

TO: MP&L Committee

DATE: April 1, 2011

FROM: Rick Ramacier
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SUBJECT: Legislative Update

Below is a legislative update on both the federal and state levels.

FEDERAL

President's Proposal

The most significant development out of Washington DC is the President's FY12 transportation budget and outline for a six year reauthorization of the transportation bill. In short, the proposal calls for \$22.4 billion transit program in FY12. This is more than a doubling of the FY10 federal transit program. Over the six year reauthorization period, the proposal would represent a 128% increase in federal transit funding over the previous act, SAFETEA-LU.

The proposal also would allow large urban areas like the Bay Area that have high unemployment numbers to use a portion of their federal transit formula funds to support transit operations. This could be very helpful to CCCTA. The proposal would collapse a number of small and independent grant sub-programs into fewer and larger programs that are more flexible. This will make grant applications simpler and project selection more rational. This will help with the issue of coordination as well.

The proposal would create the Bus and Rail State of Good Repair Program along with the traditional federal formula program. This new program would replace the current Bus Discretionary program (home of the earmark) and add significantly to it. The purpose of this new program would be to funnel funds to areas that have a backlog of aging buses, rail cars, and facilities. How this would impact CCCTA, is unknown at this time.

The proposal would combine the new starts and small starts into the Transit Expansion and Livable Communities program. New start and small start funds have gone to new rail and rapid bus projects (including the LAVTA rapid bus project). This new program would broaden the things eligible for funding. Planning and programming would be done by the Metropolitan Planning Organizations (MPO) such as MTC.

The proposal does not include anything to increase the federal revenue stream for transportation. It does state that all federal transportation spending should be off budget, and completely dependent on the trust fund. However, without a large increase in trust fund revenue sources, federal expenditures will have to remain flat at best or rely on general funds.

Finally, with this proposal, the President pushes forward his increased focus on rail safety with a proposal to fund that activity by about \$36.5 million dollars over six years.

Current Year Budget

There is no FY11 budget per se. Instead, we have had a series of continuing resolutions (CR) to fund the federal government. In the last CR, a number of transit funding cuts were made. However, the transit formula funds were kept flat relative to FY10. Thus, the federal grant that CCCTA is expecting in FY11 should not be in jeopardy. However, the Congress must pass another CR within a few days to avoid a government shutdown.

The House

Two years ago, the House passed an outline bill to reauthorize the federal transportation program for six years with a significant increase in funding for all categories. However, it did not identify a way to pay for these large increases. The bill was never taken up in the Senate.

The House Transportation & Infrastructure (T&I) Committee has new a Chair, John Mica of Florida who has let the previous bill essentially die. He has not yet come out with any details of what he intends to include in a reauthorization bill. He has indicated that he wants to maintain the basic structure of the program, keep the formula funding levels flat if possible, make the program solely reliant on the trust fund, and eliminate projects of little value. Chair Mica wants to move a bill by the end of September.

The Senate

Senator Boxer, Chair of the Senate Committee on Environment and Public Works (EPW) will write the reauthorization bill for the Senate – except for the transit title. She wants to complete a bill by the end of September. She has no desire to change any of the program structure. She would like to increase the funding levels, but does not know how she would get there. She has said she is not interested in a gas tax increase. Senator Boxer has not ruled out support for a proposal by the Bay Area's MTC to swap the federal gas tax for a federal sales tax on gas.

The transit title of reauthorization will be written by the Senate Committee on Banking, Housing, and Urban Affairs (Banking). This Committee has a new Chair, Tim Johnson from South Dakota. He has yet to publically release his intentions as he is waiting for Senator Boxer to make the first move.

MTC Proposal

The Metropolitan Transportation Commission (MTC) have a proposal to swap the federal gas tax for a federal sales tax. This would have the advantage of proceeds increasing as the price of gas rises. This was one of the many funding proposal from the National Surface Transportation Policy and Revenue Study Commission of which MTC Executive Director, Steve Heminger was a member of. This proposal would go a long way towards shoring up the transportation trust fund

accounts as well as allow for eventual federal increases in federal transportation funding. As of this writing, no one has taken this idea and written a bill for it.

Gas Tax Expiration

The federal gas tax is due to expire on September 30, 2011. The Congress will need to pass legislation to extend it.

STATE

State Budget

The Governor has signed into law, legislation that reenacts the gas tax swap and honors the commitment to State Transit Assistance (STA) made to transit previously. However, negotiations between the Governor and Republicans have broken off, leaving the budget in limbo along with a roughly \$14 billion dollar budget shortfall for FY12. As of this writing, there are no indications as to how the Governor and Legislature will proceed to close this huge gap.

SB582 – Emmerson

This is a sponsored bill by MTC and the California Transit Association (CTA) that would authorize MTC in partnership with Bay Area Air Quality Management District (BAAQMD) to adopt a commute benefit ordinance that requires employers with 20 or more employees to offer certain commute benefits.

Examples would include:

- Giving employees the option to pay for their transit, vanpooling or bicycling expenses with pre-tax dollars, as allowed by federal law.
- Offering employees a transit or vanpool subsidy.
- Provide employees with a free shuttle or vanpool operated by or for the employer.

While this legislation would likely help CCCTA with additional ridership and/or employer related subsidies, it would also act as a cost to CCCTA who would have to supply the benefit as an employer. I have yet to develop an estimate of the potential cost to CCCTA as an employer, or an estimate of the potential benefit to CCCTA in terms of added ridership and/or employer based subsidies.

At this time, I am not asking the Board to take a position on SB582 and as such, I have no recommendation.