

The Federal Flyer

Senate Votes Unanimously to Pass Transportation Spending Bill *Measure Honors TEA 21 and FAIR 21*

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By a vote of 99-0, the United States Senate on Thursday passed H.R. 4475, the FY 2001 appropriations bill for the U.S. Department of Transportation and Related Agencies. The measure, like its House counterpart, honors the funding principles of the Transportation Equity Act for the 21st Century (TEA 21) and the Wendall H. Ford Aviation Investment Act for the 21st Century (FAIR 21). Altogether, the bill provides \$54.7 billion in budgetary resources for the nation's transportation programs compared to the House's \$55 billion.

Program Funding Highlights. Both versions provide \$30.7 billion for the Federal Highway Administration's programs for FY 2001. If the

Senate prevails, for the first time ever Texas will receive more than \$2.0 billion in federal-aid highway funds, including \$229 million in additional funds as a result of the Revenue Aligned Budget Authority (RABA) provision in TEA 21. The Senate, as it did last year, proposes to change the manner in which RABA funds are distributed. The Senate proposal does not distribute RABA funds to any of the USDOT's discretionary programs; instead, the Senate would send these funds directly to the states through the formula programs. This provision gives Texas \$17 million more in RABA funds than if the funds are distributed according to TEA 21. The House version of the bill tracks the TEA 21 distribution.

The Federal Transit Administration is funded at \$6.27 billion for FY 2001, an increase of some \$400 million over the FY 2000 level. Texas will receive \$175.3 million in formula program funds in FY 2001. Unlike the House version, however, the Senate bill does not provide earmarked funding for New Starts and Bus Discretionary program projects, funded at \$1.058 billion and \$529.5 million respectively. Instead, the bill provides a list of eligible projects and requires the FTA to report back to the appropriating and authorizing committees by February 2001 on which projects were selected for these discretionary funds. Texas' Rural Transit Vehicle Replacement Program was included in the bus program discretionary list. (See the table on page 3 for more project information.)

As mentioned above, the Senate bill honors FAIR 21 and provides \$3.2 billion for the Airport Improvement Program. At the full Appropriations Committee markup on Tuesday, the committee amended the bill to transfer \$170 million from the FAA's facilities and equipment account to the FAA's operations account to bolster air traffic control operations.

In its second year in existence, the new Federal Motor Carrier Safety Administration is slated to receive \$269 million in funding, a 150 percent increase in funding over FY 2000.

The National Highway Traffic Safety Administration will receive \$395 million in FY 2001. Amtrak will be funded at \$521 million in FY 2001.

Key Policy Provisions. The Senate bill includes a provision sponsored by **Senator Frank Lautenberg** (D - New Jersey) that establishes a national 0.08 Blood Alcohol Content standard for DWI and introduces sanctions against states' highway funds if states do not enact the law by FY 2004. The Texas Legislature enacted the state 0.08 BAC law in 1999, making the state eligible to receive federal incentive grant funds. In commenting on the provision, Senator Lautenberg said that incentives traditionally do not work. "It helps when it hurts," he stated.

The Senate measure also differs from the House version of the bill by including a provision that would prevent the USDOT from implementing its "hours of service" rulemaking during FY 2001. These rules dictate how long commercial truck and bus drivers can be on the road. Industry officials have asked for a review of the rules.

Senator George Voinovich (R - Ohio) introduced an amendment on the Senate floor to give states the flexibility to use their NHS, CMAQ, or STP program funds for intercity passenger rail. By a vote of 46-52 the Senate struck down the amendment on a point of order.

Finally, **Senator Slade Gorton** (R - Washington) and others filed a motion to instruct the Senate conferees on the bill not to accept the House language in Section 318 of the bill, which would restrict funding for the implementation of fuel economy standards for new vehicles. After considerable debate, the motion was adopted.

The bill now goes to a conference committee between the House and Senate to work out the differences between the two versions. Congressional leaders hope to develop an agreement on the bill and send it to the President before the August recess.



Senate Environment Committee May Propose Ethanol Mandate *Change Could Harm Highway Fund Revenues*

The Senate Environment and Public Works Committee's Subcommittee on Clean Air held a hearing last week on the impact of ethanol use on the Clean Air Act. The hearing follows a decision by the Environmental Protection Agency (EPA) to address environmental concerns over the fuel oxygenate methyl tertiary butyl ether (MTBE).

MTBE, an additive used in reformulated gasoline to reduce emissions, has been found to contaminate drinking water supplies across the nation. This discovery prompted the EPA to urge Congress to phase it out and consider alternatives such as ethanol.

The committee is considering various proposals to address the oxygenate requirement for reformulated gasoline (RFG) and deal with concerns over MTBE. The committee may mark up compromise legislation as soon as this week. One proposal, supported by full committee **Chairman Bob Smith** (R - New Hampshire), would cut the oxygenate requirement for RFG from 2% to 1% in an effort to reduce MTBE contamination. This proposal

FY 2001 Transportation Appropriations Earmarks - Texas

Program	Project	House	Senate
Terminal Air Traffic Control Facilities - Replace	Houston Hobby	\$818,550	\$818,550
FAA Airport Discretionary Grants	Abilene Regional Airport	\$0	Eligible
	George Bush Intercontinental Airport	\$0	Eligible
	McAllen Miller International Airport	\$0	Eligible
Ferry Boats & Ferry Terminal Facilities	Port of Corpus Christi (North Harbor) Ferry facility	\$0	\$1,000,000
Transportation & Community & System Preservation Pilot Program	Houston Main Street Connectivity Project	\$1,000,000	\$750,000
	City of Sulphur Springs	\$750,000	\$0
	Fort Worth trolley study	\$750,000	\$0
ITS Deployment	San Antonio	\$0	\$200,000
	Beaumont	\$0	\$300,000
	College Station (TTI)	\$2,000,000	\$0
	Corpus Christi (vehicle dispatching)	\$1,000,000	\$1,500,000
	Williamson County/Round Rock	\$0	\$500,000
	Austin	\$0	\$500,000
	Houston	\$1,000,000	\$0
	Texas Border Phase I	\$0	\$1,000,000
Bus and Bus Facilities	Austin Capitol Metro buses	\$1,000,000	Eligible
	Brazos Transit District buses & bus facilities	\$1,000,000	Eligible
	Corpus Christi Adart ITS project	\$0	Eligible
	Corpus Christi RTA buses & bus facilities	\$500,000	Eligible
	DART buses & bus facilities	\$750,000	Eligible
	El Paso buses & bus facilities	\$500,000	Eligible
	Fort Worth Transit Authority buses & bus facilities	\$4,000,000	Eligible
	Fort Worth Intermodal Transportation Center	\$5,000,000	\$0
	Fort Worth Independent Transportation Network	\$0	Eligible
	Galveston buses & bus facilities	\$500,000	Eligible
	Galveston Intermodal Terminal	\$0	Eligible
	Lubbock buses & bus facilities	\$2,000,000	\$0
	Texas Rural Transit Vehicle Fleet Replacement Program	\$0	Eligible
	Waco Transit Administration & Maintenance Facility	\$3,300,000	Eligible
Transit New Starts – Final Design & Construction	Austin Capitol Metro light rail	\$0	Eligible
	DART north central light rail	\$70,000,000	Eligible
	Fort Worth Railtran corridor commuter rail project	\$0	Eligible
	Galveston Rail Trolley extension	\$0	Eligible
	Houston Metro Regional Bus Plan	\$10,750,000	Eligible
Transit New Starts – Alt. Anal. & PE	DART southeast corridor light rail	\$0	Eligible
	El Paso/Juarez people mover system	\$0	Eligible
	Fort Worth trolley system	\$0	Eligible
	Houston advanced transit program	\$5,000,000	Eligible
Job Access & Reverse Commute Grants	Corpus Christi RTA	\$0	\$550,000
Total	41 Projects	\$115,618,550	\$7,118,550

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would also require oil refiners to use renewable fuels, including ethanol or other fuel “produced from grain, starch, oilseed, or other biomass.” Refiners will likely oppose this proposal because it includes mandates and because there are few incentives to keep prices for mandated renewable fuels competitive.

This proposal (and all others that encourage use of ethanol) poses a significant challenge for Texas - both for the oil refiners and for Texas highway programs. Ethanol currently benefits from a fuels tax exemption. Increased use of ethanol would result in fewer dollars into the Highway Trust Fund and therefore fewer dollars available for the nation’s highway programs. In addition, Texas refineries are the leading producers of MTBE and would face the difficult and expensive prospect of converting their production to other oxygenate additives.

The Smith proposal includes a placeholder to replace the lost funds to the Highway Trust Fund; however, at this time, the source of the replacement funds is uncertain. One idea is to use funds from the current budget surplus to compensate the Highway Trust Fund for any lost revenue due to increased use of the tax-exempt ethanol fuels. However, this idea was floated once before and met significant resistance from forces wishing to use the surplus funds for other purposes.

Other proposals are being considered as well. **Minority Leader Thomas Daschle** (D - South Dakota) and **Agriculture Committee Chairman Richard Lugar** (R - Indiana) propose to maintain the 2% oxygenate requirement and triple ethanol use. A bill by **Senators Christopher Bond** (R - Missouri) and **Dick Durbin** (D - Illinois) would phase out MTBE over three years and leave the oxygenate requirement in place. **Subcommittee Chairman James Inhofe** (R - Oklahoma) may offer legislation that would eliminate renewable fuels mandates. While this proposal would gain the support of the refiners, the other senators (especially those from the “Corn Belt”) have vowed to ensure that ethanol gets a share of the oxygenate business.

Inhofe’s subcommittee hearing on Tuesday raised other concerns about ethanol use. In particular, Inhofe and several witnesses said there should be more information collected about ethanol and its impact on the environment, including air and water quality issues.



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 106th 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.

Coby Chase, Director of Legislative Affairs, serves as publisher and can be reached at (512) 463-6086. The department’s federal legislative analysts are Joe Guzzo (202-638-3927), Tonia Norman Ramirez (512-463-9957), and David Soileau (512-463-6081). Please contact any of the staff for information on federal transportation and legislative issues.

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