize funding for projects in rural areas and for projects with a large non-federal match.

Internal Revenue Service (IRS) Ruling Adversely Affects University and Non-Profit Transportation Fringe Benefit Programs

In Section 512 (a)(7) of the Tax Cuts and Jobs Act (TCJA), certain employee fringe benefit expenses as income for tax -exempt employers, including expenses related to providing transportation related benefits, parking, and transit benefits and vanpools. In other words, as of January 1, 2018, the costs incurred by tax-exempt employers concerning these fringe benefits create unrelated business taxable income.

There are three types of employee benefits affected:

1. Qualified transportation fringe benefits (as defined in section 132(f)) (parking, transit benefit and vanpooling),
2. Parking facilities used for qualified parking (as defined in section 132(j)(4)(B)), and
3. On-premises athletic facilities (as defined in section 132(j)(4)(B)).

Coming and Going

- Matt Sturges, T & I Committee Staff Director, has left the Committee to join the Federal Railroad Administration.
- Chris Vieson has been appointed the new T & I Committee Chief of Staff.
- D.J. Gribbin, Special Assistant for Infrastructure Policy, has left the White House to become the new Deputy Staff Director for the T & I Committee. Mr. Gribbin had been one of the leading advocates for the President's Infrastructure plan.