

HAPPY NEW YEAR!

TEXAS DEPARTMENT OF TRANSPORTATION

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The Federal Flyer

Year-End Summary

Reauthorization, Appropriations, & Airport Funding Bills Highlight 2003

In this issue of the *Federal Flyer* we provide an overview of the key transportation issues that we have covered during the First Session of the 108th Congress in 2003. Congress has ended its legislative business for the year and we take a look at what has been accomplished in 2003 and what remains to be completed in 2004.

We have enjoyed bringing you the *Federal Flyer* and we hope that you have found the information in this newsletter useful in your work. As we prepare for the Second Session of the 108th Congress, we look forward to bringing you the latest news and analysis of key federal transportation issues affecting Texas.

2003 — 108th Congress, First Session



Texans Serving in Key Transportation Positions

Congressman Tom DeLay was elected as the House Majority Leader. As such, DeLay has *ex officio* status on all committees.

Congressman John Culberson joined the House Appropriations Committee. Other Texans on the committee are **Congressmen Chet Edwards** and **Henry Bonilla** and **Congresswoman Kay Granger**.

The House Transportation and Infrastructure Committee, which will write the various transportation reauthorization bills, now includes Texas freshman **Congressman Michael Burgess**. Burgess joins fellow Texans **Congresswoman Eddie Bernice Johnson** and **Congressman Nick Lampson**.

In the Senate, Texas **Senator John Cornyn** won a seat on the Environment and Public Works Committee, which will write the highway and environmental portions of the TEA 21 reauthorization bill. In addition, Cornyn sits on the Senate Budget, Judiciary, and Armed Services Committees. **Senator Kay Bailey Hutchison** retains her seats on the Senate Appropriations Committee and the Senate Commerce, Science, and Transportation Committee, which will write the highway traffic and motor carrier safety portions of TEA 21 reauthorization as well as the reauthorization of AIR 21 and Amtrak.



Inhofe, Bond Pledge Funding Equity Fix in TEA 21 Reauthorization

Senator James Inhofe (R - OK), chairman of the **Environment and Public Works Committee**, and **Senator Kit Bond** (R - MO), chairman of the committee's Transportation and Infrastructure Subcommittee, in January pledged that the committee's surface transportation authorization bill would address the way that highway program funds are distributed to and among the states. At a press conference, both senators said that they would like to see the return for donor states increased to 95 percent, compared to

TEA 21's 90.5 percent guarantee on highway formula and High Priority Project distributions.



President Signs FY 2003 Omnibus Spending Bill

Nearly six months after the beginning of federal Fiscal Year 2003, the US Congress finally managed to agree on an omnibus spending bill for the non-defense portions of the budget. President George W. Bush brought an end to a long series of continuing resolutions by signing the bill, H.J.R. 2, into law on February 20.

The FY 2003 omnibus provides \$31.8 billion in obligation authority for the federal-aid highway program, \$7.2 billion for transit programs, and \$3.4 billion for the AIP. These spending levels will set the baseline for TEA 21 and AIR 21 reauthorizations.



Bush Administration Launches Flight-100

The Bush Administration in March released its proposal for the reauthorization of federal aviation programs. In commemoration of the centennial of the first flight by Orville and Wilbur Wright at Kitty Hawk in 1903, the proposal is named **the Centennial of Flight Aviation Authorization Act (or Flight-100)**.

Flight-100 would fund the Airport Improvement Program (AIP) each year at \$3.4 billion over the four-year term of the proposed bill.



SHARE Proposal Highlighted at House Subcommittee Hearing

In testimony before the House Highways, Transit, and Pipelines Subcommittee on May 7, **Michigan Governor Jennifer Granholm** stated that making sure states get back as much money as possible is the top issue in the reauthorization of TEA 21. Granholm publicly stated her strong support for the efforts of the **States' Highway Alliance for Real Equity (SHARE)** to increase the highway program minimum guarantee to no less than 95 percent of a state's share of contributions to the Highway Trust Fund.

Budget Debate Features Transportation



By a vote of 79-21, the US Senate on March 21 agreed to language that would allow lawmakers to introduce a surface transportation bill authorizing \$255 billion for highways and \$56.5 billion for transit over the next six years. The language was a bipartisan amendment to the Senate Budget Resolution. This represents a 28.9 percent increase above the budget resolution's previously proposed highway and transit spending levels.

In the House, Transportation & Infrastructure and Budget Committee leaders agreed on language March 19 for the House Budget Resolution that allows money raised for the Highway Trust Fund on top of established levels to be spent on transportation projects. The effect of the agreement is that, if the transportation authorizers can raise the revenues for the trust fund, they will be allowed to spend them without facing a budget point of order.

Senate Committee Passes Aviation Reauthorization Bill



The Senate Commerce, Science, and Transportation Committee on May 1 gave voice vote approval to S. 824, the **Aviation Investment Revitalization Vision (AIR-V)**. AIR-V, a 3-year \$43.5 billion proposal for AIR 21 reauthorization, would fund the AIP in FY 2004 at \$3.4 billion, \$3.5 billion in FY 2005, and \$3.6 billion in FY 2006.

Joint Economic Committee Hears Toll/Congestion Pricing Proposals



On May 6, the Congressional Joint Economic Committee held a hearing to receive testimony on various proposals for using tolls and congestion pricing.

The Reason Foundation's Robert W. Poole, Jr., introduced the group's proposal focused on dedicated bus lanes and premium toll charges as a way to improve traffic flow and self-finance network construction.

Congressman Mark Kennedy (R-MN) testified on behalf of H.R. 1767, the Freeing Alternatives for Speedy Transportation Act (FAST Act) to add highway lanes to the existing system through tolls paid by users of those lanes.



Highway Funding Equity Act of 2003 Introduced

In a joint press conference on May 21, 2003, **U.S. House Majority Leader Tom DeLay** (R - TX), **Indiana Congressman Baron Hill** (D), **Ohio Senator George Voinovich** (R), and **Michigan Senator Carl Levin** (D) introduced House and Senate versions of the Highway Funding Equity Act of 2003.

The House bill (H.R. 2208) as introduced would both increase the size of the current Minimum Guarantee from 90.5 percent to 95 percent of a state's share of contributions to the Highway Trust Fund AND expand the scope of the guarantee to cover every dollar distributed to the states through the federal highway program. This expanded scope includes coverage of all discretionary distributions from the Highway Account - distributions not currently covered under the TEA 21 Minimum Guarantee.

The Senate version (S. 1090) focuses on increasing the size of the Minimum Guarantee from the current 90.5 percent of a state's share of contributions to the proposed 95 percent of share. The Senate bill's Minimum Guarantee provision would not extend the guarantee to cover discretionary distributions.

The bills would continue a practice of previous guarantees to protect states with a population density of less than 50 persons per square mile. These states are assured their current statutory share of highway funds even if it's greater than 95 percent of their share of HTF contributions.



House Committee Passes Flight 100

The House Transportation & Infrastructure Committee on May 21 gave voice vote approval to the **Flight 100 - Century of Aviation Reauthorization Act**. This bill, a 4-year \$59 billion proposal, would provide \$14.8 billion over four years for the AIP.

As a block grant state, the Texas Department of Transportation administers approximately \$26 million in annual federal AIP funds for improvements to the state's general aviation and reliever airports system. The FAA also provides \$83.5 million in annual funding directly to the large commercial airports in Texas.

Texans File Bills to Direct More Money to NAFTA Corridors

On May 20, **Senator Kay Bailey Hutchison** introduced S. 1099, a bill designed to ease congestion brought on by the NAFTA by reforming the "borders and corridors" program. S. 1099 would require that funds be expended only on international corridors and border projects.



At the same time, **Congressman Michael Burgess** and **Congresswoman Eddie Bernice Johnson** introduced H.R. 2220, a companion bill to S. 1099. These bills would fund the renamed NAFTA Corridor Planning and Development program at \$200 million a year and limit the eligibility of these funds to only those High Priority Corridors that connect to either the U.S.-Mexico or U.S.-Canada border. Both bills also would provide \$200 million a year for the Coordinated Border Infrastructure program created in TEA 21.

USDOT Unveils SAFETEA



On May 14, **U.S. Secretary of Transportation Norman Mineta** unveiled the Bush

Administration's proposal for the reauthorization of surface transportation programs. The proposal, named the "**Safe, Accountable, Flexible, and Efficient Transportation Equity Act of 2003**" or **SAFETEA**, would provide a total of about \$247 billion over the period of FY 2004 through 2009.

SAFETEA would provide \$192.4 billion for highway programs, \$45 billion for transit programs, \$3.4 billion for highway safety programs, \$2.8 billion for motor carrier safety programs, \$2.6 billion for transportation research programs, and another \$350 million for miscellaneous programs over six years.



House Committee Passes FY 2004 Transportation Bill

On July 24 the House Committee on Appropriations passed the annual appropriations bill for the Departments of Transportation and Treasury and Independent Agencies. For FY 2004, in the absence of a reauthorization proposal for federal highways and transit programs, the committee decided to assume a similar program structure as is currently authorized for these programs under TEA 21.

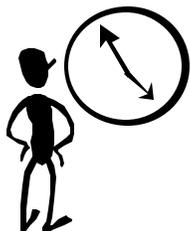
The committee bill provides \$33.8 billion for highway programs, an increase of \$2 billion over the FY 2003 level. For transit, the committee bill provides \$7.23 billion, an increase of \$52 million over the FY 2003 level.

Amtrak funding continues to be controversial, with the bill proposing \$900 million for the nation's passenger rail corporation. Amtrak had requested \$1.8 billion.

Congress Punts on TEA 21 Reauthorization

The September 30, 2003 expiration date came and went without Congress taking action on a long-term TEA 21 reauthorization measure. Instead, unable to find the increased funding they seek, transportation leaders in Congress struck a deal with the White House and congressional leaders to enact a short-term extension. H.R. 2087 provides 5/12ths of the FY 2004 budget resolution's funding levels for the nation's highways, transit, highway safety, and motor carrier safety programs through February 29, 2004.

The bill is a simple continuation of TEA 21 program authority and the underlying taxing authority without any new provisions. The enactment of the short-term extension does not guarantee that a multi-year reauthorization will be in place by February 29, 2004. We can expect a series of short-term extensions or a two-year extension unless some major breakthrough occurs in the negotiations to identify increased funding sources.



Authorizers Make Little Progress on TEA 21 Reauthorization

By late July 2003, neither the House Transportation & Infrastructure Committee nor the Senate Environment & Public Works Committee nor the Banking Committee had introduced legislation to reauthorize the federal surface transportation programs. Only the Senate Commerce, Science, and Transportation Committee had completed its work on the sections covering the nation's motor carrier safety and highway safety programs. In addition, neither the House Ways & Means Committee nor the Senate Finance Committee had scheduled markup for the tax code and revenue reauthorization provisions necessary to keep the funding sources for the federal highway and transit programs going beyond their current authorization.

Much of the program structure and policy changes for the reauthorization have been developed by the committee staff. The sticking point is the frustration that the committees have had in finding a funding plan that will allow them to present a multi-year TEA 21 reauthorization with significant increases in program funding that most members (and the transportation community at large) would like to see.

Various funding options are being debated, including gas tax increases or revisions, bonding, and tolling.

FAA Reauthorization Bill Sent to the President

After weeks of gridlock over language dealing with potential privatization of air traffic control activities in the federal airport system, the Senate in mid-November finally approved the conference report for H.R. 2115, the FAA reauthorization bill. This four-year, \$60 billion measure was sent to President Bush's desk for enactment.

The bill (called the VISION 100 - Century of Aviation Reauthorization Act) includes \$14 billion for the AIP and \$2 billion for aviation security screening projects. It would also streamline environmental review of projects to increase airport capacity and improve aviation safety and security.



Senate EPW Committee Marks Up SAFETEA

On November 12, the Senate Environment & Public Works Committee voted 17-2 to approve S. 1072, an amended version of the Bush Administration’s Safe, Accountable, Flexible, and Efficient Transportation Equity Act of 2003 (SAFETEA). As amended, the EPW Committee’s version of SAFETEA provides a six-year surface transportation reauthorization proposal for federal highway programs.



The bill is missing critical provisions such as the funding distribution formula, currently under the Minimum Guarantee, and the resulting state-by-state funding allocations. Committee Chairman

James Inhofe, Ranking Member James Jeffords (I-VT), Subcommittee Chairman Kit Bond, and Subcommittee Ranking Member Harry Reid (D-NV) promised that every state would see at least a 10% increase in its highway funding and all states would reach a minimum 95% rate of return by FY 2009. However, no details on how this would be accomplished in the highway program have been released and won’t be released until January 20, 2004.

The bill as reported authorizes \$247 billion for highways and public transit for FY 2004-2009. Specifically, \$201 billion would be authorized for highways and safety spending and \$46 billion for transit. The Senate Banking Committee will write the transit provisions of the overall reauthorization legislation.

The EPW Committee bill would maintain the current core highway program structure and introduce a few new programs focusing on highway safety and infrastructure performance and maintenance. It would also split the current “borders and corridors” program into two separate programs, each with its own funding authorization.

Senators plan to introduce multiple amendments when the bill reaches the Senate floor. Among them are proposed changes to environmental streamlining provisions, border/corridor program improvements, and interstate tolling authority.

House T&I Committee Introduces TEA-LU

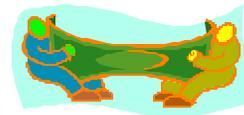


At a November 19 press conference, the leaders of the House Transportation & Infrastructure Committee unveiled a six-year, \$275 billion bill, which is purported to ramp up states’ Minimum Guarantee from 90.5 percent in FY 2004 to 95 percent by FY 2009. The bill as introduced would provide \$298 billion for highways and \$69.2 billion for transit programs. Committee leaders hope to report the bill in committee by early February 2004.

H.R. 3550 (the Transportation Equity Act - Legacy for Users or TEA-LU) does not specify how its proposed program increases would be financed. The revenue title is under the jurisdiction of the House Ways and Means Committee.

The bill builds on the TEA 21 program structure. New formula and discretionary programs focus on safety, intermodal connectors, congestion relief, and infrastructure performance and maintenance.

FY 2004 Transportation/Treasury Bill Wrapped into Omnibus



Despite the fact that House and Senate conferees approved the \$88.9 billion FY 2004 Transportation/Treasury appropriations act and hoped to have it approved by both houses of Congress before Thanksgiving as a separate, stand-alone measure, time ran out on the bill and it has been bundled together with six other annual spending measures into an omnibus spending package for FY 2004.

Congress unsuccessfully worked through the first week of December trying to resolve the remaining disputes surrounding the various spending measures. To provide more time to complete that effort, Congress adopted another Continuing Resolution that provides extended funding at FY 2003 levels for the remaining federal programs not yet covered by enacted annual appropriations bills. This new CR provides funding through January 31, 2004.

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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