

# The Federal Flyer

## TEA 21 Reauthorization Update *Senate Passes SAFETEA, House Negotiations Continue on TEA LU*

### Two-month Extension

Congress passed the second TEA 21 extender on February 27, 2004. The two-month extension bill was passed by unanimous consent and continues current highway and transit program law through April 30, 2004. The first extension expired on February 29, 2004. The House originally had wanted a four-month extension, but Senate leaders thought it would further stall work on a full six-year reauthorization measure.

The House had passed a two-month continuing bill on February 26 before adjourning for the weekend. This forced the Senate's hand to act and pass the extension bill (HR 3850) with no amendments or risk furloughing thousands of federal employees and impeding states' requests to receive funding for projects currently underway or completed.

### Recap of Current Reauthorization Proposals

The Bush Administration has proposed authorizing \$256 billion over six years. The amount of the proposal is based on the forecasted federal gasoline tax revenue that would flow into the Highway Trust Fund through FY 2009.

The Senate passed S. 1072 (SAFETEA) on February 12, which would authorize \$318 billion over six years. (See details on page 5.)

The House proposal (HR 3550, TEA LU) introduced by the Chairman of the House Transportation and Infrastructure Committee would authorize \$375 billion over six years.

### Current House Status

The House Transportation and Infrastructure Committee is aiming for a March 24 markup of the TEA LU proposal—rescheduled from March 3. Prior scheduled markups were postponed due to the fluid and tenuous nature of the negotiations taking place between House and Committee leaders over the acceptable cost of a final proposal while avoiding a veto situation. However, any future markup will likely be postponed until House and Committee leaders are able to agree on the size of the bill that will be brought to the House floor. Committee leaders have acquiesced from their \$375 billion target since it is unlikely that the President and Republican leadership will accept any bill that contains a gas tax increase.

Instead, the House is negotiating a level closer to the Senate-passed proposal where the overall contract authority is \$318 billion and the obligation limitation is \$238 billion for highways and \$56.5 billion for transit. These levels are much closer to the \$256 billion level requested by the Administration. Most recent House discussions peg the overall funding level at \$279.5 billion over six years. Earlier rumors that a "front-loaded" \$90 billion, two-year bill will be advanced have quieted. Another idea being considered is a "two-year reopener" provision within a six-year bill that would sunset a large part of the law in two years to allow legislators to make changes after the election and possibly in a better budgetary and economic climate. Such a provision was used in ISTEA, the six-year surface transportation law written 13 years ago.

Meanwhile, the House Ways and Means Committee is currently whipping the House votes necessary to pass a comprehensive tax package that contains the financing title for the next surface transportation bill. **Chairman Bill Thomas'** (R-California) proposal, "The American Jobs Act," would enhance Highway Trust Fund (HTF) resources with \$15 billion over 10 years.

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## FY 2004 Spending Enacted in Omnibus Appropriations Act *Transportation/Treasury Funding Part of Larger Spending Package*



For the second year in a row, the 108th Congress had to use an omnibus act to pass the majority of the annual appropriations bills it is responsible for enacting each year. Like the FY 2003 process, in FY 2004 the Congress passed a series of continuing resolutions between October 1, 2003 and mid-January to give themselves more time to tackle the appropriations negotiations for 10 of the 13 annual appropriations bills. The process ended on January 22, 2004 when the Senate voted to agree to the conference committee report on the omnibus appropriations package.

The \$820 billion omnibus spending package passed the Senate by a 65 to 28 vote and provides a final FY 2004 Transportation Department funding level of \$58.9 billion, including a 0.59 percent across-the-board cut to help counteract a \$3 billion increase in spending that lawmakers included in the package for education, veterans care, and election reforms. The catch-all spending measure sets the FY 2004 highway obligation ceiling at \$33.73 billion. The bill also provides \$7.26 billion for transit and \$13.9 billion for the Federal Aviation Administration. The omnibus package contains \$1.56 billion for the Federal Railroad Administration, of which \$1.217 billion will be provided to Amtrak for its operations and maintenance activities.

As in previous years, the FY 2004 spending package contains an array of project earmarks in the various discretionary categories. In addition, Congress once again used a category called "surface transportation projects" in the bill to direct Highway Trust Fund revenues to certain projects. However, rather than providing new money, the bill requires that the \$1 billion earmarked for Surface Transportation Projects be taken out of states' obligation authority. For Texas, our share of that cost is \$57 million, for a net gain of only \$17.468 million in additional highway discretionary award funds to Texas. Even counting the surface transportation project funds, Texas received only 4.46% of highway discretionary program funds, for a rate of return of only \$0.53 for every dollar Texans paid for these programs.

<b>FY 2004 Highway Discretionary Project Earmarks</b>	
<b>ITS Deployment</b>	
Houston, TX ITS	\$ 1,500,000
Integration and Implementation of DYNASMART-X, RHODES, and CLAIRE in Houston	\$ 500,000
ITS Technologies San Antonio	\$ 200,000
Multi-Region ATIS for the IH-20 Corridor - Phase 1	\$ 550,000
Regional ITS Architecture & Deployment Plan for Eagle Pass Region and Integrate with Laredo	\$ 300,000
Rural Freeway Management System Implementation for the IG-20 Corridor in the Tyler Region	\$ 200,000
Medical Center Early Warning Transportation System	\$ 1,000,000
Statewide ITS Deployment and Integration	\$ 800,000
<b>Texas Total</b>	<b>\$ 5,050,000</b>
<b>Interstate Maintenance</b>	
I-35 East/I-635 Interchange	\$ 925,000
IH35/SH45 Interchange at Round Rock	\$ 200,000
Widening Interstate 35 East between FM 2181 and Lake Lewisville	\$ 200,000
Kelly USA: New Luke Road	\$ 200,000
<b>Texas Total</b>	<b>\$ 1,525,000</b>
<b>Bridge Replacement and Rehabilitation</b>	
I-35 Trinity River Bridge	\$ 925,000
IH-35 Chambers Creek Bridges	\$ 1,500,000
<b>Texas Total</b>	<b>\$ 2,425,000</b>
<b>Federal Lands Highways</b>	
IH-20 - Dyess AFB Access	\$ 1,368,000
Tank Destroyer Blvd., Fort Hood	\$ 1,000,000
<b>Texas Total</b>	<b>\$ 2,368,000</b>

<b>FY 2004 Highway Discretionary Project Earmarks (continued)</b>	
<b>National Corridor Planning and Border Infrastructure Programs</b>	
Donna-Rio Bravo International Border Crossing	\$ 800,000
Loop 201 Expansion Project (probably Loop 20 in Laredo)	\$ 750,000
Ports to Plains highway rehabilitation between Del Rio and Eagle Pass	\$ 1,700,000
SH 158 widening in Sterling County	\$ 800,000
US 83 Anzalduas Connection Road and Structures to New International Bridge	\$ 500,000
I-69	
US 87 Bypass around Big Spring	\$ 300,000
<b>Texas Total</b>	<b>\$ 4,850,000</b>
<b>Ferry Boats and Ferry Terminal Facilities</b>	
Passenger Ferry, Port of Corpus Christi	\$ 500,000
<b>Texas Total</b>	<b>\$ 500,000</b>
<b>Transportation and Community System Preservation Pilot Program</b>	
Trinity River Visions Neighborhood Linkage	\$ 500,000
Clarksville Square, Clarksville, Texas	\$ 250,000
<b>Texas Total</b>	<b>\$ 750,000</b>
<b>Surface Transportation Projects</b>	
City of Fort Worth Corridor Redevelopment Program	\$ 2,000,000
San Antonio Economic Development Spur	
Copperas Cove Reliever Route	\$ 1,000,000
I-69 Texas	\$ 7,400,000
Reflective Crack Relief Interlayer, US 59	\$ 3,000,000
South Orient economic rehabilitation project	\$ 5,500,000
Houston Main Street Corridor Revitalization Project	\$ 500,000
Houston Greater Partnership Quality of Life Initiative	\$ 500,000
Laredo Signal Integration Project	\$ 1,750,000
IH 30 from FM 989 to US 59/71 in Texarkana	\$ 2,500,000
IH 30 Interchange Improvement Project	\$ 2,000,000
Right of Way Project on IH 35, from FM 2063 in Hewitt to South Loop 340/SH 6 Interchange	\$ 1,000,000
Widening Interstate 35 East between FM 2181 and Lake Lewisville	\$ 500,000
IH-35	\$ 6,000,000
SH 332 at Brazos River, Brazoria County	\$ 6,000,000
Freight Rail Transportation Corridor and Urban Mobility Program—Harris County	\$ 1,000,000
Loop 304 Expansion and Improvement, Crockett	\$ 1,000,000
West Laredo Multimodal Trade Corridor	\$ 2,400,000
FM 66 Ellis County from IH-35 in Waxahachie to FM 157 at Maypearl	\$ 750,000
Houston-Galveston Regional Congestion Study	\$ 750,000
Galveston Railroad Bridge Replacement	\$ 500,000
Austin Metro Area Bike Routes	\$ 400,000
Capital Metro North Operating Facility	\$ 1,000,000
City of Austin East 7th Street	\$ 1,000,000
Lufkin Intermodal Transit Terminal	\$ 1,000,000
Waco Bus Facility	\$ 1,500,000
Downtown Rail Trolley, Corpus Christi	\$ 500,000
Fort Worth Urban Villages & Commercial Corridors	\$ 500,000
Harlingen Railroad Relocation	\$ 800,000
Hopkins County, Texas, Intermodal Center	\$ 750,000
Redesign of SP 527 connecting US 59 to downtown Houston	\$ 1,000,000
SH 288 Grade Separation at CR 51, Brazoria County	\$ 1,000,000
US 287 South to IH 45, Ennis	\$ 1,500,000
<b>Texas Total</b>	<b>\$ 57,000,000</b>
<b>Texas Highway Discretionary Totals</b>	<b>\$ 74,468,000</b>

<b>FY 2004 Transit Earmarks</b>	
<b>Buses and Bus Facilities</b>	
Capitol Metro Hybrid Electric Buses	\$ 500,000
Capitol Metro Buses & Bus Facilities	\$ 3,000,000
Corpus Christi Bus and Bus Facilities	\$ 2,000,000
El Paso Sun Metro - Bus Replacement Program	\$ 1,000,000
Citibuses (Lubbock)	\$ 1,500,000
VIA Metropolitan Transit Authority-New Buses and Bus Facility Modernization (San Antonio)	\$ 5,000,000
Texas Bus Replacement Program, Brazos County	\$ 200,000
Grapevine, TX Bus Purchase	\$ 160,000
Vehicle Replacement, Nacogdoches	\$ 800,000
CityLink Van and Technology Replacement (Abilene)	\$ 500,000
Ft. Worth Transportation Authority Fleet Modernization and Bus Transfer Centers	\$ 1,500,000
Galveston Maintenance Facility Renovations	\$ 800,000
Hunt County Committee on Aging Transportation Facility	\$ 400,000
Bus Facility, Laredo	\$ 850,000
North Side Transfer Center Brownsville Urban System (BUS)	\$ 350,000
Tyler/Longview Public Transportation Management	\$ 350,000
South East Texas Transit Facility Improvements and Bus Replacements	\$ 250,000
The District-Bryan Intermodal Transit Terminal/Parking & Pedestrian Improvements	\$ 400,000
The Woodlands Park and Ride Expansion	\$ 275,000
The Woodlands Capital Costs	\$ 350,000
<b>Subtotal - Bus Earmarks</b>	<b>\$ 20,185,000</b>
<b>New Starts</b>	
Dallas-North Central Light Rail Extension	\$ 30,161,283
Houston-Advanced Metro Transit Plan	\$ 8,000,000
<b>Subtotal - New Starts Earmarks</b>	<b>\$ 38,161,283</b>
<b>Job Access and Reverse Commute Grants</b>	
Job Access Program, El Paso	\$ 775,000
Galveston Job Access Reverse Commute Program	\$ 475,000
CitiBus/JARC (Lubbock)	\$ 230,000
Job Access and Reverse Commute, Corpus Christi	\$ 376,000
San Antonio VIA Metropolitan Transit JARC Program	\$ 550,000
Texas Colonias JARC Initiative	\$ 2,400,000
CityLink Public Transportation Services	\$ 100,000
South East Texas Transit Facility Improvements and Bus Replacements	\$ 300,000
Ways to Work, Tarrant County	\$ 300,000
<b>Subtotal - JARC Earmarks</b>	<b>\$ 5,506,000</b>
<b>Grand Total - Transit Earmarks</b>	<b>\$ 63,852,283</b>

<b>FY 2004 Aviation Earmarks</b>	
<b>Discretionary Grants</b>	
A.L. Mangham, Jr. Regional - Improving and widening Runway 18-36; planning for installation of MALS.R.	\$ 2,000,000
Denton Municipal Airport - Various improvements.	\$ 2,000,000
Abilene Regional Airport - Aviation ramp reconstruction; runway lighting repair; terminal renovation; and taxiway extension.	\$ 2,000,000
McKinney Municipal Airport -Repair of runway and taxiway.	\$ 4,000,000
Sugarland Regional Airport - Construct apron and taxiway.	\$ 3,600,000
Galveston Scholes Int. - Reconstruction of taxiways and associated aprons; rehabilitation of runways	\$ 2,500,000
Killeen/Ft. Hood Joint Use Airport - Safety improvements.	\$ 2,750,000
Easterwood Field-Approach Surveillance Radar	
Addison Airport-Runway Safety Area Improvements	
<b>Grand Total - Aviation Earmarks</b>	<b>\$ 18,850,000</b>

## TEA 21 Reauthorization Update

(Continued from Page 1)

The Ways & Means Committee proposal, as drafted, contains several provisions designed to compensate the HTF for the tax losses from ethanol subsidies and to raise revenue for the General Fund beginning in FY 2008; this would bring in \$9 billion in new revenues to the HTF. Language to combat fuel tax evasion is also included, resulting in \$6 billion in new HTF revenues. Lastly, the bill allows states to issue up to \$15 billion of tax exempt private activity bonds to finance highways and intermodal freight facilities- purposes not allowed under current law. This proposal is supported by the White House and sought by Texas to expand our set of transportation financing options.

These provisions are similar to those approved by the Senate Finance Committee in early February, which added \$35 billion to the HTF. Other proposals in both bills include crediting the Highway Trust Fund with interest on the trust fund, reimbursing the trust fund for various transportation-related exemptions, and drawing down on the trust fund balance. Unlike the House proposal, however, the Senate tax measures face a veto despite proponents' claims that it would not increase the deficit. The Administration had vowed to veto any bill that exceeded \$256 billion or violated other funding principles.

### Senate Bill Passage

With a vote of 76-21, the Senate passed S. 1072, the "Safe, Accountable, Flexible, and Efficient Transportation Equity Act of 2003" (SAFETEA), which would authorize \$318 billion in federal aid for highways, highway safety programs and transit programs over six years. This bill does not have the Administration's support and is subject to a veto. However, the Senate agreed to waive the Budget Act by a vote of 72-24, which effectively overrode a point of order raised by **Senator John McCain** (R-Arizona). This exceeded the 60 votes required to waive the Budget Act and could represent enough votes to override a veto.

The proposed "Equity Bonus" program in S. 1072 would replace the current Minimum Guarantee program, which provides a floor of 90.5 percent rate of return to all states in highway formula and high priority project categories based on each state's share of motor fuels tax contributions. The Equity Bonus provision uses a series of growth caps to control Equity Bonus program increases for the largest growing states (and the overall size of the program) until the final year of the bill (FY 2009). As a result, Texas (and a handful of other fast growing states) is held at a 90.5 rate of return in S. 1072 every year until FY 2009, when the growth cap is raised enough to provide all states at least a 95% rate of return that year. However, several other states stand to receive a 95% rate of return or better in each year of the bill and others have an incremental glide path to a 95% rate of return over the course of the bill.

In an effort to correct what she called unfair treatment of Texas and other fast growth states, **Senator Kay Bailey Hutchison** offered an amendment on the Senate floor that would have transferred \$9.25 billion from the proposed new Infrastructure and Maintenance Program to the Equity Bonus Program to ensure that each state's rate of return is guaranteed at 95 percent in every year. Fellow **Texas Senator John Cornyn** supported the amendment, but the amendment failed by a vote of 17-78.

A manager's amendment package containing numerous amendments agreed to by the Senate is under review. Adopted amendments of note include potential Build America Bonds for highways, transit, and rail; National Corridor Program improvements; a Border Program formula; Interstate tolling flexibilities; Metropolitan Planning Organizations consultation changes; and open container penalty modifications.

The *Federal Flyer* is a publication of the TxDOT Legislative Affairs Office. It is intended to provide up-to-date information on major legislative activities in the 108th Congress for the management of the Texas Department of Transportation, state leaders, and others interested in Texas transportation issues. This report will also feature key activities in the national transportation community. Sources include news services and staff reports.

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